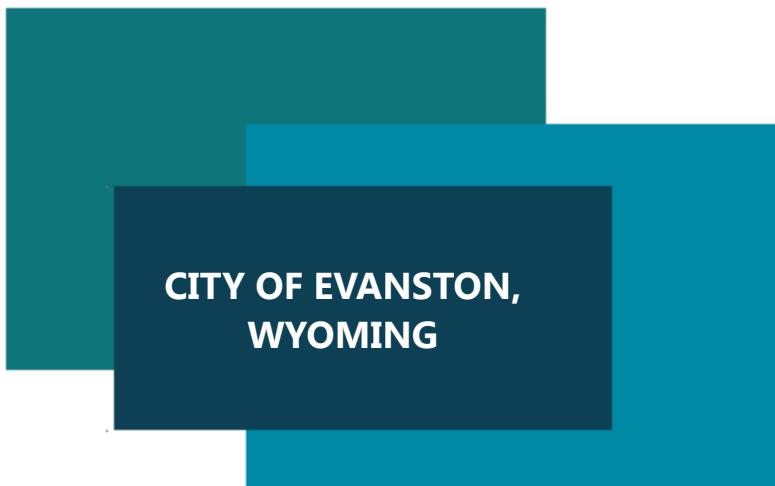


CITY OF EVANSTON, WYOMING

Financial and Compliance Report

June 30, 2021





**CITY OF EVANSTON,
WYOMING**

Financial and Compliance Report

June 30, 2021

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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, 2021, 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, cash equivalents 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, 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, 2021, 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, 2021 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 post-employment 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 our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information and Schedule of Expenditures of Federal Awards

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, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards 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, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 2021 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
November 12, 2021

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Management's Discussion and Analysis

(Unaudited)

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, 2021.

Financial Highlights

The assets of the City of Evanston, Wyoming exceeded its liabilities at the close of the most recent fiscal year by \$105,194,554 (*net position*). Of this amount, \$42,914,147 (*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 \$508,728.
- As of the close of the current fiscal year, the City of Evanston, Wyoming's governmental funds reported combined ending fund balances of \$19,133,891.
- At the end of the current fiscal year, fund balance for the general fund was \$16,723,467.

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 of the City of Evanston, Wyoming's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Evanston, Wyoming is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Evanston, Wyoming that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Evanston, Wyoming include general government, public safety, public works, and health, welfare and recreation. The business-type activities of the City of Evanston, Wyoming include water, sewer, golf, and environmental services.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Evanston, Wyoming, like other state and local governments, 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 two categories: governmental funds and proprietary funds.

Management's Discussion and Analysis
(Unaudited)

Overview of the Financial Statements (Continued)

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 operations. *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 operations, 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.

Management's Discussion and Analysis
(Unaudited)

Overview of the Financial Statements (Continued)

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

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, Wyoming.

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, net position includes 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.

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Assets						
Current assets	\$ 19,324,041	\$ 21,324,054	\$ 33,326,172	\$ 33,148,796	\$ 52,650,213	\$ 54,472,850
Noncurrent assets	-	43,722	-	-	-	43,722
Net capital assets	34,477,985	33,196,426	27,024,093	26,996,533	61,502,078	60,192,959
Total assets	53,802,026	54,564,202	60,350,265	60,145,329	114,152,291	114,709,531
Deferred outflows of resources						
	2,370,026	1,558,965	780,992	510,746	3,151,018	2,069,711
Liabilities						
Current liabilities	360,262	1,295,526	317,946	194,959	678,208	1,490,485
Long-term liabilities	4,510,103	4,003,806	2,675,125	2,623,946	7,185,228	6,627,752
Total liabilities	4,870,365	5,299,332	2,993,071	2,818,905	7,863,436	8,118,237
Deferred inflows of resources						
	3,094,821	2,836,602	641,770	629,849	3,736,591	3,466,451
Net position						
Net investment in capital assets	34,477,985	33,169,537	26,648,820	26,700,446	61,126,805	59,869,983
Restricted	1,856,043	2,410,424	-	-	1,856,043	2,410,424
Unrestricted	11,872,838	12,407,272	30,847,596	30,506,875	42,720,434	42,914,147
Total net position	\$ 48,206,866	\$ 47,987,233	\$ 57,496,416	\$ 57,207,321	\$ 105,703,282	\$ 105,194,554

Management's Discussion and Analysis
(Unaudited)

Government-wide Financial Analysis (Continued)

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* \$42,914,147 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.

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Management's Discussion and Analysis
(Unaudited)

Government-wide Financial Analysis (Continued)

The governmental and business-type activities for the City of Evanston, Wyoming are provided in the following table.

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Revenues						
Charges for services	\$ 431,570	\$ 386,717	\$ 5,661,970	\$ 5,917,308	\$ 6,093,540	\$ 6,304,025
Operating grants and contributions	882,151	749,494	-	35,800	882,151	785,294
Capital grants and contributions	106,478	42,521	-	334,297	106,478	376,818
Taxes						
Property taxes	697,695	714,283	-	-	697,695	714,283
Other taxes	8,592,234	9,112,643	-	-	8,592,234	9,112,643
State additional funding not restricted for specific purpose	1,511,456	1,475,096	-	-	1,511,456	1,475,096
Unrestricted investment earnings	1,139,500	46,292	234,193	53,730	1,373,693	100,022
Miscellaneous revenue	528,136	488,460	70,081	18,623	598,217	507,083
Gain (loss) on disposal of capital assets	-	8,439	-	(4,187)	-	4,252
Total revenues	13,889,220	13,023,945	5,966,244	6,355,571	19,855,464	19,379,516
Expenses						
General government	4,109,151	4,351,762	-	-	4,109,151	4,351,762
Public safety	3,668,833	3,509,891	-	-	3,668,833	3,509,891
Public works	2,653,974	2,789,008	-	-	2,653,974	2,789,008
Health, welfare, recreation	2,551,406	2,654,129	-	-	2,551,406	2,654,129
Water	-	-	2,963,472	2,991,443	2,963,472	2,991,443
Sewer	-	-	1,190,806	1,233,671	1,190,806	1,233,671
Golf	-	-	966,849	961,509	966,849	961,509
Environmental services	-	-	1,455,832	1,458,043	1,455,832	1,458,043
Total expenses	12,983,364	13,304,790	6,576,959	6,644,666	19,560,323	19,949,456
Excess (deficiency) of revenues over expenses before transfers	905,856	(280,845)	(610,715)	(289,095)	295,141	(569,940)
Transfers	238,117	-	(238,117)	-	-	-
Change in net position	1,143,973	(280,845)	(848,832)	(289,095)	295,141	(569,940)
Net position - beginning of year, as previously stated	47,047,893	48,206,866	58,345,248	57,496,416	105,393,141	105,703,282
Prior period adjustment	15,000	61,212	-	-	15,000	61,212
Net position - beginning of year, as restated	47,062,893	48,268,078	58,345,248	57,496,416	105,408,141	105,764,494
Total net position	\$ 48,206,866	\$ 47,987,233	\$ 57,496,416	\$ 57,207,321	\$ 105,703,282	\$ 105,194,554

Management's Discussion and Analysis
(Unaudited)

Government-wide Financial Analysis (Continued)

The City of Evanston, Wyoming actively searches to obtain grants to maintain and enhance the level of service and living conditions for its residents. It has received the following grants for the Evanston Police Department, which enables the department to further protect local citizens: Homeland Security, Alcohol and Tobacco Compliance, Selective Traffic Enforcement, and Underage Drinking Prevention grants. The City also receives grant funds for a DCI Officer and Victims Witness Coordinator positions. Additionally, partial funds are received for bullet proof vests and most recently the City 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 CARES Act funding, that was used to purchase a new ambulance for the ambulance district, and to reimburse costs for the many extra supplies, time-off for quarantined individuals due to COVID-19, and funding to continue testing at the wastewater treatment plant. The Lodging Board received CARES Act funding to continue to promote tourism in the community. The City also received a small grant in the general fund to enhance the entry-way on the east-end of town; a technical assistance grant to continue to enhance its GIS Equipment, with training on the equipment, and training in case of a hazardous pipeline issue. The City also continued to receive grant funds from the U.S. Department of Agriculture for the City ditch project. The City obtained a grant in order to assist a new organization in starting operations in Evanston.

