

**City of Evanston, Wyoming**

**FINANCIAL REPORT**

**JUNE 30, 2020**





**CITY OF EVANSTON, WYOMING**

**FINANCIAL REPORT**

**JUNE 30, 2020**

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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, 2020, 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***

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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

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

### ***Qualified Opinion***

In our opinion, except for the matters described in the “Basis for Qualified Opinion on Proprietary Fund Statement of Cash Flows” paragraph above, the financial statement referred to above presents fairly, in all material respects, the cash flows of the proprietary funds of the City of Evanston, Wyoming for the year ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Evanston, Wyoming, as of June 30, 2020 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules and other postemployment benefit schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Supplementary Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 23, 2020 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  
December 23, 2020

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# CITY OF EVANSTON, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020 (Unaudited)

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As management of the City of Evanston, Wyoming, we offer readers of the City of Evanston, Wyoming's financial statements this narrative overview and analysis of the financial activities of the City of Evanston, Wyoming for the fiscal year ended June 30, 2020.

### ***Financial Highlights***

The assets of the City of Evanston, Wyoming exceeded its liabilities at the close of the most recent fiscal year by \$105,703,282 (*net position*). Of this amount, \$42,594,654 (*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 \$310,141.
- As of the close of the current fiscal year, the City of Evanston, Wyoming's governmental funds reported combined ending fund balances of \$18,127,903.
- At the end of the current fiscal year, fund balance for the general fund was \$16,271,860.

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

This discussion and analysis is 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 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 use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All 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, 2020 (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 and economic development fund, which are considered to be major funds. Data from the other two 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, Golf 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, Golf, and Environmental Service operation, all of which are major funds of the City of Evanston, Wyoming.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

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

# CITY OF EVANSTON, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020  
(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, 2019 and 2020**

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
<b>Assets</b>						
Current assets	\$ 17,691,797	\$ 19,324,041	\$ 33,150,403	\$ 33,326,172	\$ 50,842,200	\$ 52,650,213
Net capital assets	34,730,830	34,477,985	27,758,110	27,024,093	62,488,940	61,502,078
<b>Total assets</b>	<b>52,422,627</b>	<b>53,802,026</b>	<b>60,908,513</b>	<b>60,350,265</b>	<b>113,331,140</b>	<b>114,152,291</b>
<b>Deferred outflows of resources</b>	<b>2,697,617</b>	<b>2,370,026</b>	<b>895,875</b>	<b>780,992</b>	<b>3,593,492</b>	<b>3,151,018</b>
<b>Liabilities</b>						
Current liabilities	734,124	360,262	279,041	317,946	1,013,165	678,208
Long-term liabilities	6,087,316	4,510,103	2,922,270	2,675,125	9,009,586	7,185,228
<b>Total liabilities</b>	<b>6,821,440</b>	<b>4,870,365</b>	<b>3,201,311</b>	<b>2,993,071</b>	<b>10,022,751</b>	<b>7,863,436</b>
<b>Deferred inflows of resources</b>	<b>1,250,911</b>	<b>3,094,821</b>	<b>257,829</b>	<b>641,770</b>	<b>1,508,740</b>	<b>3,736,591</b>
<b>Net position</b>						
Net investment in capital assets	34,720,897	34,477,985	27,700,785	26,648,820	62,421,682	61,126,805
Restricted	1,749,620	1,856,043	-	-	1,749,620	1,856,043
Unrestricted	10,577,376	11,872,838	30,644,463	30,847,596	41,221,839	42,720,434
<b>Total net position</b>	<b>\$ 47,047,893</b>	<b>\$ 48,206,866</b>	<b>\$ 58,345,248</b>	<b>\$ 57,496,416</b>	<b>\$ 105,393,141</b>	<b>\$ 105,703,282</b>

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* \$42,594,654 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, 2020 (Unaudited)

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

City of Evanston Comparative Statement of Changes in Net Position June 30, 2019 and 2020						
	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Revenues						
Charges for services	\$ 1,373,252	\$ 1,163,193	\$ 5,288,394	\$ 5,661,970	\$ 6,661,646	\$ 6,825,163
Operating grants and contributions	449,473	882,151	-	-	449,473	882,151
Capital grants and contributions	6,378	106,478	-	-	6,378	106,478
Taxes						
Property taxes	657,470	697,695	-	-	657,470	697,695
Other taxes	7,624,823	7,860,611	-	-	7,624,823	7,860,611
State additional funding not restricted for specific purpose	1,485,664	1,511,456	-	-	1,485,664	1,511,456
Unrestricted investment earnings	1,027,550	1,139,500	314,979	234,193	1,342,529	1,373,693
Miscellaneous revenue	226,994	528,136	33,367	70,081	260,361	598,217
Total revenues	<u>12,851,604</u>	<u>13,889,220</u>	<u>5,636,740</u>	<u>5,966,244</u>	<u>18,488,344</u>	<u>19,853,464</u>
Expenses						
General government	5,078,190	4,109,151	-	-	5,078,190	4,109,151
Public safety	3,748,333	3,668,833	-	-	3,748,333	3,668,833
Public works	1,239,820	2,653,974	-	-	1,239,820	2,653,974
Health, welfare, and recreation	2,213,616	2,551,406	-	-	2,213,616	2,551,406
Water	-	-	2,879,894	2,963,472	2,879,894	2,963,472
Sewer	-	-	1,182,881	1,190,806	1,182,881	1,190,806
Golf	-	-	823,205	966,849	823,205	966,849
Environmental services	-	-	1,370,687	1,455,832	1,370,687	1,455,832
Other	12,591	-	-	-	12,591	-
Total expenses	<u>12,292,550</u>	<u>12,983,364</u>	<u>6,256,667</u>	<u>6,576,959</u>	<u>18,549,217</u>	<u>19,560,323</u>
Excess (deficiency) of revenues over expenses before transfers	559,054	905,856	(619,927)	(610,715)	(60,873)	295,141
Special item, loss on disposal of capital assets	(1,504,433)	-	-	-	(1,504,433)	-
Transfers	(29,257)	238,117	29,257	(238,117)	-	-
Change in net position	(974,636)	1,143,973	(590,670)	(848,832)	(1,565,306)	295,141
Net position - beginning of year, as previously stated	48,102,071	47,047,893	58,935,918	58,345,248	107,037,989	105,393,141
Prior period adjustment	(79,542)	15,000	-	-	(79,542)	15,000
Net position - beginning of year, as restated	<u>48,022,529</u>	<u>47,062,893</u>	<u>58,935,918</u>	<u>58,345,248</u>	<u>106,958,447</u>	<u>105,408,141</u>
Total net position	<u><u>\$ 47,047,893</u></u>	<u><u>\$ 48,206,866</u></u>	<u><u>\$ 58,345,248</u></u>	<u><u>\$ 57,496,416</u></u>	<u><u>\$ 105,393,141</u></u>	<u><u>\$ 105,703,282</u></u>

## CITY OF EVANSTON, WYOMING

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020 (Unaudited)

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The City of Evanston, Wyoming actively searches to obtain grants to maintain and enhance the level of service and living conditions for our residents. We have received the following grants for the Evanston Police Department, which enables the department to further protect our local citizens: Homeland Security, Alcohol and Tobacco Compliance, Selective Traffic Enforcement, and Underage Drinking Prevention Grants. We also receive grant funds for a DCI Officer and Victims Witness Coordinator positions. Additionally, partial funds are received for bullet proof vests and most recently the department participated in a grant for the National Incident Based Report System which is a nationwide program offering more information on crimes, victims and offenders.

Other grant funding received by the City of Evanston, Wyoming included Safe Routes to School for sidewalk replacement near Aspen Elementary, a USDA Economic Marketing grant providing professional marketing materials for the City. WYDOT also awarded grants for the City to study the possibility of an extension of Crestview Drive and an Urban Systems study allowing us to prioritize future projects.

#### ***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/Planning, Treasurer/Clerk, Urban Renewal, General Services, and Information Technology.

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

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

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

Local sales and use tax, mineral and severance taxes, general property tax, gasoline, tobacco, and motor vehicle taxes, and franchise fees are the general revenues sources used to support overall government functions. These taxes make up 61% of revenues, charges for services 8%, operating and capital grants 7%, direct distribution from the State 11%, unrestricted investment earnings 8%, and miscellaneous revenue 5% of total revenues.

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

Grants in the Enterprise Funds made it possible to complete a study for piping the City Ditch.

#### ***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.

## CITY OF EVANSTON, WYOMING

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020 (Unaudited)

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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 \$10,771,860, while total general fund balance reached \$16,271,860. 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 \$2,042,652 during the current fiscal year, which includes a prior period adjustment of \$161,375.

- Total tax revenues for the City increased by \$276,013.
- Operating and capital grants increased by \$532,778.
- Investment earnings increased by \$111,950 because of increasing account balances and interest rates. Also using our investments more wisely.
- Charges for Services decreased by \$210,059.
- Miscellaneous revenue increased by \$301,142.

The long-term liabilities of \$7,185,228, 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 \$30,847,596. The total growth in unrestricted net position for these funds was \$203,133. 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 encumbrances for the General Fund were \$13,271,905. Minor adjustments were made due to unexpected funds received for projects. The adjustment was \$75,000 making our final General Fund Budget amount \$13,346,905.

#### ***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, 2020 amounts to \$61,126,805 (net of accumulated depreciation). This investment in capital assets include land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

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

# CITY OF EVANSTON, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020 (Unaudited)

**City of Evanston**  
**Comparative Statement of Capital Assets (Net of Depreciation)**  
**June 30, 2019 and 2020**

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Land	\$ 9,423,797	\$ 9,423,797	\$ 733,694	\$ 733,694	\$ 10,157,491	\$ 10,157,491
Construction in progress	4,593,522	35,809	624,813	944,721	5,218,335	980,530
Buildings and systems	40,647,612	45,223,029	68,211,049	68,328,118	108,858,661	113,551,147
Machinery and equipment	5,069,342	5,526,104	3,663,831	3,944,597	8,733,173	9,470,701
Infrastructure	17,818,170	17,818,170	-	-	17,818,170	17,818,170
Land improvements	1,488,152	2,095,759	-	-	1,488,152	2,095,759
Accumulated depreciation	(44,309,765)	(45,644,683)	(45,475,277)	(46,927,037)	(89,785,042)	(92,571,720)
Total	<u>\$ 34,730,830</u>	<u>\$ 34,477,985</u>	<u>\$ 27,758,110</u>	<u>\$ 27,024,093</u>	<u>\$ 62,488,940</u>	<u>\$ 61,502,078</u>

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

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

**City of Evanston**  
**Comparative Statement of Outstanding Debt**  
**June 30, 2019 and 2020**

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Accrued compensated absences	\$ 766,416	\$ 815,811	\$ 303,791	\$ 280,422	\$ 1,070,207	\$ 1,096,233
Lease purchase obligation	9,933	-	294,754	375,273	304,687	375,273
Retainage payable	161,375	161,375	-	-	161,375	161,375
Other post-employment benefits	575,305	707,832	212,784	275,560	788,089	983,392
Pension obligation	4,622,851	2,883,057	2,169,925	1,833,915	6,792,776	4,716,972
Total	<u>\$ 6,135,880</u>	<u>\$ 4,568,075</u>	<u>\$ 2,981,254</u>	<u>\$ 2,765,170</u>	<u>\$ 9,117,134</u>	<u>\$ 7,333,245</u>

The City of Evanston, Wyoming's total debt is \$7,333,245 for the current fiscal year. Additional information on the City of Evanston, Wyoming's long-term debt is provided in the notes to the financial statements.