Applications for additional grants have been submitted that will be reflected in the next fiscal year.

Expenses and Program Revenues – Governmental Activities

General Government is the City's major expense. This category includes the activities of the 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 parallel inflation and growth in the demand for services.

To monitor the expense of services to the community, the City of Evanston, Wyoming structured its divisions to provide a clear analysis of service. Therefore, the City of Evanston, Wyoming can review the cost of specific services to provide more fiscal responsibility.

Revenues by Source – Governmental Activities

General revenue sources used to support overall government functions include:

- Charges for Services 2.97%, (*decrease of \$44,853*)
 - Business licenses
 - Various permits
 - Animal tags and other animal control revenue
 - Court fines
 - General fund leases
- Operating Grants and Contributions 5.75%, (*decrease of \$132,657*)
- Capital Grants and Contributions 0.33% (*decrease of \$63,957*)
- Property Tax 5.48% (*increase of \$16,588*)

Management's Discussion and Analysis
(Unaudited)

Government-wide Financial Analysis (Continued)

- Other Taxes at 69.97% (*increase of \$520,409*)
 - Local sales and use tax
 - Severance, mineral taxes
 - Tobacco, gasoline, and motor vehicle taxes
 - Franchise fees
 - Lottery and pari-mutuel distributions
- State Additional Funding at 11.33% (*decrease of \$36,360*)
- Investment Earnings 0.36% (*a decrease of 1,093,208, due to previous current market value errors*)
- Miscellaneous Revenue 3.75% (*decrease of \$39,676*)
- Gain on Disposed Assets 0.06% (*increase of \$8,439 because no gains or losses were recording in the previous fiscal year*)

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

- Purchase of a new dump truck for the sanitation department
- Built a fuel station to be used city wide
- Purchase of a backhoe for the water department
- Finished work on the City View water line
- Extended the sewer line into the Union Center to accommodate potential future businesses
- Added a "golf simulator" for lessons at the golf course

Financial Analysis of the Government's Funds

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

Governmental funds The focus on the City of Evanston, Wyoming's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Evanston, Wyoming's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Evanston, Wyoming. At the end of the current fiscal year, unassigned fund balance of the general fund was \$11,223,467, while total general fund balance reached \$16,723,467. 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 \$451,607 during the current fiscal year, which includes a prior period adjustment of \$8,000.

The long-term liabilities of \$4,003,806, which include accrued compensated absences, lease purchases, OPEB and pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.

Management's Discussion and Analysis
(Unaudited)

Financial Analysis of the Government's Funds (Continued)

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 Service funds at the end of the year amounted to \$30,506,875. The total decrease in unrestricted net position for these funds was \$340,721. 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 \$12,555,199. Minor adjustments were made due to unexpected revenue and expenditures making our final budget amount \$13,066,936.

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, 2021 amounts to \$60,192,959 (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:

- Additional security cameras at the public building
- Recreation Center improvements and repairs
- Equipment purchases including patrol vehicles, backhoe, a loader and mowing equipment
- Electricity at the Bear Meadows
- Completion of the City View water line
- Additional GIS equipment
- A new fuel station
- Repairs to the cemetery building
- Began working on a cemetery database program

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Land	\$ 9,423,797	\$ 9,423,797	\$ 733,694	\$ 733,694	\$ 10,157,491	\$ 10,157,491
Construction in progress	35,809	171,677	944,721	339,521	980,530	511,198
Buildings and systems	45,223,029	45,245,256	64,335,215	66,199,328	109,558,244	111,444,584
Machinery and equipment	5,526,104	5,558,061	3,944,597	4,189,998	9,470,701	9,748,059
Infrastructure	17,818,170	17,818,170	-	-	17,818,170	17,818,170
Land improvements	2,095,759	2,110,656	3,992,905	3,992,905	6,088,664	6,103,561
Accumulated depreciation	(45,644,683)	(47,131,191)	(46,927,037)	(48,458,913)	(92,571,720)	(95,590,104)
Total	<u>\$ 34,477,985</u>	<u>\$ 33,196,426</u>	<u>\$ 27,024,095</u>	<u>\$ 26,996,533</u>	<u>\$ 61,502,080</u>	<u>\$ 60,192,959</u>

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

Management's Discussion and Analysis
(Unaudited)

Financial Analysis of the Government's Funds (Continued)

Capital Asset and Debt Administration (Continued)

Long-term debt The City of Evanston, Wyoming's total debt is \$6,627,752 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.

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Accrued compensated absences	\$ 815,811	\$ 698,002	\$ 280,422	\$ 348,867	\$ 1,096,233	\$ 1,046,869
Lease purchase obligation	-	26,889	375,273	296,087	375,273	322,976
Retainage payable	161,375	-	-	-	161,375	-
Other post-employment benefits	707,832	769,342	275,560	304,696	983,392	1,074,038
Pension obligation	2,883,057	2,509,573	1,833,915	1,674,296	4,716,972	4,183,869
Total	\$ 4,568,075	\$ 4,003,806	\$ 2,765,170	\$ 2,623,946	\$ 7,333,245	\$ 6,627,752

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the City of Evanston, Wyoming as of June 30, 2021 was 6.5%, which is slightly lower than one year ago. This is higher than the state's average unemployment rate of 5.4%, and the national average rate of 5.9%

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 continued uncertainty, the City of Evanston, Wyoming prepared the budget for the 2022 fiscal year very conservatively.

The Pandemic is an ongoing situation and the City cannot determine the duration of 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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Statement of Net Position

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Pooled cash, cash equivalents and investments	\$ 17,755,730	\$ 32,319,804	\$ 50,075,534
Restricted cash, cash equivalents and investments	1,009,498	1,495	1,010,993
Cash held with fiscal agent	10,992	-	10,992
Receivables (net of allowance for uncollectibles)			
Accounts receivable	1,546,766	710,450	2,257,216
Due from other governments	131,525	45,000	176,525
Property taxes	776,338	-	776,338
Accrued interest	65,017	-	65,017
Inventory	19,443	72,047	91,490
Note receivable, current	8,745	-	8,745
Note receivable, noncurrent	43,722	-	43,722
Total noncapital assets	<u>21,367,776</u>	<u>33,148,796</u>	<u>54,516,572</u>
Capital assets, not being depreciated			
Land	9,423,797	733,694	10,157,491
Construction in progress	171,677	339,521	511,198
Capital assets, being depreciated			
Buildings and systems	45,245,256	66,199,328	111,444,584
Machinery and equipment	5,558,061	4,189,998	9,748,059
Infrastructure	17,818,170	-	17,818,170
Land improvements	2,110,656	3,992,905	6,103,561
Total capital assets	<u>80,327,617</u>	<u>75,455,446</u>	<u>155,783,063</u>
Less accumulated depreciation	<u>47,131,191</u>	<u>48,458,913</u>	<u>95,590,104</u>
Total capital assets (net of accumulated depreciation)	<u>33,196,426</u>	<u>26,996,533</u>	<u>60,192,959</u>
Total assets	<u>54,564,202</u>	<u>60,145,329</u>	<u>114,709,531</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan items	1,437,194	455,118	1,892,312
Other post-employment benefit items	121,771	55,628	177,399
Total deferred outflows of resources	<u>1,558,965</u>	<u>510,746</u>	<u>2,069,711</u>

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Statement of Net Position (Continued)

	Primary Government			
	Governmental Activities		Business-type Activities	
			Total	
LIABILITIES				
Accounts payable	\$ 102,528	\$ 70,069	\$ 172,597	
Accrued payroll	119,292	61,195	180,487	
Accrued liabilities	12,546	-	12,546	
Court bonds payable	15,000	-	15,000	
Deposits payable	-	62,200	62,200	
Advanced payments on grants	1,009,498	1,495	1,010,993	
Unearned revenue - cash in lieu of land development	36,662	-	36,662	
Long-term liabilities				
Due within one year	101,198	90,064	191,262	
Due in more than one year	623,693	554,890	1,178,583	
Net pension liability	2,509,573	1,674,296	4,183,869	
Other post-employment benefits payable	769,342	304,696	1,074,038	
Total liabilities	5,299,332	2,818,905	8,118,237	
DEFERRED INFLOWS OF RESOURCES				
Pension plan items	2,077,683	629,849	2,707,532	
Unavailable property tax revenues	758,919	-	758,919	
Total deferred inflows of resources	2,836,602	629,849	3,466,451	
NET POSITION				
Net investment in capital assets, net of related debt	33,169,537	26,700,446	59,869,983	
Restricted for				
Lodging tax fund	864,605	-	864,605	
Economic development fund				
Expendable	1,106,311	-	1,106,311	
Nonexpendable	43,722	-	43,722	
Cemetery fund				
Expendable	295,786	-	295,786	
Nonexpendable	100,000	-	100,000	
Unrestricted	12,407,272	30,506,875	42,914,147	
Total net position	\$ 47,987,233	\$ 57,207,321	\$ 105,194,554	

Statement of Activities

	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Function/Programs					
Governmental activities:					
General government	\$ 4,351,762	\$ 50,456	\$ 749,494	\$ 42,521	
Public safety	3,509,891	295,032	-	-	
Public works	2,789,008	-	-	-	
Health, welfare and recreation	2,654,129	41,229	-	-	
Total governmental activities	13,304,790	386,717	749,494	42,521	
Business-type activities:					
Water fund	2,991,443	2,665,775	-	41,797	
Sewer fund	1,233,671	1,262,381	35,800	-	
Golf fund	961,509	525,475	-	-	
Environmental service fund	1,458,043	1,463,677	-	292,500	
Total business-type activities	6,644,666	5,917,308	35,800	334,297	
Total primary government	\$ 19,949,456	\$ 6,304,025	\$ 785,294	\$ 376,818	
General revenues					
Property taxes, levied for general purposes					
Sales, severance, royalties, cigarette, gasoline, use taxes					
Franchise taxes					
Motor vehicle taxes					
Lottery distributions					
Pari-mutuel distributions					
State additional funding not restricted for specific purposes					
Unrestricted investment earnings					
Miscellaneous revenue					
Gain (loss) on disposal of capital assets					
Total general revenues					
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					

Net (Expense) Revenue and Changes in Net Position

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (3,509,291)	\$ -	\$ (3,509,291)
(3,214,859)	-	(3,214,859)
(2,789,008)	-	(2,789,008)
<u>(2,612,900)</u>	<u>-</u>	<u>(2,612,900)</u>
<u>(12,126,058)</u>	<u>-</u>	<u>(12,126,058)</u>
- (283,871)		(283,871)
- 64,510		64,510
- (436,034)		(436,034)
- 298,134		298,134
<u>- (357,261)</u>	<u></u>	<u>(357,261)</u>
<u>(12,126,058)</u>	<u>(357,261)</u>	<u>(12,483,319)</u>
714,283	-	714,283
7,734,139	-	7,734,139
170,163	-	170,163
304,561	-	304,561
665,731	-	665,731
238,049	-	238,049
1,475,096	-	1,475,096
46,292	53,730	100,022
488,460	18,623	507,083
8,439	(4,187)	4,252
<u>11,845,213</u>	<u>68,166</u>	<u>11,913,379</u>
<u>(280,845)</u>	<u>(289,095)</u>	<u>(569,940)</u>
48,206,866	57,496,416	105,703,282
61,212	-	61,212
<u>48,268,078</u>	<u>57,496,416</u>	<u>105,764,494</u>
<u>\$ 47,987,233</u>	<u>\$ 57,207,321</u>	<u>\$ 105,194,554</u>

Balance Sheet - Governmental Funds

	General Fund	Economic Development Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Pooled cash, cash equivalents and investments	\$ 15,395,424	\$ 1,041,156	\$ 1,195,924	\$ 17,632,504
Restricted cash, cash equivalents and investments	1,009,498	-	-	1,009,498
Cash held with fiscal agent	10,992	-	-	10,992
Receivables (net of allowance for uncollectibles)				
Accounts receivable	1,479,601	500	65,277	1,545,378
Due from other governments	21,491	110,034	-	131,525
Property taxes	776,338	-	-	776,338
Accrued interest	65,017	-	-	65,017
Note receivable, current	-	8,745	-	8,745
Note receivable, noncurrent	-	43,722	-	43,722
Total assets	<u>\$ 18,758,361</u>	<u>\$ 1,204,157</u>	<u>\$ 1,261,201</u>	<u>\$ 21,223,719</u>
LIABILITIES				
Accounts payable	\$ 74,536	\$ 27,172	\$ 810	\$ 102,518
Accrued payroll	119,292	-	-	119,292
Accrued liabilities	12,546	-	-	12,546
Court bonds payable	15,000	-	-	15,000
Advanced payments on grants	1,009,498	-	-	1,009,498
Unearned revenue - cash in lieu of land development	36,662	-	-	36,662
Total liabilities	<u>1,267,534</u>	<u>27,172</u>	<u>810</u>	<u>1,295,516</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenues	767,360	-	-	767,360
Unavailable grant revenues	-	26,952	-	26,952
Total deferred inflows of resources	<u>767,360</u>	<u>26,952</u>	<u>-</u>	<u>794,312</u>
FUND BALANCES				
Nonspendable	-	43,722	100,000	143,722
Restricted	-	1,106,311	1,160,391	2,266,702
Assigned	5,500,000	-	-	5,500,000
Unassigned	11,223,467	-	-	11,223,467
Total fund balances	<u>16,723,467</u>	<u>1,150,033</u>	<u>1,260,391</u>	<u>19,133,891</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,758,361</u>	<u>\$ 1,204,157</u>	<u>\$ 1,261,201</u>	<u>\$ 21,223,719</u>

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

Total governmental fund balances	\$ 19,133,891
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Total net capital assets, governmental activities	\$ 33,196,426
Less net capital assets recorded in the internal service fund	(3,035)
	<u>33,193,391</u>
Difference between expected and actual experience, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the pension and OPEB are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension plan items	1,437,194
Deferred outflows - other post-employment benefit items	121,771
Deferred inflows - pension plan items	(2,077,683)
	<u>(518,718)</u>
Property tax receivables and intergovernmental revenue that do not provide financial resources are offset by deferred inflows of resources in the funds.	
Unavailable property taxes in governmental funds	767,360
Unavailable property taxes in governmental activities	(758,919)
Unavailable grant revenue in governmental funds	26,952
	<u>35,393</u>
Long-term liabilities, including accrued compensated absences, lease purchase obligation, 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.	
Compensated absences	(698,002)
Lease purchase obligation	(26,889)
Other post-employment benefits payable	(769,342)
Net pension liability	(2,509,573)
	<u>(4,003,806)</u>
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>147,082</u>
Net position of governmental activities	<u>\$ 47,987,233</u>