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

- The unemployment rate for the City of Evanston, Wyoming as of June 30, 2020 was 8.4%, which is slightly lower than one year ago. This is higher than the state's average unemployment rate of 7.6%, but less than the national average rate of 11.1%

The local economy has also remained steady with no major increase or decreases even amid the current situation of the COVID-19 Pandemic (the Pandemic). Due to uncertainty, the City of Evanston prepared the budget for the 2021 fiscal year very conservatively.

The Pandemic is an ongoing situation. At this time the City cannot determine the duration of the Pandemic or the overall impact that the Pandemic, including the Federal and State responses thereto, will have on its programs and operations. However, the continuation of the Pandemic and the resulting containment and mitigation efforts could have a material adverse effect on the City, its programs and its operations.

### **Requests for Information**

The financial report is designed to provide a general overview of the City of Evanston, Wyoming's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Treasurer, 1200 Main Street, City of Evanston, Wyoming, 82930.

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## **BASIC FINANCIAL STATEMENTS**

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**CITY OF EVANSTON, WYOMING**

**STATEMENT OF NET POSITION**

June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Pooled cash and cash equivalents and investments	\$ 17,248,988	\$ 32,539,948	\$ 49,788,936
Receivables (net of allowance for uncollectibles)			
Accounts receivable	1,244,186	722,744	1,966,930
Property taxes	749,622	-	749,622
Accrued interest	58,627	-	58,627
Inventory	22,618	63,480	86,098
Total noncapital assets	<u>19,324,041</u>	<u>33,326,172</u>	<u>52,650,213</u>
Capital assets not being depreciated			
Land	9,423,797	733,694	10,157,491
Construction in progress	35,809	944,721	980,530
Capital assets being depreciated			
Buildings and systems	45,223,029	68,328,118	113,551,147
Machinery and equipment	5,526,104	3,944,597	9,470,701
Infrastructure	17,818,170	-	17,818,170
Land improvements	2,095,759	-	2,095,759
Total capital assets	<u>80,122,668</u>	<u>73,951,130</u>	<u>154,073,798</u>
Less accumulated depreciation	<u>45,644,683</u>	<u>46,927,037</u>	<u>92,571,720</u>
Total capital assets (net of accumulated depreciation)	<u>34,477,985</u>	<u>27,024,093</u>	<u>61,502,078</u>
Total assets	<u>53,802,026</u>	<u>60,350,265</u>	<u>114,152,291</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan items	2,263,228	732,455	2,995,683
Other post-employment benefit items	<u>106,798</u>	<u>48,537</u>	<u>155,335</u>
Total deferred outflows of resources	<u>2,370,026</u>	<u>780,992</u>	<u>3,151,018</u>

(Continued)

See accompanying notes to the financial statements

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**CITY OF EVANSTON, WYOMING**

**STATEMENT OF NET POSITION (CONTINUED)**

June 30, 2020

	Primary Government		
	Governmental Activities		Business-type Activities
			Total
<b>LIABILITIES</b>			
Accounts payable	\$ 119,018	\$ 113,789	\$ 232,807
Accrued payroll	117,708	53,612	171,320
Accrued liabilities	21,102	-	21,102
Court bonds payable	7,800	-	7,800
Unearned - cash in lieu of land development	36,662	-	36,662
Deposits payable	-	60,500	60,500
Long-term liabilities			
Due in one year	57,972	90,045	148,017
Due in more than one year	757,839	565,650	1,323,489
Retainage payable	161,375	-	161,375
Net pension liability	2,883,057	1,833,915	4,716,972
Other post-employment benefits payable	707,832	275,560	983,392
Total liabilities	<u>4,870,365</u>	<u>2,993,071</u>	<u>7,863,436</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan items	2,380,334	641,770	3,022,104
Unavailable property tax revenues	714,487	-	714,487
Total deferred inflows of resources	<u>3,094,821</u>	<u>641,770</u>	<u>3,736,591</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	34,477,985	26,648,820	61,126,805
Restricted for			
Lodging tax fund	860,432	-	860,432
Economic development fund	915,544	-	915,544
Perpetual fund			
Expendable	(19,933)	-	(19,933)
Nonexpendable	100,000	-	100,000
Unrestricted	<u>11,872,838</u>	<u>30,847,596</u>	<u>42,720,434</u>
Total net position	<u><u>\$ 48,206,866</u></u>	<u><u>\$ 57,496,416</u></u>	<u><u>\$ 105,703,282</u></u>

See accompanying notes to the financial statements

## CITY OF EVANSTON, WYOMING

### STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

<u>Function/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 4,109,151	\$ 828,894	\$ 882,151	\$ 106,478
Public safety	3,668,833	269,450	-	-
Public works	2,653,974	-	-	-
Health, welfare, and recreation	2,551,406	64,849	-	-
Total governmental activities	<u>12,983,364</u>	<u>1,163,193</u>	<u>882,151</u>	<u>106,478</u>
Business-type activities:				
Water fund	2,963,472	2,583,544	-	-
Sewer fund	1,190,806	1,237,878	-	-
Golf fund	966,849	432,792	-	-
Environmental service fund	1,455,832	1,407,756	-	-
Total business-type activities	<u>6,576,959</u>	<u>5,661,970</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 19,560,323</u>	<u>\$ 6,825,163</u>	<u>\$ 882,151</u>	<u>\$ 106,478</u>
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				
Transfers				
Total general revenues and transfers				
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**

<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (2,291,628)	\$ -	\$ (2,291,628)
(3,399,383)	-	(3,399,383)
(2,653,974)	-	(2,653,974)
(2,486,557)	-	(2,486,557)
<u>(10,831,542)</u>	<u>-</u>	<u>(10,831,542)</u>
-	(379,928)	(379,928)
-	47,072	47,072
-	(534,057)	(534,057)
-	(48,076)	(48,076)
<u>-</u>	<u>(914,989)</u>	<u>(914,989)</u>
<u>(10,831,542)</u>	<u>(914,989)</u>	<u>(11,746,531)</u>
697,695	-	697,695
7,392,616	-	7,392,616
170,536	-	170,536
297,459	-	297,459
1,511,456	-	1,511,456
1,139,500	234,193	1,373,693
528,136	70,081	598,217
238,117	(238,117)	-
<u>11,975,515</u>	<u>66,157</u>	<u>12,041,672</u>
1,143,973	(848,832)	295,141
47,047,893	58,345,248	105,393,141
15,000	-	15,000
<u>47,062,893</u>	<u>58,345,248</u>	<u>105,408,141</u>
<u>\$ 48,206,866</u>	<u>\$ 57,496,416</u>	<u>\$ 105,703,282</u>

**CITY OF EVANSTON, WYOMING**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2020**

	General Fund	Economic Development Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Pooled cash and cash equivalents and investments	\$ 15,271,645	\$ 915,544	\$ 926,300	\$ 17,113,489
Receivables (net of allowance for uncollectibles)				
Accounts receivable	1,200,875	-	42,568	1,243,443
Property taxes	749,622	-	-	749,622
Accrued interest	58,627	-	-	58,627
Due from other funds	27,812	-	-	27,812
<b>Total assets</b>	<b>\$ 17,308,581</b>	<b>\$ 915,544</b>	<b>\$ 968,868</b>	<b>\$ 19,192,993</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 117,970	\$ -	\$ 557	\$ 118,527
Accrued payroll	117,708	-	-	117,708
Compensated absences	9,662	-	-	9,662
Accrued liabilities	21,102	-	-	21,102
Court bonds payable	7,800	-	-	7,800
Unearned - cash in lieu of land development	36,662	-	-	36,662
Due to other funds	-	-	27,812	27,812
<b>Total liabilities</b>	<b>310,904</b>	<b>-</b>	<b>28,369</b>	<b>339,273</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable property tax revenues	725,817	-	-	725,817
<b>Total deferred inflows of resources</b>	<b>725,817</b>	<b>-</b>	<b>-</b>	<b>725,817</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	100,000	100,000
Restricted	-	915,544	840,499	1,756,043
Assigned	5,500,000	-	-	5,500,000
Unassigned	10,771,860	-	-	10,771,860
<b>Total fund balances</b>	<b>16,271,860</b>	<b>915,544</b>	<b>940,499</b>	<b>18,127,903</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 17,308,581</b>	<b>\$ 915,544</b>	<b>\$ 968,868</b>	<b>\$ 19,192,993</b>

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, 2020**

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

Total governmental fund balances	\$ 18,127,903
Long-term liabilities, including retainage payable, accrued compensated absences, other post-employment benefits payable and net pension liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Retainage payable	\$ (161,375)
Accrued compensated absences	(815,811)
Compensated absences due and payable in the general fund	9,662
Other post-employment benefits payable	(707,832)
Net pension liability	<u>(2,883,057)</u> (4,558,413)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Total capital assets, governmental funds	34,477,985
Less net capital assets recorded in the internal service fund	<u>(4,825)</u> 34,473,160
Deferred outflows and inflows are not available revenues or available to pay for current period expenditures and therefore the underlying resources are not reported in the governmental funds.	
Deferred outflows - pension plan items	2,263,228
Deferred outflows - other post-employment benefit items	106,798
Deferred inflows - pension plan items	<u>(2,380,334)</u> (10,308)
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	725,817
Unavailable property taxes in governmental activities	<u>(714,487)</u> 11,330
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>163,194</u>
Net position of governmental activities	<u>\$ 48,206,866</u>

See accompanying notes to the financial statements

**CITY OF EVANSTON, WYOMING**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENT FUNDS**  
Year Ended June 30, 2020

	General Fund	Economic Development Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 3,354,061	\$ -	\$ 246,578	\$ 3,600,639
Licenses and permits	147,817	-	-	147,817
Fines and forfeitures	187,555	-	-	187,555
Intergovernmental revenues	8,199,790	-	-	8,199,790
Charges for services	38,838	-	64,849	103,687
Rental income	-	84,000	-	84,000
Investment earnings and miscellaneous	1,237,219	338,724	7,693	1,583,636
<b>Total revenues</b>	<b>13,165,280</b>	<b>422,724</b>	<b>319,120</b>	<b>13,907,124</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	3,758,654	-	-	3,758,654
Public safety and transportation	3,468,703	-	-	3,468,703
Public works	1,242,791	-	-	1,242,791
Health, welfare and recreation	1,968,651	15,324	564,097	2,548,072
<b>Capital outlay</b>	<b>1,048,771</b>	<b>93,321</b>	-	1,142,092
<b>Debt service</b>				
Principal	9,933	-	-	9,933
Interest	299	-	-	299
<b>Total expenditures</b>	<b>11,497,802</b>	<b>108,645</b>	<b>564,097</b>	<b>12,170,544</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,667,478</b>	<b>314,079</b>	<b>(244,977)</b>	<b>1,736,580</b>
<b>Other financing sources (uses)</b>				
Transfers in	213,799	-	-	213,799
<b>Total other financing sources (uses)</b>	<b>213,799</b>	<b>-</b>	<b>-</b>	<b>213,799</b>
<b>Net change in fund balances</b>	<b>1,881,277</b>	<b>314,079</b>	<b>(244,977)</b>	<b>1,950,379</b>
<b>Fund balances - beginning of year, as previously stated</b>	<b>14,229,208</b>	<b>601,465</b>	<b>1,185,476</b>	<b>16,016,149</b>
<b>Prior period adjustment</b>	<b>161,375</b>	<b>-</b>	<b>-</b>	<b>161,375</b>
<b>Fund balances - beginning of year, as restated</b>	<b>14,390,583</b>	<b>601,465</b>	<b>1,185,476</b>	<b>16,177,524</b>
<b>Fund balances - end of year</b>	<b>\$ 16,271,860</b>	<b>\$ 915,544</b>	<b>\$ 940,499</b>	<b>\$ 18,127,903</b>

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, 2020

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

Net change in fund balances - total governmental funds \$ 1,950,379

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. These changes are detailed as follows:

Additions to capital assets recorded in capital outlay in the governmental funds	\$ 1,227,890
Transfers from enterprise funds	24,318
Depreciation expense	(1,505,053)
Less depreciation expense in the internal service fund	<u>1,790</u> (251,055)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on lease purchase obligations consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on changes in net position. This is the effect of this difference in the treatment of long-term debt.

Payment on principal on lease purchase obligation	9,933
Compensated absences as of June 30, 2019	766,416
Compensated absences as of June 30, 2020	(815,811)
Compensated absences accrued in governmental funds	9,662
Net pension liability as of June 30, 2019	4,622,851
Net pension liability as of June 30, 2020	(2,883,057)
Other post-employment benefits payable as of June 30, 2019	575,305
Other post-employment benefits payable as of June 30, 2020	<u>(707,832)</u> 1,577,467

Deferred outflows and inflows of resources related to pension and other post-employment items are not available revenue for current period expenditures and, therefore, the underlying transactions are not reported in the governmental funds:

Deferred outflows - pension items as of June 30, 2019	(2,677,847)
Deferred outflows - pension items as of June 30, 2020	2,263,228
Deferred outflows - other post-employment benefit items as of June 30, 2019	(19,770)
Deferred outflows - other post-employment benefit items as of June 30, 2020	106,798
Deferred inflows - pension items as of June 30, 2019	548,262
Deferred inflows - pension items as of June 30, 2020	<u>(2,380,334)</u> (2,159,663)

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**CITY OF EVANSTON, WYOMING**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES (CONTINUED)**  
Year Ended June 30, 2020

Internal service activities are accounted for in a separate fund.

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

Internal service fund changes in net position	\$ 27,328
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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, 2019	\$ (714,462)
Unavailable property taxes - governmental activities as of June 30, 2019	702,649
Unavailable property taxes - governmental funds as of June 30, 2020	725,817
Unavailable property taxes - governmental activities as of June 30, 2020	<u>(714,487)</u>
Change in net position of governmental activities	<u><u>\$ 1,143,973</u></u>

**CITY OF EVANSTON, WYOMING**

**STATEMENT Of NET POSITION  
PROPRIETARY FUNDS**

June 30, 2020

**Business-type Activities - Enterprise Funds**

	Water Fund	Sewer Fund	Golf Fund
<b>ASSETS</b>			
Current assets			
Pooled cash and cash equivalents and investments	\$ 17,154,377	\$ 12,000,872	\$ 812,058
Accounts receivable	409,036	160,528	-
Inventory	-	-	63,480
Total current assets	<u>17,563,413</u>	<u>12,161,400</u>	<u>875,538</u>
Capital assets			
Land	161,500	240,005	312,189
Construction in progress	930,225	14,496	-
Buildings and systems	45,472,599	16,388,301	6,264,550
Machinery and equipment	1,212,585	459,210	1,080,847
Less accumulated depreciation	47,776,909	17,102,012	7,657,586
	<u>27,801,515</u>	<u>14,632,970</u>	<u>3,639,530</u>
Total capital assets (net of accumulated depreciation)	<u>19,975,394</u>	<u>2,469,042</u>	<u>4,018,056</u>
Total assets	<u>37,538,807</u>	<u>14,630,442</u>	<u>4,893,594</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan items	266,726	190,619	-
Other post-employment benefit items	18,953	9,915	-
Total deferred outflows of resources	<u>285,679</u>	<u>200,534</u>	<u>-</u>

See accompanying notes to the financial statements

<u>Business-type Activities - Enterprise Funds</u>		Governmental Activities	
Environmental Service Fund	Totals	Internal Service Fund	
\$ 2,572,641	\$ 32,539,948	\$ 135,499	
153,180	722,744	743	
-	63,480	22,618	
<u>2,725,821</u>	<u>33,326,172</u>	<u>158,860</u>	
20,000	733,694	-	
-	944,721	-	
202,668	68,328,118	278,623	
1,191,955	3,944,597	74,680	
<u>1,414,623</u>	<u>73,951,130</u>	<u>353,303</u>	
<u>853,022</u>	<u>46,927,037</u>	<u>348,478</u>	
<u>561,601</u>	<u>27,024,093</u>	<u>4,825</u>	
<u>3,287,422</u>	<u>60,350,265</u>	<u>163,685</u>	
275,110	732,455	-	
19,669	48,537	-	
<u>294,779</u>	<u>780,992</u>	<u>-</u>	

(Continued)

**CITY OF EVANSTON, WYOMING**

**STATEMENT OF NET POSITION (CONTINUED)**

**PROPRIETARY FUNDS**

June 30, 2020

**Business-type Activities - Enterprise Funds**

	Water Fund	Sewer Fund	Golf Fund
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 55,106	\$ 9,766	\$ 3,994
Accrued payroll	22,126	15,278	-
Compensated absences payable	6,360	3,944	-
Lease-purchase obligation	-	-	76,273
Deposits payable	60,500	-	-
Total current liabilities	<u>144,092</u>	<u>28,988</u>	<u>80,267</u>
Noncurrent liabilities			
Compensated absences payable	125,833	74,928	-
Lease-purchase obligation	-	-	299,000
Net pension liability	657,530	473,937	-
Other post-employment benefits payable	125,952	30,034	-
Total noncurrent liabilities	<u>909,315</u>	<u>578,899</u>	<u>299,000</u>
Total liabilities	<u>1,053,407</u>	<u>607,887</u>	<u>379,267</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan items	247,089	172,058	-
Total deferred inflows of resources	<u>247,089</u>	<u>172,058</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	19,975,394	2,469,042	3,642,783
Unrestricted	16,548,596	11,581,989	871,544
Total net position	<u>\$ 36,523,990</u>	<u>\$ 14,051,031</u>	<u>\$ 4,514,327</u>

See accompanying notes to the financial statements

<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities		
Environmental Service Fund	Totals		Internal Service Fund		
\$ 44,923	\$ 113,789		\$ 491		
16,208	53,612		-		
3,468	13,772		-		
-	76,273		-		
-	60,500		-		
<u>64,599</u>	<u>317,946</u>		<u>491</u>		
65,889	266,650		-		
-	299,000		-		
702,448	1,833,915		-		
119,574	275,560		-		
<u>887,911</u>	<u>2,675,125</u>		<u>-</u>		
<u>952,510</u>	<u>2,993,071</u>		<u>491</u>		
<u>222,623</u>	<u>641,770</u>		<u>-</u>		
<u>222,623</u>	<u>641,770</u>		<u>-</u>		
561,601	26,648,820		4,825		
1,845,467	30,847,596		158,369		
<u>\$ 2,407,068</u>	<u>\$ 57,496,416</u>		<u>\$ 163,194</u>		

**CITY OF EVANSTON, WYOMING**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
Year Ended June 30, 2020**

**Business-type Activities - Enterprise Funds**

	Water Fund	Sewer Fund	Golf Fund
Operating revenues			
Charges for services	\$ 2,583,544	\$ 1,237,878	\$ 432,792
Miscellaneous	70,066	-	15
Total operating revenues	<u>2,653,610</u>	<u>1,237,878</u>	<u>432,807</u>
Operating expenses			
Personnel services	1,134,325	680,503	-
Contractual services	32,685	-	345,862
Repairs and maintenance	174,594	99,548	104,051
Supplies	410,068	54,651	154,869
Miscellaneous	70,176	19,821	37,043
Capital outlay	-	7,343	-
Depreciation	1,015,333	207,036	281,333
Utilities	126,291	121,904	-
Total operating expenses	<u>2,963,472</u>	<u>1,190,806</u>	<u>923,158</u>
Operating income (loss)	<u>(309,862)</u>	<u>47,072</u>	<u>(490,351)</u>
Nonoperating revenues and expenses			
Investment earnings	126,511	87,138	-
Interest expense	-	-	(19,659)
Gain (loss) on disposal of capital assets	-	-	(24,032)
Total nonoperating revenues and expenses	<u>126,511</u>	<u>87,138</u>	<u>(43,691)</u>
Income (loss) before transfers	<u>(183,351)</u>	<u>134,210</u>	<u>(534,042)</u>
Transfers in	215,639	-	-
Transfers out	-	<u>(239,957)</u>	-
Net transfers	<u>215,639</u>	<u>(239,957)</u>	-
Change in net position	32,288	(105,747)	(534,042)
Total net position - beginning of year, as previously stated	36,491,702	14,156,778	5,048,369
Prior period adjustment	-	-	-
Total net position - beginning of year, as restated	<u>36,491,702</u>	<u>14,156,778</u>	<u>5,048,369</u>
Total net position - end of year	<u>\$ 36,523,990</u>	<u>\$ 14,051,031</u>	<u>\$ 4,514,327</u>