Statement of Revenues, Expenditures, and Changes in Fund Balances - Government Funds

	General Fund	Economic Development Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 3,519,307	\$ -	\$ 348,202	\$ 3,867,509
Licenses and permits	191,664	-	-	191,664
Fines and forfeitures	177,277	-	-	177,277
Intergovernmental revenues	8,199,620	83,082	-	8,282,702
Charges for services	55,024	-	41,229	96,253
Rental income	-	85,000	-	85,000
Investment earnings and miscellaneous	201,784	145,226	1,340	348,350
Total revenues	12,344,676	313,308	390,771	13,048,755
Expenditures				
Current				
General government	3,691,772	-	-	3,691,772
Public safety and transportation	3,435,306	-	-	3,435,306
Public works	1,294,343	-	-	1,294,343
Health, welfare and recreation	2,055,975	23,392	570,879	2,650,246
Capital outlay	902,417	124,639	-	1,027,056
Debt service				
Principal	4,203	-	-	4,203
Interest	1,053	-	-	1,053
Total expenditures	11,385,069	148,031	570,879	12,103,979
Excess (deficiency) of revenues over expenditures	959,607	165,277	(180,108)	944,776
Other financing sources (uses)				
Transfers in	-	-	500,000	500,000
Transfers out	(500,000)	-	-	(500,000)
Total other financing sources (uses)	(500,000)	-	500,000	-
Net change in fund balances	459,607	165,277	319,892	944,776
Fund balances - beginning of year, as previously stated	16,271,860	915,544	940,499	18,127,903
Prior period adjustment	(8,000)	69,212	-	61,212
Fund balances - beginning of year, as restated	16,263,860	984,756	940,499	18,189,115
Fund balances - end of year	\$ 16,723,467	\$ 1,150,033	\$ 1,260,391	\$ 19,133,891

City of Evanston, Wyoming

Year Ended June 30, 2021

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities**

Net change in fund balances - total governmental funds	\$ 944,776
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Amounts reported for governmental activities in the statement of activities are different because:

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	\$ 405,372
Assets transferred from construction in progress to fixed assets and infrastructure	(11,303)
Depreciation expense	(1,675,437)
Less depreciation expense in the internal service fund	<u>1,790</u>
	(1,279,578)

In the statement of activities, only the gain from the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.

Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

Proceeds from the sale of capital assets	(8,630)
Gain on disposal of capital assets	<u>8,439</u>
	(191)

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 plan items as of June 30, 2020	(2,263,228)
Deferred outflows - pension plan items as of June 30, 2021	1,437,194
Deferred outflows - other post-employment benefit plan items as of June 30, 2020	(106,798)
Deferred outflows - other post-employment benefit plan items as of June 30, 2021	121,771
Deferred inflows - pension plan items as of June 30, 2020	2,380,334
Deferred inflows - pension plan items as of June 30, 2021	<u>(2,077,683)</u>
	(508,410)

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**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities (Continued)**

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 transaction, however, has any effect on changes in net position. This is the effect of this difference in the treatment of long-term debt.

Compensated absences as of June 30, 2020	\$ 815,811
Compensated absences accrued in governmental funds as of June 30, 2020	(9,662)
Compensated absences as of June 30, 2021	(698,002)
Debt proceeds on lease purchase obligation	(31,092)
Payment on principal on lease purchase obligation	4,203
Retainage payable as of June 30, 2020	161,375
Other post-employment benefits payable as of June 30, 2020	707,832
Other post-employment benefits payable as of June 30, 2021	(769,342)
Net pension liability as of June 30, 2020	2,883,057
Net pension liability as of June 30, 2021	<u>(2,509,573)</u>
	\$ 554,607

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 change in net position	(16,112)
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, 2020	(725,817)
Unavailable property taxes - governmental activities as of June 30, 2020	714,487
Unavailable property taxes - governmental funds as of June 30, 2021	767,360
Unavailable property taxes - governmental activities as of June 30, 2021	(758,919)
Unavailable grant revenue - governmental funds as of June 30, 2021	<u>26,952</u>
	<u>24,063</u>
Change in net position of governmental activities	<u>\$ (280,845)</u>

Statement of Net Position - Proprietary Funds

	Business-type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Golf Fund
ASSETS			
Current assets			
Pooled cash, cash equivalents and investments	\$ 17,208,821	\$ 11,990,346	\$ 554,657
Restricted cash and cash equivalents	1,495	-	-
Accounts receivable	401,514	151,675	-
Due from other governments	-	-	-
Inventory	-	-	72,047
Total current assets	17,611,830	12,142,021	626,704
Noncurrent assets			
Capital assets			
Land	161,500	240,005	312,189
Construction in progress	47,021	-	-
Buildings and systems	46,971,872	16,753,143	2,271,645
Machinery and equipment	1,287,751	464,350	1,105,842
Land improvements	-	-	3,992,905
Total capital assets	48,468,144	17,457,498	7,682,581
Less accumulated depreciation	28,771,531	14,829,933	3,925,779
Total capital assets (net of accumulated depreciation)	19,696,613	2,627,565	3,756,802
Total assets	37,308,443	14,769,586	4,383,506
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan items	154,783	112,772	-
Other post-employment benefit items	21,608	11,526	-
Total deferred outflows of resources	176,391	124,298	-

Governmental
Activities

Environmental Service Fund	Totals	Internal Service Fund
\$ 2,565,980	\$ 32,319,804	\$ 123,226
- 1,495		- 1,388
157,261	710,450	
45,000	45,000	- 19,443
- 72,047		144,057
<u>2,768,241</u>	<u>33,148,796</u>	
20,000	733,694	-
292,500	339,521	-
202,668	66,199,328	278,623
1,332,055	4,189,998	74,680
- 3,992,905		-
<u>1,847,223</u>	<u>75,455,446</u>	<u>353,303</u>
<u>931,670</u>	<u>48,458,913</u>	<u>350,268</u>
915,553	26,996,533	3,035
<u>3,683,794</u>	<u>60,145,329</u>	<u>147,092</u>
187,563	455,118	-
<u>22,494</u>	<u>55,628</u>	-
<u>210,057</u>	<u>510,746</u>	-

(Continued)

Statement of Net Position - Proprietary Funds (Continued)

	Business-type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Golf Fund
LIABILITIES			
Current liabilities			
Accounts payable	\$ 17,490	\$ 54	\$ 8,945
Accrued payroll	26,232	16,734	-
Compensated absences, current	10,079	-	-
Lease purchase obligation, current	-	-	79,985
Deposits payable	62,200	-	-
Advanced payments on grants	1,495	-	-
Total current liabilities	<u>117,496</u>	<u>16,788</u>	<u>88,930</u>
Noncurrent liabilities			
Compensated absences	118,541	110,357	-
Lease purchase obligation	-	-	216,102
Net pension liability	591,990	428,380	-
Other post-employment benefits payable	136,860	36,658	-
Total noncurrent liabilities	<u>847,391</u>	<u>575,395</u>	<u>216,102</u>
Total liabilities	<u>964,887</u>	<u>592,183</u>	<u>305,032</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan items	<u>242,195</u>	<u>168,655</u>	-
Total deferred inflows of resources	<u>242,195</u>	<u>168,655</u>	-
NET POSITION			
Net investment in capital assets	19,696,613	2,627,565	3,460,715
Unrestricted	16,581,139	11,505,481	617,759
Total net position	<u>\$ 36,277,752</u>	<u>\$ 14,133,046</u>	<u>\$ 4,078,474</u>