See accompanying notes to the financial statements

Business-type Activities - Enterprise Funds		Governmental Activities
Environmental Service Fund	Totals	Internal Service Fund
\$ 1,407,756	\$ 5,661,970	\$ 44,750
-	70,081	-
<u>1,407,756</u>	<u>5,732,051</u>	<u>44,750</u>
895,745	2,710,573	-
-	378,547	-
84,893	463,086	-
382,854	1,002,442	15,632
17,127	144,167	-
3,190	10,533	-
72,023	1,575,725	1,790
-	248,195	-
<u>1,455,832</u>	<u>6,533,268</u>	<u>17,422</u>
<u>(48,076)</u>	<u>(801,217)</u>	<u>27,328</u>
20,544	234,193	-
-	(19,659)	-
-	(24,032)	-
<u>20,544</u>	<u>190,502</u>	<u>-</u>
<u>(27,532)</u>	<u>(610,715)</u>	<u>27,328</u>
-	215,639	-
<u>(213,799)</u>	<u>(453,756)</u>	<u>-</u>
<u>(213,799)</u>	<u>(238,117)</u>	<u>-</u>
(241,331)	(848,832)	27,328
2,648,399	58,345,248	120,866
-	-	15,000
<u>2,648,399</u>	<u>58,345,248</u>	<u>135,866</u>
<u>\$ 2,407,068</u>	<u>\$ 57,496,416</u>	<u>\$ 163,194</u>

**CITY OF EVANSTON, WYOMING**

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2020**

**Business-type Activities - Enterprise Funds**

	Water Fund	Sewer Fund	Golf Fund
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 2,546,590	\$ 1,218,461	\$ 432,807
Cash received from interfund services provided	-	-	-
Cash payments to suppliers for goods and services	(817,189)	(312,191)	(626,803)
Cash payments to employees for services	(1,051,808)	(612,992)	-
Net cash provided (used) by operating activities	<u>677,593</u>	<u>293,278</u>	<u>(193,996)</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers in (out)	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-
<b>Cash flows from capital and related financing activities</b>			
Acquisitions and construction of capital assets	(446,828)	(166,519)	-
Principal paid	-	-	(79,124)
Interest paid	-	-	(19,659)
Net cash provided (used) by capital and related financing activities	<u>(446,828)</u>	<u>(166,519)</u>	<u>(98,783)</u>
<b>Cash flows from investing activities</b>			
Interest received on investments	126,511	87,138	-
Net cash provided by investing activities	126,511	87,138	-
Net increase (decrease) in pooled cash and cash equivalents and investments	357,276	213,897	(292,779)
<b>Pooled cash and cash equivalents and investments - beginning of year</b>	<u>16,797,101</u>	<u>11,786,975</u>	<u>1,104,837</u>
<b>Pooled cash and cash equivalents and investments - end of year</b>	<u>\$ 17,154,377</u>	<u>\$ 12,000,872</u>	<u>\$ 812,058</u>

See accompanying notes to the financial statements

<u>Business-type Activities - Enterprise Funds</u>		Governmental Activities	
Environmental Service Fund	Totals	Internal Service Fund	
\$ 1,401,162	\$ 5,599,020	\$ -	
-	-	44,074	
(474,525)	(2,230,708)	(27,442)	
(831,884)	(2,496,684)	-	
<u>94,753</u>	<u>871,628</u>	<u>16,632</u>	
<u>(213,799)</u>	<u>(213,799)</u>	<u>-</u>	
<u>(213,799)</u>	<u>(213,799)</u>	<u>-</u>	
(117,068)	(730,415)	-	
-	(79,124)	-	
-	(19,659)	-	
<u>(117,068)</u>	<u>(829,198)</u>	<u>-</u>	
<u>20,544</u>	<u>234,193</u>	<u>-</u>	
<u>20,544</u>	<u>234,193</u>	<u>-</u>	
(215,570)	62,824	16,632	
<u>2,788,211</u>	<u>32,477,124</u>	<u>118,867</u>	
<u>\$ 2,572,641</u>	<u>\$ 32,539,948</u>	<u>\$ 135,499</u>	
		(Continued)	

**CITY OF EVANSTON, WYOMING**

**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2020**

**Business-type Activities - Enterprise Funds**

	Water Fund	Sewer Fund	Golf Fund
<b>Reconciliation of operating income (loss) to net pooled cash and cash equivalents and investments provided (used) by operating activities</b>			
Operating income (loss)	\$ (309,862)	\$ 47,072	\$ (490,351)
<b>Adjustments to reconcile operating income (loss) to net pooled cash and cash equivalents and investments provided (used) by operating activities</b>			
Depreciation	1,015,333	207,036	281,333
Amortization of pension plan items	199,796	140,386	-
Increase (decrease) in pooled cash and cash equivalents and investments resulting from changes in operating assets, deferred outflows, deferred inflows, and liabilities			
Accounts receivable	(107,020)	(19,417)	-
Inventory	-	-	20,086
Deferred outflows - pension plan items	(2,004)	(1,964)	-
Accounts payable	(1,876)	(9,079)	(5,064)
Accrued payroll	4,548	4,179	-
Compensated absences payable, current portion	(824)	155	-
Deposits payable	(675)	-	-
Compensated absences payable, noncurrent portion	(10,665)	2,943	-
Net pension liability	(132,658)	(92,305)	-
Other post-employment benefit payable	<u>23,500</u>	<u>14,272</u>	<u>-</u>
Net pooled cash and cash equivalents and investments provided (used) by operating activities	<u>\$ 677,593</u>	<u>\$ 293,278</u>	<u>\$ (193,996)</u>
<b>Noncash capital and related financing activities</b>			
Capital assets contributed by other funds	\$ (215,639)	\$ 239,957	\$ -
Cash paid during the year for interest	\$ -	\$ -	\$ 19,659

See accompanying notes to the financial statements

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>		
Environmental Service Fund	<u>Totals</u>		Internal Service Fund		
\$ (48,076)	\$ (801,217)		\$ 27,328		
72,023	1,575,725		1,790		
166,744	506,926		-		
(6,594)	(133,031)		(676)		
-	20,086		(11,844)		
(4,134)	(8,102)		-		
13,539	(2,480)		34		
1,524	10,251		-		
-	(669)		-		
-	(675)		-		
(14,229)	(21,951)		-		
(111,047)	(336,010)		-		
<u>25,003</u>	<u>62,775</u>		<u>-</u>		
<u>\$ 94,753</u>	<u>\$ 871,628</u>		<u>\$ 16,632</u>		
\$ -	\$ 24,318		\$ -		
\$ -	\$ 19,659		\$ -		

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## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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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. 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-Utah 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 or controlling oversight. All transactions with each of these organizations are conducted in the ordinary course of business. 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 activities) 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, 2020

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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 *economic development fund* is used to account for the proceeds from the lease with Clean Energy that is restricted for the purpose of economic development 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 programs.

Additionally, the City reports the following fund types:

The *special revenue fund* is 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, 2020

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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, all taxes are reported as general revenues.

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/Fund Balance***

###### ***Pooled Cash and Cash Equivalents and Investments***

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

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 obligation including mortgage backed securities and participation in WYO-STAR and WGIF.

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.

WGIF is a comprehensive cash management program available to Wyoming public entities. WGIF provides a full range of programs to meet participants' needs. The fund employs a team of professionals to manage the investments which are comprised of governmental securities meeting state statutory requirements. The value of the City's investment in WGIF equals the value of its WGIF shares.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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

##### ***Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position/Fund Balance (Continued)***

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

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

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

###### ***Receivables***

Accounts receivable are expressed net of allowances for doubtful accounts. Allowances for doubtful accounts are based on historical collection trends for the related receivables.

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

###### ***Inter-fund Balances***

Activity between funds that is 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."

###### ***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, 2020, 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.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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

##### *Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position/Fund Balance (Continued)*

###### **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 property, 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 and are recorded at historical cost.

Capital asset purchases are accounted for as expenditures of the general fund in the governmental funds financial statements. Other costs for repairs and maintenance are accounted for as expenditures as incurred.

	Years
Buildings and systems	40-50
Machinery and equipment	5
Infrastructure	30-50
Land improvements	20

###### **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.

###### **Post-employment Benefits Other Than Pension (OPEB)**

For the purposes of measuring the City's net OPEB liability, deferred inflows of resources related to OPEB, and OPEB expense, are reported on GAAP basis as they are determined by the plan actuary. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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

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

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

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

*Pension Plan and OPEB 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 or OPEB expense related to the net pension and net OPEB liability. This includes the unamortized portion of the net difference between projected and actual earnings on pension plan or OPEB 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 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.

In the fund financial statements, governmental fund types recognize proceeds from lease purchase obligations which are reported as other financing sources. Repayment of long-term debt (lease purchase obligations) is reported as debt service expenditures.

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

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Non-spendable fund balances indicate amounts that cannot be spent either a) due to form; for example, inventories and prepaid amounts or b) due to legal or contractual requirements to be maintained intact. It also includes the long-term amount of advances, loans, and notes receivable as well as property held for resale unless the proceeds from the collection of these items would be considered restricted, committed, or assigned in which case they are included in those categories. Restricted fund balance has limitations imposed by creditors, grantors, contributors, or by enabling legislation constitutional provisions. Committed fund balances indicate amounts constrained for a specific purpose by a government using its highest level of decision making authority. It would require a resolution by the City Council to remove or change the constraints placed on the resources. The current City policy does not permit the assignment of fund balances, as all limitations are imposed or relieved by resolution of the City Council.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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

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

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

Unassigned fund balances indicate amounts in the governmental funds that are not classified as non-spendable, restricted, or committed. The general fund is the only fund that would report a positive amount in unassigned fund balance. When both unassigned and committed resources are available for use, it is the City's policy to use committed resources first, then unassigned resources as needed. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted or committed to those purposes. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted fund balances.

In the government-wide and proprietary fund financial statements, net positions are restricted for amounts that are either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws and regulations of the governments or (2) imposed by law through constitutional provision or enabling legislation. Net position invested in capital assets consists of capital assets, new or accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. When both restricted net position and unrestricted net position are available for use, it is the City's policy to use restricted resources first and then unrestricted net position.

###### ***Inter-fund Transactions***

Inter-fund transactions are treated and classified as revenues, expenditures, or expenses (the same as if these same transactions involved external organizations). These include billings from one fund to another for purchased goods or services. In the government-wide statement of activities, transactions, which constitute reimbursements, are eliminated in the reimbursed fund and accounted for as expenditures or expenses in the fund to which the transactions is applicable.

###### ***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 other post-employment benefit 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.

###### ***Reclassification***

Certain balances on the prior year balance sheet have been reclassified to conform to the presentation of the current year with no effect on net position.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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#### **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.

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

##### ***Deposits***

At June 30, 2020, the carrying amount of the City of Evanston's bank deposits was \$13,469,685 and the bank balance was \$14,072,549. The difference between the carrying amount and the bank balance is a result of transactions in transit. As of June 30, 2020, 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.

##### ***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, 2020, City deposits, including CD's, were fully insured and collateralized as required by statute.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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

##### ***Custodial Credit Risk – Deposits With WGIF Liquid Asset Series***

The City also had cash equivalents of \$470,558 in the WGIF Liquid Asset Series, a money market investment rated AAA by Standard and Poor's. Management does not believe its cash balances are at risk as a result of not being fully insured or collateralized. The City has not incurred any losses related to uninsured deposits.

##### ***Investments***

As of June 30, 2020, 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	
US Government Agencies	\$ 7,380	5.50%	\$ -	\$ -	\$ -	\$ 7,380	Not Rated
U.S. Treasury Notes	8,980,272	1.13-2.75%	-	8,980,272	-	-	Aaa/AAA
Certificates of Deposit	5,464,763	0.05-3.15%	1,026,700	4,438,063	-	-	Not Rated
WYO-STAR Investment Pool	<u>19,659,720</u>	0.76%	<u>19,659,720</u>	-	-	-	Not Rated
	<u><u>\$ 34,112,135</u></u>		<u><u>\$ 20,686,420</u></u>	<u><u>\$ 13,418,335</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,380</u></u>	

Reported in the following classifications

Pooled cash and cash equivalents and investments	\$ 49,788,936
Less pooled cash	(15,676,801)
Pooled investments	<u><u>\$ 34,112,135</u></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, 2020, 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, 2020

### 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 City uses an outside investment firm as the asset manager of the investment portfolio. The composition of the investment portfolio of City at June 30, 2020 is as follows:

Deposit and Investment Types	Fair Value	Percent of Portfolio
U.S. Treasury Notes	8,980,272	26.33%
Certificates of Deposit	5,464,763	16.02%
WYO-STAR Investment Pool	19,659,720	57.63%
GNMA - Mortgage Backed Securities	7,380	0.02%
	\$ 34,112,135	100.00%

## ***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.

## *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, 2020:

*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.

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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

#### ***Fair Value of Investments (Continued)***

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, 2020				
	Level 1	Level 2	Level 3		Total
U.S. government agency					
Mortgage Backed Securities	\$      -	\$      7,380	\$      -	\$      7,380	
U.S. Treasury Notes	-      -	8,980,272	-      -	8,980,272	
Certificates of Deposit	-      -	5,464,763	-      -	5,464,763	
WYO-STAR Investment Pool	-      -	19,659,720	-      -	19,659,720	
Total primary government investments	<u>\$      -</u>	<u>\$ 34,112,135</u>	<u>\$      -</u>	<u>\$ 34,112,135</u>	

### **Note 4. Receivables**

As of June 30, 2020, the City's accounts receivable, including any applicable allowances for uncollectible accounts, are as follows:

	General	Other	Environmental		
	Fund	Governmental	Water	Sewer	Service
					Total
Receivables					
Customer	\$      -	\$      -	\$ 409,036	\$ 160,528	\$ 153,180
Grants	51,160	-      -	-      -	-      -	51,160
Franchise fees	39,052	-      -	-      -	-      -	39,052
Sales, use, and gas tax	906,193	-      -	-      -	-      -	906,193
Lottery	135,273	-      -	-      -	-      -	135,273
Pari-Mutuel	27,287	-      -	-      -	-      -	27,287
Municipal court	427,497	-      -	-      -	-      -	427,497
Miscellaneous	2,953	42,568	-      -	-      -	45,521
Allowance for bad debts	(388,540)	-      -	-      -	-      -	(388,540)
	<u>\$ 1,200,875</u>	<u>\$ 42,568</u>	<u>\$ 409,036</u>	<u>\$ 160,528</u>	<u>\$ 153,180</u>
					<u>\$ 1,966,187</u>

In addition, the internal service fund accounts receivable of \$743 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, 2020

#### Note 5. Interfund Balances and Transfers

The following is a detailed schedule of the City's interfund transfers for the year ended June 30, 2020.

	Transfers In	Transfers Out
Governmental Activities:		
General Fund	\$ 213,799	\$ -
Other capital asset transfers reported in governmental activities	24,318	-
Total governmental activities	<u>238,117</u>	<u>-</u>
Business-type Activities:		
Water Fund	215,639	-
Sewer Fund	-	239,957
Environmental Services Fund	-	213,799
Total business-type activities	<u>215,639</u>	<u>453,756</u>
Total primary government	<u>\$ 453,756</u>	<u>\$ 453,756</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, 4) transfer of assets from a purchasing fund to the fund where the asset will be utilized.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Transfer	Ending Balance
<b>Governmental activities</b>					
Capital assets not being depreciated					
Land	\$ 9,423,797	\$ -	\$ -	\$ -	\$ 9,423,797
Construction in progress	4,593,522	610,735	5,168,448	-	35,809
Total capital assets not being depreciated	<u>14,017,319</u>	<u>610,735</u>	<u>5,168,448</u>	<u>-</u>	<u>9,459,606</u>
Capital assets being depreciated					
Buildings and systems	40,647,612	4,575,417	-	-	45,223,029
Machinery and equipment	5,069,342	602,579	173,259	27,442	5,526,104
Infrastructure	17,818,170	-	-	-	17,818,170
Land improvements	1,488,152	607,607	-	-	2,095,759
Total capital assets being depreciated	<u>65,023,276</u>	<u>5,785,603</u>	<u>173,259</u>	<u>27,442</u>	<u>70,663,062</u>
Less accumulated depreciation for					
Buildings and systems	22,366,086	1,277,327	-	-	23,643,413
Machinery and equipment	4,466,029	174,576	173,259	3,124	4,470,470
Infrastructure	17,477,650	53,150	-	-	17,530,800
Total accumulated depreciation	<u>44,309,765</u>	<u>1,505,053</u>	<u>173,259</u>	<u>3,124</u>	<u>45,644,683</u>
Total capital assets, being depreciated, net	<u>20,713,511</u>	<u>4,280,550</u>	<u>-</u>	<u>24,318</u>	<u>25,018,379</u>
Governmental activities capital assets, net	<u><u>\$ 34,730,830</u></u>	<u><u>\$ 4,891,285</u></u>	<u><u>\$ 5,168,448</u></u>	<u><u>\$ 24,318</u></u>	<u><u>\$ 34,477,985</u></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. The related accumulated depreciation on the asset was \$46,548 as of June 30, 2020.

**CITY OF EVANSTON, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2020

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

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<b>Business-type activities</b>					
Capital assets not being depreciated					
Land	\$ 733,694	\$ -	\$ -	\$ -	\$ 733,694
Construction in progress	624,813	408,358	88,450	-	944,721
Total capital assets not being depreciated	<u>1,358,507</u>	<u>408,358</u>	<u>88,450</u>	<u>-</u>	<u>1,678,415</u>
Capital assets being depreciated					
Buildings and systems	68,211,049	117,069	-	-	68,328,118
Machinery and equipment	3,663,831	510,406	202,198	(27,442)	3,944,597
Total capital assets being depreciated	<u>71,874,880</u>	<u>627,475</u>	<u>202,198</u>	<u>(27,442)</u>	<u>72,272,715</u>
Less accumulated depreciation for					
Buildings and systems	43,165,549	1,324,640	-	-	44,490,189
Machinery and equipment	2,309,728	251,085	120,841	(3,124)	2,436,848
Total accumulated depreciation	<u>45,475,277</u>	<u>1,575,725</u>	<u>120,841</u>	<u>(3,124)</u>	<u>46,927,037</u>
Total capital assets, being depreciated, net	<u>26,399,603</u>	<u>(948,250)</u>	<u>81,357</u>	<u>(24,318)</u>	<u>25,345,678</u>
Business-type activities capital assets, net	<u><u>\$ 27,758,110</u></u>	<u><u>\$ (539,892)</u></u>	<u><u>\$ 169,807</u></u>	<u><u>\$ (24,318)</u></u>	<u><u>\$ 27,024,093</u></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 \$454,397. The related accumulated depreciation on those assets was \$67,332 as of June 30, 2020.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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

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

Governmental activities					
General government					\$ 51,120
Public safety and transportation					45,685
Public works, including depreciation of general infrastructure assets					1,352,918
Health, welfare and recreation					20,252
Capital assets held by the City's internal service funds are charged to the activities of the various functions based on their usage of the assets					1,790
Capital assets held in the permanent fund					33,288
					<hr/>
				\$ 1,505,053	<hr/>
Business-type activities					
Water fund					\$ 1,015,333
Sewer fund					207,036
Golf fund					281,333
Sanitation fund					72,023
					<hr/>
				\$ 1,575,725	<hr/>

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

The changes in long-term debt for the year ended June 30, 2020 were as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Governmental activities					
Compensated absences	\$ 766,416	\$ 49,395	\$ -	\$ 815,811	\$ 57,972
Lease-purchase obligation	9,933	-	9,933	-	-
Retainage payable	161,375	-	-	161,375	-
Other post-employment benefits payable	575,305	132,527	-	707,832	-
Net pension liability	<u>4,622,851</u>	<u>-</u>	<u>1,739,794</u>	<u>2,883,057</u>	<u>-</u>
Governmental activities long-term liabilities	<u><u>\$ 6,135,880</u></u>	<u><u>\$ 181,922</u></u>	<u><u>\$ 1,749,727</u></u>	<u><u>\$ 4,568,075</u></u>	<u><u>\$ 57,972</u></u>
Long-term debt related to governmental activities is generally liquidated by the general fund.					
Business-type activities					
Compensated absences	\$ 303,791	\$ 9,457	\$ 32,826	\$ 280,422	\$ 13,772
Lease-purchase obligation	294,754	216,968	136,449	375,273	76,273
Other post-employment benefits payable	212,784	62,776	-	275,560	-
Net pension liability	<u>2,169,925</u>	<u>-</u>	<u>336,010</u>	<u>1,833,915</u>	<u>-</u>
Business-type activities long-term liabilities	<u><u>\$ 2,981,254</u></u>	<u><u>\$ 289,201</u></u>	<u><u>\$ 505,285</u></u>	<u><u>\$ 2,765,170</u></u>	<u><u>\$ 90,045</u></u>

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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

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

The City's business-type activities' lease-purchase obligation outstanding at June 30, 2020 is comprised of the following:

\$216,968 lease-purchase obligation, interest rate 4.8%, payable monthly, principal and interest payments of \$3,495 through July 2023, collateralized by equipment, serviced by the Golf Fund.	\$ 181,637
\$237,429 lease-purchase obligation, interest rate 4.84%, payable monthly, principal and interest payments of \$4,445 through June 2024, collateralized by equipment, serviced by the Golf Fund.	193,636
	<hr/> <hr/> <hr/>
	\$ 375,273

Future minimum lease payments under the lease purchase obligation outstanding as of June 30, 2020 are as follows:

Year ending June 30,	
2021	\$ 91,792
2022	95,288
2023	95,288
2024	130,845
	<hr/>
	413,213
Less amount representing interest	(37,940)
Net present value of minimum lease payment	<hr/> <hr/>
	\$ 375,273

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

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

Nonspendable	
Permanent fund principal	\$ 100,000
Restricted for	
Lodging tax	860,432
Economic development	915,544
Cemetery perpetual care	(19,933)
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	<hr/> <hr/>
	10,771,860
	<hr/> <hr/>
	\$ 18,127,903

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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

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

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

The City has several outstanding construction projects as of June 30, 2020. 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
Governmental activities			
General Fund			
Recreation Center Locker Replacement	\$ 165,000	\$ 11,304	\$ 153,696
Roundhouse Cameras	40,307	20,307	20,000
Machine Shop/Depot Square Cameras	14,500	4,198	10,302
Total governmental activities	<u>219,807</u>	<u>35,809</u>	<u>183,998</u>
Business-type activities			
Water Fund			
City View Water Line Phase I	560,652	560,488	164
City View Water Line Phase II	506,000	360,737	145,263
NRCS Watershed Project Initial Study	10,000	9,000	1,000
Sewer Fund			
Union Center Sewer Main Extension	340,278	14,496	325,782
Environmental Services Fund			
NRCS Watershed Project Initial Study	<u>450,000</u>	<u>-</u>	<u>450,000</u>
Total business-type activities	<u>1,866,930</u>	<u>944,721</u>	<u>922,209</u>
Total primary government	<u>\$ 2,086,737</u>	<u>\$ 980,530</u>	<u>\$ 1,106,207</u>

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

#### ***COVID-19 Pandemic***

During 2020, the world-wide coronavirus pandemic impacted national and global economies. The City is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future full impact to the City is not known.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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

The City is exposed to various risks of loss related to torts, theft, damage to assets, errors and omissions, injuries to employees and natural disasters. During the year ended June 30, 2020, 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 several 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 2020 and 2019 were approximately \$74,805 and \$117,626, respectively.

Wyoming Statute §27-3-101 created the Unemployment Compensation Act. This Act requires the City to pay the cost of actual claims incurred. The City incurred and paid no liabilities during the fiscal years ended June 30, 2020 or June 30, 2019.

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

The City participates in health care coverage through the Wyoming Educator Benefit Trust (WEBT). WEBT sets health care premium rates each year based on projected medical costs. In the year ended June 30, 2020, the City paid \$1,765,719 in premiums to Blue Cross Blue Shield, WEBT's third party administrator. Were the City to withdraw from coverage through WEBT, the City would not be responsible for any specific liabilities nor is it entitled to any of the reserves. As a participating employer, if the trust is dissolved the City may be entitled to a residual portion of the plan reserves.

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

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

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

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

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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

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

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

PEPP members are required to contribute 8.75% of their annual covered salary and the City is required to contribute 8.87% 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 12.94% of covered payroll and the employees contribute the remaining portion, 4.68% of covered payroll.

The City's contributions for regular employees to the PEPP for the years ended June 30, 2020, 2019, and 2018, were \$380,367, \$348,192 and \$306,413, while the employees' portion was \$137,566, \$121,553 and \$103,017, respectively, equal to the required contributions each year. As of July 1, 2020, the employer contribution rate will increase by 0.25% from 12.94% to 13.19% and the employee contribution rate will increase by 0.25% from 4.68% to 4.93%.

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

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

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

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

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

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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

##### ***Law Enforcement Pension Plan (Continued)***

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

The LEPP is funded by amounts withheld from participating employees' salaries and by contributions from the City. These contributions are determined by state statutes and, as of June 30, 2020, the percentages to be contributed on compensation were 8.60% for the employees and the same for the City. The City currently pays 12.94% of covered payroll and the police officers contribute the remaining portion, 4.26% of covered payroll.

For the years ended June 30, 2020, 2019, and 2018, the contributions to the LEPP were \$296,808, \$279,087, and \$233,240, respectively, equal to the required contributions for each year. The City's portion of these contributions was \$223,296, \$205,908, and \$168,692, respectively, while the employees' contributions were \$73,512, \$73,179, and \$64,548, respectively, equal to the required contributions for each year. As of July 1, 2020, the employer contribution rate will increase by 0.25% from 12.94% to 13.19% and the employee contribution rate will decrease by 0.25% from 4.26% to 4.01%.

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

At June 30, 2020, the City reported a total liability of \$4,716,972 for its proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of January 1, 2019, 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, 2019 is based on the results of an actuarial valuation as of January 1, 2019, rolled forward to a measurement date of December 31, 2019, and taking into consideration information from the recent experience study.

The schedule below shows the City's proportionate share of the net pension liability at June 30, 2020, the proportionate portion at the measurement date of December 31, 2019, and the change in the proportion from the previous measurement date.

	Pension liability at June 30, 2020	Proportion at December 31, 2019	Increase (decrease) from December 31, 2018
Public Employees' Pension Plan	\$ 3,805,037	0.161921551%	0.013503598%
Law Enforcement Pension Plan	911,935	1.057945216%	0.118962491%
	<b>\$ 4,716,972</b>		

For the year ended June 30, 2020, the City recognized pension expense of \$1,314,600.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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

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

At June 30, 2020, 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	\$ 684,228	\$ 376,354	\$ 1,060,582
Changes in assumptions	110,242	653,693	763,935
Difference between actual and expected experience rate	-	162,243	162,243
Change in employer's proportion	461,070	136,908	597,978
Amortizing deferred outflows	1,255,540	1,329,198	2,584,738
Contributions subsequent to the measurement date	260,031	150,914	410,945
<b>Total</b>	<b>\$ 1,515,571</b>	<b>\$ 1,480,112</b>	<b>\$ 2,995,683</b>

At June 30, 2020, the City reported deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources		Total (Inflows)
	PEPP	LEPP	
Net difference between projected and actual earnings on pension plan investments	\$ (1,262,301)	\$ (715,264)	\$ (1,977,565)
Changes in assumptions	-	(910,483)	(910,483)
Difference between actual and expected experience rate	(67,014)	(64,272)	(131,286)
Change in employer's proportion	-	(2,770)	(2,770)
<b>Total</b>	<b>\$ (1,329,315)</b>	<b>\$ (1,692,789)</b>	<b>\$ (3,022,104)</b>

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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

The City reported \$410,945 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, 2021. Other amounts reported as deferred outflows and inflows related to pension will be recognized in pension expense as follows:

	Deferred Outflows			Total		
	Public Employees' Pension Plan	Law Enforcement Pension Plan	Total			
<b>Year ended June 30:</b>						
2021	\$ 525,588	\$ 504,727	\$ 1,030,315			
2022	418,460	476,961	895,421			
2023	311,492	317,383	628,875			
2024	-	30,127	30,127			
	<b><u>\$ 1,255,540</u></b>	<b><u>\$ 1,329,198</u></b>	<b><u>\$ 2,584,738</u></b>			
Deferred Inflows						
	Public Employees' Pension Plan	Law Enforcement Pension Plan	Total			
<b>Year ended June 30:</b>						
2021	\$ (416,356)	\$ (514,427)	\$ (930,783)			
2022	(401,867)	(504,205)	(906,072)			
2023	(257,399)	(423,463)	(680,862)			
2024	(253,693)	(250,694)	(504,387)			
	<b><u>\$ (1,329,315)</u></b>	<b><u>\$ (1,692,789)</u></b>	<b><u>\$ (3,022,104)</u></b>			

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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

##### ***Actuarial Assumptions***

The total pension liability at the December 31, 2019 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, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	29 years
Asset valuation method	5 year smoothed market
Inflation	2.25%
Salary increases	
PEPP	2.5% to 6.5%, including inflation
LEPP	4.75% to 8.75%, including inflation
Payroll growth rate	2.50%
Cost of living increase	0.00%
Investment rate of return	7.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2012-2016
Post-Retirement Mortality	RP-2014 Healthy Annuitant Mortality Table, fully generational, projected with Scale MP-2017
PEPP	Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 88%
LEPP	Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 88%
Pre-Retirement Mortality	RP-2014 Healthy Annuitant Mortality Table, fully generational, projected with Scale MP-2017
PEPP	Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 100%
LEPP	Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 100%

The plan's trustees adopted the assumed rate of investment return 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, 2019. In addition, a five-year experience study was completed as of December 31, 2016 and this study provides a detailed analysis regarding recommendations on the long-term rates for inflation and the real rate of return. The assumed rate of investment return of 7.00% (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, 2020

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

##### *Actuarial Assumptions (Continued)*

The long-term expected rate of return on pension plan investments was determined using a building block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. For each major asset class that is included in the pension plans target allocation for the fiscal year 2019. 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	2.00%	-0.20%	-0.20%
Fixed income	21.00%	1.32%	1.67%
Equity	48.50%	5.43%	7.42%
Marketable alternatives	19.00%	3.46%	4.33%
Private markets	9.50%	4.46%	5.58%
Total	100.00%	3.99%	5.30%

##### *Discount Rate*

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

For purposes of this valuation, the expected rate of return on pension plan investments is 7.00%, the municipal bond rate is 2.75% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from the Federal Reserve statistical release (H.15); and the resulting single discount rates listed above).

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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

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

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

Pension Plan	1% Decrease	Current Single Discount Rate Assumption		1% Increase (8.00%)
		(6.00%)	(7.00%)	
Public Employees' Pension Plan	\$ 5,748,769	\$ 3,805,037	\$ 2,182,814	
Law Enforcement Pension Plan	2,033,013	911,935	(4,525)	

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

At June 30, 2020, the City reported no payables to the pension plans.