Governmental
Activities

Environmental Service Fund		Internal Service Fund	
	Totals		
\$ 43,580	\$ 70,069	\$ 10	
18,229	61,195	-	
-	10,079	-	
-	79,985	-	
-	62,200	-	
-	1,495	-	
61,809	285,023	10	
109,890	338,788	-	
-	216,102	-	
653,926	1,674,296	-	
131,178	304,696	-	
894,994	2,533,882	-	
956,803	2,818,905	10	
 218,999	 629,849	 -	
218,999	629,849	-	
 915,553	 26,700,446	 3,035	
1,802,496	30,506,875	144,047	
\$ 2,718,049	\$ 57,207,321	\$ 147,082	

City of Evanston, Wyoming

Year Ended June 30, 2021

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds

Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Golf Fund
Operating revenues			
Charges for services	\$ 2,665,775	\$ 1,262,381	\$ 525,475
Miscellaneous	<u>18,442</u>	<u>-</u>	<u>181</u>
Total operating revenues	<u>2,684,217</u>	<u>1,262,381</u>	<u>525,656</u>
Operating expenses			
Personnel services	1,144,676	706,045	-
Contractual services	34,569	-	386,826
Repairs and maintenance	170,549	115,052	101,923
Supplies	431,027	50,507	146,527
Miscellaneous	72,695	20,802	23,883
Capital outlay	-	28,661	-
Depreciation	1,011,098	191,823	286,249
Utilities	<u>126,829</u>	<u>120,781</u>	<u>-</u>
Total operating expenses	<u>2,991,443</u>	<u>1,233,671</u>	<u>945,408</u>
Operating income (loss)	<u>(307,226)</u>	<u>28,710</u>	<u>(419,752)</u>
Nonoperating revenues (expenses)			
Intergovernmental	-	35,800	-
Investment earnings	32,378	17,505	-
Interest expense	-	-	(16,101)
Loss on disposal of capital assets	(4,187)	-	-
Total nonoperating revenues (expenses)	<u>28,191</u>	<u>53,305</u>	<u>(16,101)</u>
Income (loss) before contributions and transfers	<u>(279,035)</u>	<u>82,015</u>	<u>(435,853)</u>
Capital grants and contributions	41,797	-	-
Transfers in	-	-	-
Transfers out	(9,000)	-	-
Net contributions and transfers	<u>32,797</u>	<u>-</u>	<u>-</u>
Change in net position	(246,238)	82,015	(435,853)
Total net position - beginning of year	<u>36,523,990</u>	<u>14,051,031</u>	<u>4,514,327</u>
Total net position - end of year	<u>\$ 36,277,752</u>	<u>\$ 14,133,046</u>	<u>\$ 4,078,474</u>

Governmental
Activities

Environmental Service Fund	Totals	Internal Service Fund
\$ 1,463,677	\$ 5,917,308	\$ 71,792
-	18,623	-
<u>1,463,677</u>	<u>5,935,931</u>	<u>71,792</u>
881,399	2,732,120	-
-	421,395	-
29,890	417,414	-
445,720	1,073,781	86,114
22,062	139,442	-
324	28,985	-
78,648	1,567,818	1,790
-	247,610	-
<u>1,458,043</u>	<u>6,628,565</u>	<u>87,904</u>
<u>5,634</u>	<u>(692,634)</u>	<u>(16,112)</u>
-	35,800	-
3,847	53,730	-
-	(16,101)	-
-	(4,187)	-
<u>3,847</u>	<u>69,242</u>	<u>-</u>
9,481	(623,392)	(16,112)
292,500	334,297	-
9,000	9,000	-
-	(9,000)	-
<u>301,500</u>	<u>334,297</u>	<u>-</u>
310,981	(289,095)	(16,112)
2,407,068	57,496,416	163,194
<u>\$ 2,718,049</u>	<u>\$ 57,207,321</u>	<u>\$ 147,082</u>

City of Evanston, Wyoming

Year Ended June 30, 2021

Statement of Cash Flows - Proprietary Funds

Business-type Activities - Enterprise Funds

	Water Fund	Sewer Fund	Golf Fund
Cash flows from operating activities			
Cash received from customers	\$ 2,691,739	\$ 1,271,234	\$ 525,656
Cash received from interfund services provided	-	-	-
Cash payments to suppliers for goods and services	(867,866)	(349,459)	(662,775)
Cash payments to employees for services	(1,098,100)	(635,260)	-
Net cash provided (used) by operating activities	<u>725,773</u>	<u>286,515</u>	<u>(137,119)</u>
Cash flows from noncapital financing activities			
Federal subsidy	-	35,800	-
Net cash provided by noncapital financing activities	-	35,800	-
Cash flows from capital and related financing activities			
Capital grants from federal and state sources	43,292	-	-
Acquisitions and construction of capital assets	(745,885)	(350,346)	(24,995)
Principal paid	-	-	(79,186)
Interest paid	-	-	(16,101)
Proceeds from sale of capital assets	<u>381</u>	<u>-</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(702,212)</u>	<u>(350,346)</u>	<u>(120,282)</u>
Cash flows from investing activities			
Interest received on investments	32,378	17,505	-
Net cash provided by investing activities	<u>32,378</u>	<u>17,505</u>	<u>-</u>
Net increase (decrease) in pooled cash, cash equivalents and investments	55,939	(10,526)	(257,401)
Pooled cash, cash equivalents and investments - beginning of year	<u>17,154,377</u>	<u>12,000,872</u>	<u>812,058</u>
Pooled and Restricted cash, cash equivalents and investments - end of year	<u>\$ 17,210,316</u>	<u>\$ 11,990,346</u>	<u>\$ 554,657</u>
Reconciliation of ending cash			
Pooled cash, cash equivalents and investments	\$ 17,208,821	\$ 11,990,346	\$ 554,657
Restricted cash, cash equivalents and investments	<u>1,495</u>	<u>-</u>	<u>-</u>
Pooled and Restricted cash, cash equivalents and investments - end of year	<u>\$ 17,210,316</u>	<u>\$ 11,990,346</u>	<u>\$ 554,657</u>

Governmental
Activities

Environmental Service Fund		Internal Service Fund	
		Totals	
\$ 1,459,596	\$ 5,948,225	\$ -	71,147
-	-		
(499,339)	(2,379,439)	(83,420)	
(794,665)	(2,528,025)	-	
<u>165,592</u>	<u>1,040,761</u>	<u>(12,273)</u>	
	35,800		-
	35,800		-
247,500	290,792	-	
(423,600)	(1,544,826)	-	
-	(79,186)	-	
-	(16,101)	-	
<u>-</u>	<u>381</u>	<u>-</u>	
<u>(176,100)</u>	<u>(1,348,940)</u>	<u>-</u>	
3,847	53,730	-	
<u>3,847</u>	<u>53,730</u>	<u>-</u>	
(6,661)	(218,649)	(12,273)	
<u>2,572,641</u>	<u>32,539,948</u>	<u>135,499</u>	
<u>\$ 2,565,980</u>	<u>\$ 32,321,299</u>	<u>\$ 123,226</u>	
\$ 2,565,980	\$ 32,319,804	\$ 123,226	
-	1,495	-	
<u>\$ 2,565,980</u>	<u>\$ 32,321,299</u>	<u>\$ 123,226</u>	

(Continued)

Statement of Cash Flows - Proprietary Funds (Continued)**Business-type Activities - Enterprise Funds**