#### Note 13. Budget Amendments

During the 2020 fiscal year end, it was necessary to amend the originally adopted budget. The expenditure budgets for the following general fund departments and environmental service fund were amended through budget transfers between departments or funds and from unanticipated revenues:

General Fund	
Health, welfare, and recreation	\$ 75,000
Environmental Service Fund	200,000
Total	\$ 275,000

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#### Note 14. Post-employment Benefits Other than Pensions (OPEB)

##### ***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 and 20 years of continuous service with the City. The employee and dependents must be enrolled in the City's group health insurance plan.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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#### Note 14. Post-employment Benefits Other than Pensions (OPEB) (Continued)

##### ***Plan Description (Continued)***

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

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

##### ***Funding Policy***

The contribution requirements of plan members are established by, and may be amended by, the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to pre-fund benefits as determined annually by the City. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75. For fiscal year 2020, the City contributed \$8,439 to the plan. Members receiving benefits contributed \$12,970 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 Portion	City Portion	Retiree Portion	Employee Portion
Employee Only	\$ 866	\$ 77	\$ 189			\$ 754
Employee and Spouse	1,591	142	347			1,386
Employee and Children	1,399	125	305			1,219
Employee and Family	2,098	187	457			1,828

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

At June 30, 2020, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	4
Active plan members	87
	<u>91</u>

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

##### ***Total OPEB Liability***

The City's total other post-employment benefit (OPEB) was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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#### **Note 14. Post-employment Benefits Other than Pensions (OPEB) (Continued)**

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

The total OPEB liability in the June 30, 2020 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	
Actuarial cost method	Entry Age, Level Percent of Pay
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases	3.00%
Inflation rate	3.00%
Healthcare cost trend rate	5.30% per year for 2020-2023; 5.20% for 2024-2069; 4.00% for 2070 and later years

Pre-retirement and post-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, fully generational. Pre-retirement and postretirement mortality improvement was based on the Society of Actuaries 2019 mortality improvement scale (MP-2019).

Actuarial assumptions used in the June 30, 2020 valuation were based on a review of plan experience during the period June 30, 2018 to June 30, 2020.

*Discount rate.* GASB 75 requires a discount rate that reflects the following:

- a. 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 enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b. A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

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

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Fidelity GO AA 20 Years Municipal Index	Discount Rate
June 30, 2019	June 30, 2019	4.00%	3.13%	3.13%
June 30, 2020	June 30, 2020	4.00%	2.45%	2.45%

**CITY OF EVANSTON, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2020

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**Note 14. Post-employment Benefits Other than Pensions (OPEB) (Continued)**

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

	<b>Total OPEB Liability</b>
Balance at June 30, 2019	\$ 788,089
Changes for the year	
Service cost	50,229
Interest	25,779
Differences between expected and actual experience	67,991
Changes in assumptions or other inputs	80,920
Benefit payments	(29,616)
Net changes in total OPEB liability	195,303
Total OPEB obligation - end of year	<b>\$ 983,392</b>

***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 or 1-percentage-point higher than the current discount rate:

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

	1% Decrease	Discount Rate	1% Increase
	1.45%	2.45%	3.45%
Total OPEB Liability	\$ 1,071,551	\$ 983,392	\$ 902,482

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

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

	1% Decrease	Trend Rate	1% Increase
	4.30% decreasing to 3.00%	5.30% decreasing to 4.00%	6.30% decreasing to 5.00%
Total OPEB Liability	\$ 874,498	\$ 983,392	\$ 1,112,465

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

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#### Note 14. Post-employment Benefits Other than Pensions (OPEB) (Continued)

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

At June 30, 2020, the City's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 60,085	\$ -
Changes in assumptions or other inputs	95,250	-
<b>Total</b>	<b>\$ 155,335</b>	<b>\$ -</b>

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

Year ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 20,658	\$ -
2022	20,658	-
2023	20,658	-
2024	20,658	-
2025	20,658	-
2026-2030	52,045	-
	<b>\$ 155,335</b>	<b>\$ -</b>

#### Note 15. Operating Leases

##### *Operating Lease – Lessor*

Under a month to month agreement, the City leased a building to a tenant at the rate of \$7,000 per month. The cost of the leased property is \$3,617,843 with accumulated depreciation of \$1,085,601. Rental income from this lease was \$84,000 for the year ending June 30, 2020.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS June 30, 2020

#### Note 16. Prior Period Adjustment

During the current year fiscal year, it was discovered that a check written in fiscal year 2019 was re-written, but not voided until fiscal year 2020. To correct the overstatement of expense in the internal service fund, the City adjusted its net position and fund balance. Additionally, retainage payable was recorded at the fund level in the prior year and should have only been recorded at the government-wide level. To correct the balance in the general fund, the City adjusted its fund balance. The table below illustrates the prior period adjustments for governmental activities and governmental funds as originally stated and restated.

	As originally reported June 30, 2019	Increase (Decrease)	As restated June 30, 2019
<i>Governmental activities</i>			
Net position	\$ 47,047,893	\$ 15,000	\$ 47,062,893
<i>Governmental Funds</i>			
General fund			
Fund balance	14,229,208	161,375	14,390,583
Internal service fund			
Fund balance	120,866	15,000	135,866

#### Note 17. Accounting Standards Issued, But Not Implemented

As of June 30, 2020, the Governmental Accounting Standards Board has issued the following standards which the City may implement in its next fiscal year.

Governmental Accounting Standards Board 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, 2019. Governmental Accounting Standards Board Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postpones the effective dates for GASB Statement No. 84 for one year from the original effective date to provide relief to governments and other stakeholders in light of the COVID-19 pandemic.

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. The requirements of this Statement are now effective for reporting periods beginning after June 15, 2021. GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postpones the effective date for GASB Statement No. 87 for one year from the original effective date to provide relief to governments and other stakeholders in light of the COVID-19 pandemic.

Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides accounting and financial reporting guidance for subscription-based information technology arrangements. The requirements of the Statement are effective for reporting periods after June 15, 2022.

Management has not completed its assessment of the effects of implementing these standards.

## **CITY OF EVANSTON, WYOMING**

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

June 30, 2020

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#### **Note 18. Subsequent Events**

In the fiscal year beginning July 1, 2021, the City was awarded a Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) grant from the State of Wyoming Office of State Land and Investments (SLIB) for \$704,400. Additionally, the City was awarded a Natural Resource Conservation Service (NRCS) Ditch Watershed Project grant for \$450,000.

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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, 2020  
(Unaudited)**

	<b>Budgeted Amounts</b>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
<b>PROPERTY TAXES AND OTHER TAXES</b>				
Property taxes	\$ 581,900	\$ 581,900	\$ 698,178	\$ 116,278
Sales and use taxes	2,133,000	2,133,000	2,485,347	352,347
Franchise fees	167,150	167,150	170,536	3,386
	<u>2,882,050</u>	<u>2,882,050</u>	<u>3,354,061</u>	<u>472,011</u>
<b>LICENSES AND PERMITS</b>				
Licenses and permits	153,750	153,750	147,817	(5,933)
<b>INTERGOVERNMENTAL REVENUES</b>				
State gasoline tax	520,000	520,000	565,319	45,319
Severance tax	440,000	440,000	459,530	19,530
Cigarette tax	90,000	90,000	96,364	6,364
State funding	1,516,200	1,516,200	1,511,456	(4,744)
Grants	3,631,669	3,631,669	4,219,123	587,454
Mineral royalties	620,000	620,000	616,374	(3,626)
Pari-mutuel/lottery tax	940,000	940,000	731,624	(208,376)
	<u>7,757,869</u>	<u>7,757,869</u>	<u>8,199,790</u>	<u>441,921</u>
<b>CHARGES FOR SERVICES</b>				
Public safety fees	31,850	31,850	38,838	6,988
	<u>31,850</u>	<u>31,850</u>	<u>38,838</u>	<u>6,988</u>
<b>FINES AND FORFEITURES</b>				
Fines and forfeitures	39,000	39,000	187,555	148,555
<b>MISCELLANEOUS REVENUES</b>				
Interest earnings	140,000	140,000	1,126,827	986,827
Miscellaneous revenues	106,700	106,700	110,392	3,692
Gain on sale of fixed assets	1,000	1,000	-	(1,000)
	<u>247,700</u>	<u>247,700</u>	<u>1,237,219</u>	<u>989,519</u>
Total revenues	<u>11,112,219</u>	<u>11,112,219</u>	<u>13,165,280</u>	<u>2,053,061</u>

(Continued)

See accompanying notes to required supplementary information

**CITY OF EVANSTON, WYOMING**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)  
GENERAL FUND  
Year Ended June 30, 2020  
(Unaudited)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES</b>				
General government	\$ 4,606,176	\$ 4,606,176	\$ 3,768,886	\$ 837,290
Public safety and transportation	3,948,976	3,948,976	3,468,703	480,273
Public works	1,521,230	1,521,230	1,242,791	278,439
Health, welfare, and recreation	1,960,800	2,035,800	1,968,651	67,149
Capital outlay	1,234,723	1,234,723	1,048,771	185,952
 Total expenditures	 13,271,905	 13,346,905	 11,497,802	 1,849,103
 Excess (deficiency) of revenues over expenditures	 (2,159,686)	 (2,234,686)	 1,667,478	 3,902,164
 Other financing sources (uses)				
Transfers in	-	-	213,799	213,799
 Total other financing (uses)	 -	 -	 213,799	 213,799
 Net change in fund balance	 (2,159,686)	 (2,234,686)	 1,881,277	 \$ 4,115,963
 Fund balance - beginning of year, as previously stated	 14,229,208	 14,229,208	 14,229,208	
Prior period adjustment	-	-	161,375	
 Fund balance - beginning of year, as restated	 14,229,208	 14,229,208	 14,390,583	
 Fund balance - end of year	 \$ 12,069,522	 \$ 11,994,522	 \$ 16,271,860	

See accompanying notes to required supplementary information

**CITY OF EVANSTON, WYOMING**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND - ECONOMIC DEVELOPMENT  
Year Ended June 30, 2020  
(Unaudited)**

	<b>Budgeted Amounts</b>			Variance with final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Rental income	\$ 92,745	\$ 92,745	\$ 84,000	\$ (8,745)
Investment earnings and miscellaneous	8,000	8,000	338,724	330,724
<b>Total revenues</b>	<b>100,745</b>	<b>100,745</b>	<b>422,724</b>	<b>321,979</b>
 <b>Expenditures</b>				
Current				
Health, welfare and recreation	125,000	125,000	15,324	109,676
Capital outlay	-	-	93,321	(93,321)
<b>Total expenditures</b>	<b>125,000</b>	<b>125,000</b>	<b>108,645</b>	<b>16,355</b>
 Excess (deficiency) of revenues over expenditures	(24,255)	(24,255)	314,079	<u>\$ 338,334</u>
 Fund balance - beginning of year	<u>601,465</u>	<u>601,465</u>	<u>601,465</u>	
 Fund balance - end of year	<u><b>\$ 577,210</b></u>	<u><b>\$ 577,210</b></u>	<u><b>\$ 915,544</b></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)

	2020	2019	2018
<b>Public Employees Pension Plan</b>			
City's proportion of the net pension liability	0.161921551%	0.148417953%	0.133104370%
City's proportionate share of the net pension liability	\$ 3,805,037	\$ 4,519,758	\$ 3,033,903
City's covered payroll	\$ 2,814,541	\$ 2,584,483	\$ 2,364,436
City's proportionate share of the net pension liability as a percentage of its covered payroll	135.19%	174.88%	128.31%
Plan fiduciary net position as a percentage of the total pension liability	76.83%	69.17%	76.35%
<b>Law Enforcement Pension Plan</b>			
City's proportion of the net pension liability	1.057945216%	0.938982725%	0.831542466%
City's proportionate share of the net pension liability	\$ 911,935	\$ 2,273,018	\$ 715,496
City's covered payroll	\$ 1,648,823	\$ 1,426,303	\$ 1,276,809
City's proportionate share of the net pension liability as a percentage of its covered payroll	55.31%	159.36%	56.04%
Plan fiduciary net position as a percentage of the total pension liability	89.05%	71.22%	87.99%

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.