	Water Fund	Sewer Fund	Golf Fund
Reconciliation of operating income (loss) to net pooled cash, cash equivalents and investments, and restricted cash and cash equivalents provided (used) by operating activities			
Operating income (loss)	\$ (307,226)	\$ 28,710	\$ (419,752)
Adjustments to reconcile operating income (loss) to net pooled cash, cash equivalents and investments, and restricted cash and cash equivalents provided (used) by operating activities			
Depreciation	1,011,098	191,823	286,249
Amortization of pension plan and OPEB items	107,976	75,288	-
Increase (decrease) in pooled cash, cash equivalents and investments, and restricted cash and cash equivalents resulting from changes in operating assets, deferred outflows, liabilities, and deferred inflows.			
Accounts receivable	7,522	8,853	-
Inventory	-	-	(8,567)
Deferred outflows - pension plan items	(3,582)	(2,455)	-
Accounts payable	(37,616)	(9,712)	4,951
Accrued payroll	4,106	1,456	-
Compensated absences, current	3,719	(3,944)	-
Deposits payable	1,700	-	-
Compensated absences, noncurrent	(7,292)	35,429	-
Net pension liability	(65,540)	(45,557)	-
Other post-employment benefits payable	10,908	6,624	-
Net pooled cash and cash equivalents and investments, and restricted cash and cash equivalents provided (used) by operating activities	<u>\$ 725,773</u>	<u>\$ 286,515</u>	<u>\$ (137,119)</u>
Noncash capital and related financing activities			
Capital assets transferred from other funds	\$ (9,000)	\$ -	\$ -

<u>Governmental Activities</u>		
Environmental Service Fund	Totals	Internal Service Fund
\$ 5,634	\$ (692,634)	\$ (16,112)
78,648	1,567,818	1,790
79,081	262,345	-
(4,081)	12,294	(645)
-	(8,567)	3,175
2,017	(4,020)	-
(1,343)	(43,720)	(481)
(1,447)	4,115	-
-	(225)	-
-	1,700	-
44,001	72,138	-
(48,522)	(159,619)	-
11,604	29,136	-
<hr/>		
<u>\$ 165,592</u>	<u>\$ 1,040,761</u>	<u>\$ (12,273)</u>
\$ 9,000	\$ -	\$ -

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Notes to the Financial Statements

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. For the City's intergovernmental revenues related to grants, the revenue is considered available if they are collected within 90 days. This is extended for grant revenue to better align revenue with grant expenditures. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as 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, motor vehicle, 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, deferred outflows, liabilities, deferred inflows, fund balance or net position, 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 *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.

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

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 and of the City's internal service fund are charges to customers for sales of 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 the enterprise funds and internal service fund 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, Cash Equivalents and Investments

The City pools its cash, 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, cash equivalents and investments. The City considers cash on hand, demand deposits, WGIF and short-term investments with original maturities of three months or less from the date of acquisition to be cash and cash equivalents.

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

Pooled Cash, Cash Equivalents and Investments (Continued)

The City follows the guidelines described in WY statute 9-4-831 as it relates to the investment of public funds. Wyoming Statutes authorize the types of investments in which the City may invest. Among these authorized investments are certificates of deposit, money market funds, commercial paper, 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.

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

Restricted Cash, Cash Equivalents and Investments

The City has restricted cash, cash equivalents and investments of \$1,009,498 from the U.S. Department of Treasury for Coronavirus State and Local Fiscal Recovery Funds. These funds are to be used for public health and economic impacts, premium pay, revenue loss and/or infrastructure.

The City received \$43,292 as an advanced payment on grants from the U.S. Department of Transportation for the Technical Assistance Grant. As of June 30, 2021, \$1,495 is unspent and recorded as restricted cash, cash equivalents and investments.

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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. Currently there is no allowance for utility receivables. An allowance for doubtful accounts is established for municipal court receivables related to old outstanding court fines. All trade and property tax receivables are shown net of an allowance for uncollectible balances.

Long-term portions of receivables in the governmental funds financial statements are reported and then offset by non-spendable fund balance reserve accounts in order to indicate that they are not available as spendable resources.

Interfund 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," if applicable.

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, 2021 was 8 mills, which means 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.

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Unearned Revenue – Cash in Lieu of Land Development

Using both the accrual and modified accrual basis of accounting, unearned revenues arise when resources are received by the City before it has a legal claim to them or before eligibility requirements are met. In subsequent periods, when revenue recognition criteria are met, the liability for unearned revenue is removed and the revenue is recognized. Cash in Lieu of Land Development represents cash provided by developers for new development within the City that has not been used for projects that meet the criteria for recognition as of year-end.

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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.

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

Other Post-Employment Benefits (OPEB)

For the purposes of measuring the City's net OPEB liability, deferred outflows 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.

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 and Revenues Applicable to Future Years – Unavailable revenue is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and grants. 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 tax lien attaches to the property.

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.

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Balance/Net Position

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund 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. Assigned fund balances are funds the City Council intends to be used for a certain purpose, but have not set a resolution for it, the current City policy permits the assignment of fund balances.

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 investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or 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.

Interfund Transactions

Interfund 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 are applicable.

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates. The estimates of fair value of investments, depreciation, compensated absences, 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 and income statement have been reclassified to conform to the presentation of the current year with no effect on net position.

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 modified 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.

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

Budgets and Budgetary Accounting (Continued)

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

Note 3. Pooled Cash, Cash Equivalents and Investments

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require that the City's deposits in excess of the Federal depository insurance amount be collateralized.

Deposits held in the City's bank accounts are insured by federal depository insurance or are collateralized with securities held by the pledging institution's trust department or agent, in joint custody of the bank and the City. As of June 30, 2021, the City had bank balance of \$15,127,918 and \$573,400 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized with securities held by the pledging or financial institution's trust department or agent. The carrying amount of the deposits as of June 30, 2021, was \$14,890,836. The difference between the carrying amount and the bank balance is the result of transactions in transit. Of these amounts, \$1,010,993 is restricted cash due to advanced payments on grants. In addition, the City has other pooled cash, cash equivalents and investments in money market accounts with its brokers.

The City also had cash equivalents of \$470,881 in the WGIF Liquid Asset Series, a money market investment rated AAAm by Standard and Poor's. WGIF is owned and operated by funds held in pools sponsored by the Wyoming School Board Association and the Wyoming Association of Municipalities, which limits the risk of counterparty failure. 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.

Notes to the Financial Statements**Note 3. Pooled Cash and Cash Equivalents and Investments (Continued)*****Investments***

At June 30, 2021, 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	
U.S. Agency obligations	\$ 5,601	5.00-5.50%	\$ -	\$ -	\$ -	\$ 5,601	Not Rated
U.S. Treasury obligations	10,556,258	0.12-2.75%	1,540,133	9,016,125	-	-	Aaa/AAA
Certificates of deposit	5,407,365	0.28-3.15%	403,217	5,004,148	-	-	Not Rated
WYO-STAR investment pool	<u>19,658,629</u>	0.19%	<u>19,658,629</u>	-	-	-	Not Rated
	<u><u>\$ 35,627,853</u></u>		<u><u>\$ 21,601,979</u></u>	<u><u>\$ 14,020,273</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,601</u></u>	

Reported in the following classifications

Pooled cash and cash equivalents and investments	\$ 50,075,534
Restricted cash and cash equivalents	1,010,993
Less pooled cash and cash equivalents	(15,458,674)
Pooled investments	<u><u>\$ 35,627,853</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 does not have a formal policy to address interest rate risk. 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 with its expected cash flow needs. With this investment focus, investments are expected to reach maturity with limited gains or losses.

As of June 30, 2021, 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.

Notes to the Financial Statements

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. WYO-STAR invest in asset backed securities, the collateral for which is securities issued by GNMA, FNMA, FHLMC or notes fully guaranteed as to principal and interest by the Small Business Administration, and government securities including obligations of the U.S. Treasury and U.S. government agencies.

Concentration of Credit Risk

The City does not have a formal policy that allows for 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, 2021 is as follows:

<u>Deposit and Investment Types</u>	<u>Fair Value</u>	<u>Percent of Portfolio</u>
U.S. Agency obligations	5,601	0.01%
U.S. Treasury obligations	10,556,258	29.63%
Certificates of deposit	5,407,365	15.18%
WYO-STAR investment pool	19,658,629	55.18%
	<u>\$ 35,627,853</u>	<u>100.00%</u>

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. While the City has no formal policy for custodial credit risk for investments, management believe the stability and reputation of these brokers and banks serves to limit its custodial credit risk.

Notes to the Financial Statements**Note 3. Pooled Cash and Cash Equivalents and Investments (Continued)*****Fair Value of Investments***

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

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2021:

U.S. Agency obligations – Valued using matrix pricing models for identical or similar assets in active markets.

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

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

	Investments at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
U.S. Agency obligations	\$ -	\$ 5,601	\$ -	\$ 5,601
U.S. Treasury obligations	-	10,556,258	-	10,556,258
Certificates of deposit	-	5,407,365	-	5,407,365
WYO-STAR investment pool	-	19,658,629	-	19,658,629
 Total primary government investments	 \$ -	 \$ 35,627,853	 \$ -	 \$ 35,627,853

Notes to the Financial Statements**Note 4. Receivables**

As of June 30, 2021, the City's accounts receivable, including any applicable allowances for uncollectible accounts, are as follows:

	General Fund	Economic Development Fund	Other Governmental Funds	Internal Service Fund	Total
Governmental activities					
Customer	\$ -	\$ -	\$ -	\$ 1,388	\$ 1,388
Franchise fees	40,933	-	-	-	40,933
Sales, use, and gas tax	1,125,589	-	-	-	1,125,589
Lottery	150,330	-	-	-	150,330
Pari-Mutuel	133,765	-	-	-	133,765
Municipal court	366,319	-	-	-	366,319
Miscellaneous	514	500	65,277	-	66,291
Allowance for bad debts	(337,849)	-	-	-	(337,849)
Total	<u>\$ 1,479,601</u>	<u>\$ 500</u>	<u>\$ 65,277</u>	<u>\$ 1,388</u>	<u>\$ 1,546,766</u>

	Water Fund	Sewer Fund	Environmental Service Fund	Total
Business-type activities				
Customer	\$ 401,514	\$ 151,675	\$ 157,261	\$ 710,450
Total	<u>\$ 401,514</u>	<u>\$ 151,675</u>	<u>\$ 157,261</u>	<u>\$ 710,450</u>

Note 5. Note Receivable

The City entered into an agreement with Allwest Communications to fund the purchase of a fiber optic conduit for \$107,445, with no interest, payable in an initial payment of \$20,000 and annual payments to the City of \$8,745 for 10 years commencing in October 2017 and maturing in October 2026, collateralized by part ownership of the fiber optic conduit.

This note receivable consists of the following at June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Governmental Activities					
Note receivable	\$ 61,212	\$ -	\$ 8,745	\$ 52,467	\$ 8,745
Total note receivable	<u>\$ 61,212</u>	<u>\$ -</u>	<u>\$ 8,745</u>	<u>\$ 52,467</u>	<u>\$ 8,745</u>

Notes to the Financial Statements**Note 6. Capital Assets**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated					
Land	\$ 9,423,797	\$ -	\$ -	\$ -	\$ 9,423,797
Construction in progress	35,809	147,171	11,303	-	171,677
Total capital assets not being depreciated	<u>9,459,606</u>	<u>147,171</u>	<u>11,303</u>	<u>-</u>	<u>9,595,474</u>
Capital assets, being depreciated					
Buildings and systems	45,223,029	22,227	-	-	45,245,256
Machinery and equipment	5,526,104	221,077	183,980	(5,140)	5,558,061
Infrastructure	17,818,170	-	-	-	17,818,170
Land improvements	2,095,759	14,897	-	-	2,110,656
Total capital assets being depreciated	<u>70,663,062</u>	<u>258,201</u>	<u>183,980</u>	<u>(5,140)</u>	<u>70,732,143</u>
Less accumulated depreciation for					
Buildings and systems	23,279,074	1,333,221	-	-	24,612,295
Machinery and equipment	4,470,470	234,906	183,789	(5,140)	4,516,447
Infrastructure	17,530,800	50,491	-	-	17,581,291
Land improvements	364,339	56,819	-	-	421,158
Total accumulated depreciation	<u>45,644,683</u>	<u>1,675,437</u>	<u>183,789</u>	<u>(5,140)</u>	<u>47,131,191</u>
Total capital assets, being depreciated, net	<u>25,018,379</u>	<u>(1,417,236)</u>	<u>191</u>	<u>-</u>	<u>23,600,952</u>
Governmental activities capital assets, net	<u>\$ 34,477,985</u>	<u>\$ (1,270,065)</u>	<u>\$ 11,494</u>	<u>\$ -</u>	<u>\$ 33,196,426</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 \$31,091. The related accumulated depreciation on the asset was \$5,418 as of June 30, 2021.

Notes to the Financial Statements**Note 6. Capital Assets (Continued)**

Capital asset activity for the business-type activities for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated					
Land	\$ 733,694	\$ -	\$ -	\$ -	\$ 733,694
Construction in progress	944,721	1,258,913	1,864,113	-	339,521
Total capital assets not being depreciated	1,678,415	1,258,913	1,864,113	-	1,073,215
Capital assets, being depreciated					
Buildings and systems	64,335,215	1,864,113	-	-	66,199,328
Machinery and equipment	3,944,597	285,913	45,652	5,140	4,189,998
Land improvements	3,992,905	-	-	-	3,992,905
Total capital assets being depreciated	72,272,717	2,150,026	45,652	5,140	74,382,231
Less accumulated depreciation for					
Buildings and systems	42,333,650	1,149,111	-	-	43,482,761
Machinery and equipment	2,436,848	281,770	41,082	5,140	2,682,676
Land improvements	2,156,539	136,937	-	-	2,293,476
Total accumulated depreciation	46,927,037	1,567,818	41,082	5,140	48,458,913
Total capital assets, being depreciated, net	25,345,680	582,208	4,570	-	25,923,318
Business-type activities capital assets, net	\$ 27,024,095	\$ 1,841,121	\$ 1,868,683	\$ -	\$ 26,996,533

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 \$134,468 as of June 30, 2021.

Notes to the Financial Statements**Note 6. Capital Assets (Continued)**

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

Governmental activities						
General government					\$ 53,150	
Public safety and transportation					75,184	
Public works, including depreciation of general infrastructure assets					1,487,543	
Health, welfare and recreation					23,483	
Capital assets held by the City's internal service fund 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					34,287	
Total depreciation expense for governmental activities					\$ 1,675,437	
Business-type activities						
Water fund					\$ 1,011,098	
Sewer fund					191,823	
Golf fund					286,249	
Environmental service fund					78,648	
Total depreciation expense for business-type activities					\$ 1,567,818	

Note 7. Long-Term Debt

The changes in long-term debt for the year ended June 30, 2021 were as follows:

	Balance		Reductions	Balance		Due Within One Year
	June 30, 2020	Additions		June 30, 2021		
Governmental activities						
Compensated absences	\$ 815,811	\$ -	\$ 117,809	\$ 698,002		95,355
Lease purchase obligation	-	31,092	4,203	26,889		5,843
Retainage payable	161,375	-	161,375	-		-
Net pension liability	2,883,057	-	373,484	2,509,573		-
Other post-employment benefits payable	707,832	61,510	-	769,342		-
Governmental activities long-term liabilities	<u>\$ 4,568,075</u>	<u>\$ 92,602</u>	<u>\$ 656,871</u>	<u>\$ 4,003,806</u>		<u>\$ 101,198</u>

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

Notes to the Financial Statements**Note 7. Long-Term Debt (Continued)**

The changes in long-term debt for the business-type activities for the year ended June 30, 2021 were as follows:

	Balance		Reductions	Balance		Due Within One Year
	June 30, 2020	Additions		June 30, 2021		
Business-type activities						
Compensated absences	\$ 280,422	\$ 68,445	\$ -	\$ 348,867		10,079
Lease purchase obligation	375,273	-	79,186	296,087		79,985
Net pension liability	1,833,915	-	159,619	1,674,296		-
Other post-employment benefits payable	275,560	29,136	-	304,696		-
Business-type activities long-term liabilities	<u>\$ 2,765,170</u>	<u>\$ 97,581</u>	<u>\$ 238,805</u>	<u>\$ 2,623,946</u>		<u>\$ 90,064</u>

Lease Purchase Obligations

The City's lease purchase obligation outstanding for governmental activities at June 30, 2021 is comprised of the following:

\$31,091 lease purchase obligation, interest rate 4.8%, payable monthly, principal and interest payments of \$584 through September 2025, collateralized by equipment, serviced by the General Fund.