2017	2016	2015	2014	2013	2012	2011
0.127015300%	0.135582615%	0.128782567%	*	*	*	*
\$ 3,070,595	\$ 3,158,191	\$ 2,272,616	*	*	*	*
\$ 2,264,562	\$ 2,364,661	\$ 2,201,425	*	*	*	*
135.59%	133.56%	103.23%	*	*	*	*
73.42%	73.40%	79.08%	*	*	*	*
0.837491100%	0.875347950%	0.853389620%	*	*	*	*
\$ 632,238	\$ 657,561	\$ 251,440	*	*	*	*
\$ 1,296,262	\$ 1,316,521	\$ 1,261,232	*	*	*	*
48.77%	49.95%	19.94%	*	*	*	*
88.11%	87.49%	94.76%	*	*	*	*

## CITY OF EVANSTON, WYOMING

### SCHEDULE OF CITY CONTRIBUTIONS

Last 10 fiscal years \*

(Unaudited)

	2020	2019	2018
<b>Public Employees Pension Plan</b>			
Contractually required contribution	\$ 517,933	\$ 469,745	\$ 409,430
Contributions in relation to the contractually required contribution	<u>\$ (517,933)</u>	<u>\$ (469,745)</u>	<u>\$ (409,430)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
City's covered payroll	\$ 2,939,461	\$ 2,743,838	\$ 2,463,478
Contributions as a percentage of covered payroll	17.62%	17.12%	16.62%
<b>Law Enforcement Pension Plan</b>			
Contractually required contribution	\$ 296,808	\$ 279,087	\$ 233,240
Contributions in relation to the contractually required contribution	<u>\$ (296,808)</u>	<u>\$ (279,087)</u>	<u>\$ (233,240)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
City's covered payroll	\$ 1,725,628	\$ 1,622,599	\$ 1,356,047
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.

2017	2016	2015	2014	2013	2012	2011
\$ 390,612	\$ 383,164	\$ 363,506	*	*	*	*
<u>\$ (390,612)</u>	<u>\$ (383,164)</u>	<u>\$ (363,506)</u>	*	*	*	*
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	*	*	*	*
\$ 2,350,253	\$ 2,305,439	\$ 2,290,523	*	*	*	*
16.62%	16.62%	15.87%	*	*	*	*
\$ 224,900	\$ 227,996	\$ 226,679	*	*	*	*
<u>\$ (224,900)</u>	<u>\$ (227,996)</u>	<u>\$ (226,679)</u>	*	*	*	*
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	*	*	*	*
\$ 1,307,558	\$ 1,325,558	\$ 1,317,901	*	*	*	*
17.20%	17.20%	17.20%	*	*	*	*

**CITY OF EVANSTON, WYOMING**

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

Last 10 fiscal years \*

(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 50,229	\$ 45,424	\$ 44,101
Interest	25,779	25,081	23,031
Changes in benefit terms	-	-	-
Differences between expected and actual experience	67,991	-	-
Employee contributions	-	-	-
Changes in assumptions and other inputs	80,920	30,425	-
Benefits payments	<u>(29,616)</u>	<u>(11,290)</u>	<u>(9,697)</u>
Net change in OPEB liability	195,303	89,640	57,435
 Total OPEB liability - beginning	 <u>788,089</u>	<u>698,449</u>	<u>641,014</u>
 Total OPEB liability - ending	 <u>\$ 983,392</u>	<u>\$ 788,089</u>	<u>\$ 698,449</u>
Covered employee payroll	\$ 4,298,259	\$ 3,820,068	\$ 2,300,000
Total liability as a percentage of covered employee payroll	22.88%	20.63%	30.37%

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



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## CITY OF EVANSTON, WYOMING

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2020

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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, 2018 to January 1, 2019.

***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 assumptions*** – Actuarial assumptions used in the June 30, 2020 valuation were based on a review of plan experience during the period June 30, 2018 to June 30, 2020.

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

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**OTHER SUPPLEMENTARY INFORMATION**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUND**

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

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

### **PERMANENT FUND**

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

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

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**CITY OF EVANSTON, WYOMING**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2020

	Special Revenue Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Lodging Tax Fund	Cemetery Fund	
<b>ASSETS</b>			
Pooled cash and cash equivalents and investments	\$ 826,300	\$ 100,000	\$ 926,300
Accounts receivable	34,132	8,436	42,568
<b>Total assets</b>	<b>\$ 860,432</b>	<b>\$ 108,436</b>	<b>\$ 968,868</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 557	\$ 557
Due to other funds	-	27,812	27,812
<b>Total liabilities</b>	<b>-</b>	<b>28,369</b>	<b>28,369</b>
<b>FUND BALANCES</b>			
Nonspendable			
Permanent fund principal	-	100,000	100,000
Restricted	860,432	(19,933)	840,499
<b>Total fund balances</b>	<b>860,432</b>	<b>80,067</b>	<b>940,499</b>
<b>Total liabilities and fund balances</b>	<b>\$ 860,432</b>	<b>\$ 108,436</b>	<b>\$ 968,868</b>

**CITY OF EVANSTON, WYOMING**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**  
Year Ended June 30, 2020

	Special Revenue Funds	Permanent Fund	Total Nonmajor Governmental Funds
	Lodging Tax Fund	Cemetery Fund	
Revenues			
Lodging tax	\$ 246,578	\$ -	\$ 246,578
Charges for services	-	64,849	64,849
Investment earnings and miscellaneous	<u>6,817</u>	<u>876</u>	<u>7,693</u>
Total revenues	<u>253,395</u>	<u>65,725</u>	<u>319,120</u>
Expenditures			
Current			
Health, welfare and recreation	<u>335,271</u>	<u>228,826</u>	<u>564,097</u>
Total expenditures	<u>335,271</u>	<u>228,826</u>	<u>564,097</u>
Deficiency of revenues over expenditures	<u>(81,876)</u>	<u>(163,101)</u>	<u>(244,977)</u>
Net change in fund balances	<u>(81,876)</u>	<u>(163,101)</u>	<u>(244,977)</u>
Fund balances - beginning of year	<u>942,308</u>	<u>243,168</u>	<u>1,185,476</u>
Fund balances - end of year	<u>\$ 860,432</u>	<u>\$ 80,067</u>	<u>\$ 940,499</u>

**CITY OF EVANSTON, WYOMING**

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND - LODGING TAX  
Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>			<u>Variance with final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Lodging tax	\$ 245,000	\$ 245,000	\$ 246,578	\$ 1,578
Investment earnings and miscellaneous	5,000	5,000	6,817	1,817
<b>Total revenues</b>	<b>250,000</b>	<b>250,000</b>	<b>253,395</b>	<b>3,395</b>
<b>Expenditures</b>				
Current				
Health, welfare and recreation				
General expenses	800	800	111	689
Marketing and promotion	300,000	300,000	292,510	7,490
Matching fund/grants	25,000	25,000	16,650	8,350
Contractual services	26,000	26,000	26,000	-
<b>Total expenditures</b>	<b>351,800</b>	<b>351,800</b>	<b>335,271</b>	<b>16,529</b>
Deficiency of revenues over expenditures	(101,800)	(101,800)	(81,876)	\$ 19,924
Fund balance - beginning of year	<u>942,308</u>	<u>942,308</u>	<u>942,308</u>	
Fund balance - end of year	<b>\$ 840,508</b>	<b>\$ 840,508</b>	<b>\$ 860,432</b>	

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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, 2020, and the related notes to the financial statements, which collectively comprise the City of Evanston, Wyoming's basic financial statements, and have issued our report thereon dated December 23, 2020.

***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) as a basis for designing 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 2020-001 and 2020-002 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters we reported to the management of the City of Evanston in a separate letter dated December 23, 2020.

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

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

#### ***Purpose of this Report***

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



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming

December 23, 2020

**CITY OF EVANSTON**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**YEAR ENDED JUNE 30, 2020**

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**Material Weakness in Internal Control**

**Internal Control over Financial Reporting**

**2020-001: 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 does not have the capability to prepare GAAP basis financial statements. 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 judgement, the City's accounting personnel lack the knowledge and experience to prepare accurate GAAP basis financial statements and related footnotes. The City of Evanston regularly prepares budgetary basis financial reports. However, the City's budgetary basis differs significantly from GAAP. The City's hiring criteria has not included the ability to prepare GAAP basis financial statements. 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***

Since the people charged with preparing support for and reviewing the City's financial statements are not well-versed in GAAP requirements, their support and review may have limited benefit. The financial statements could include undetected errors and irregularities or omit information which is important to readers of the financial statements. The current software setup for pooled cash and cash equivalents and investments limits information for accurate financial reporting.

***Recommendation***

In our judgment, management and those charged with governance need to understand the importance of this communication as it relates to external GAAP basis financial statements. While accounting personnel, management, and those charged with governance have the skills to prepare non-GAAP financial reports, we recommend accounting personnel to attend training to improve their skill in preparing GAAP-basis financial reports, specifically courses geared toward reporting requirements for governmental organizations. We also 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 utilizing the services of another accounting firm to assist in compiling the financial statements. Further, we recommend that the City reevaluate the software setup for the pooled cash and cash equivalents and investments reporting and determine a process for segregating and distinguishing between pooled cash and cash equivalents and pooled investments.

**CITY OF EVANSTON**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

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

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

**2020-001: Financial Statement Preparation (Continued)**

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

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

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

**Internal Control over Financial Reporting**

**2020-002: 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***

City staff had not identified all entries needed at the time of the audit. 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 significant journal entries were required to correct the balances for governmental and enterprise funds financial statements.

***Recommendation***

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

**CITY OF EVANSTON**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

---

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

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

**2020-002: 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.