\$ 26,889

Future minimum lease payments under the lease purchase obligation outstanding as of June 30, 2021 are as follows:

Year ending June 30,	
2022	\$ 7,008
2023	7,008
2024	7,008
2025	7,008
2026	<u>1,748</u>
	<u>29,780</u>
Less amount representing interest	<u>(2,891)</u>
Net present value of minimum lease payment	<u>\$ 26,889</u>

Notes to the Financial Statements**Note 7. Long-Term Debt (Continued)*****Lease Purchase Obligations (Continued)***

The City's business-type activities' lease purchase obligations outstanding at June 30, 2021 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.	\$ 147,410
\$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.	148,677
	<u>\$ 296,087</u>

Future minimum lease payments under the lease purchase obligation outstanding as of June 30, 2021 are as follows:

Year ending June 30,	
2022	\$ 91,793
2023	95,287
2024	130,846
	<u>317,926</u>
Less amount representing interest	(21,839)
Net present value of minimum lease payment	<u>\$ 296,087</u>

Note 8. Interfund Balances and Transfers

The following is a detailed schedule of the City's interfund transfers for the year ended June 30, 2021:

	Transfers In	Transfers Out
Governmental Activities:		
General fund	\$ -	\$ 500,000
Cemetery perpetual care fund	500,000	-
Total governmental activities	<u>500,000</u>	<u>500,000</u>
Business-type Activities:		
Water fund	-	9,000
Environmental services fund	9,000	-
Total business-type activities	<u>9,000</u>	<u>9,000</u>
Total primary government	<u>\$ 509,000</u>	<u>\$ 509,000</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.

Notes to the Financial Statements**Note 9. Fund Balances**

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

Nonspendable		
Economic development	\$	43,722
Cemetery fund		100,000
Restricted for		
Lodging tax		864,605
Economic development		1,106,311
Cemetery fund		295,786
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		<u>11,223,467</u>
	\$	<u>19,133,891</u>

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 permanent fund is used to account for the assets held by the City for the ongoing maintenance of the public cemetery.

Notes to the Financial Statements**Note 10. Commitments and Contingencies**

The City has several outstanding construction projects as of June 30, 2021. The projects include installation of cameras, stabilization of the machine shop, cemetery software database, 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			
Roundhouse Cameras	\$ 40,307	\$ 26,848	\$ 13,459
Machine Shop/Depot Square Cameras	14,500	14,129	371
Urban Systems City View Phase I	195,979	2,956	193,023
Cemetery Fund			
Cemetery Software Database	10,000	3,105	6,895
Economic Development Fund			
Avalon Project	4,609,607	123,962	4,485,645
State Hospital Feasibility Study	87,500	677	86,823
Total governmental activities	<u>4,957,893</u>	<u>171,677</u>	<u>4,786,216</u>
Business-type activities			
Water Fund			
Water Plant Cameras	8,650	1,315	7,335
Water Tank Cameras	13,828	12,328	1,500
Tag Grant GIS Data Equipment	86,584	33,378	53,206
Environmental Services Fund			
NRCS Watershed Project Initial Study	<u>450,000</u>	<u>292,500</u>	<u>157,500</u>
Total business-type activities	<u>559,062</u>	<u>339,521</u>	<u>219,541</u>
Total primary government	<u><u>\$ 5,516,955</u></u>	<u><u>\$ 511,198</u></u>	<u><u>\$ 5,005,757</u></u>

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

Notes to the Financial Statements

Note 11. 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, 2021, 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 2021 and 2020 were approximately \$30,580 and \$74,805, 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 claims during the fiscal years ended June 30, 2021, June 30, 2020, or June 30, 2019.

Note 12. 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, 2021, the City paid \$1,965,936 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 13. 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>.

Notes to the Financial Statements

Note 13. Pension Plans (Continued)

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

Public Employees' Pension Plan

The City participates in the Public Employees' Pension Plan ("PEPP"), a statewide cost-sharing multiple-employer defined benefit, contributory retirement plan administered by the State of Wyoming Retirement System Board. The Plan also covers employees of those political subdivisions and other statutorily allowed entities, which have elected to participate in the Plan. Substantially all City full-time employees are eligible to participate.

PEPP members are statutorily required to contribute 9.00% of their annual covered salary and the employer is statutorily required to contribute 9.12% of the annual covered payroll for a total of 18.12%. Legislation enacted in 1979 allows the employer to subsidize all or part of the employee contribution. The City has elected to contribute an additional 4.07% on behalf of eligible employees. Although paid by the City, for purposes of recording the net pension liability these additional contributions are considered to be employee contributions. The City currently pays 13.19% of covered payroll and the employees contribute the remaining portion, 4.93% of covered payroll. The City's contributions to the PEPP plan for the years ended June 30, 2021, 2020, and 2019, were \$382,273, \$380,367 and \$348,192, respectively, while the employees' portion was \$142,882, \$137,566 and \$121,553, respectively. As of July 1, 2021, the employer contribution rate will increase by 0.25% from 13.19% to 13.44% and the employee contribution rate will increase by 0.25% from 4.93% to 5.18%.

For the years ended June 30, 2021, 2020 and 2019, the City's statutorily required contributions to the PEPP pension plan were \$264,316, \$260,730, and \$236,519, respectively. As of July 1, 2021, the statutory employer contribution rate will increase by 0.25% from 9.12% to 9.37% and the employee statutory contribution rate will increase by 0.25% from 9.00% to 9.25%.

The amount of contributions designated as employee contributions represents the portion of total contributions that a participant retains ownership of and can elect to receive as a refund upon termination of employment. Employers can elect to cover all or a portion of the employee's contribution at their discretion. 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 optional 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. The State Legislature must grant any cost of living adjustment provided to retirees.

Notes to the Financial Statements

Note 13. Pension Plan (Continued)

Public Employees' Pension Plan (Continued)

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 and 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.

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. The State Legislature must grant any cost of living adjustment provided to retirees. 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 and accumulated interest.

LEPP members are statutorily required to contribute 8.60% of their annual covered salary and the employer is statutorily required to contribute 8.60% of the annual covered payroll for a total of 17.2%. Legislation enacted in 1979 allows the employer to subsidize all or part of the employee contribution. The City has elected to contribute an additional 4.59% on behalf of eligible employees. Although paid by the City, for purposes of recording the net pension liability these additional contributions are considered to be employee contributions. The City currently pays 13.19% of covered payroll and the police officers contribute the remaining portion, 4.01% of covered payroll.

The City's contributions to the LEPP plan for the years ended June 30, 2021, 2020, and 2019, were \$232,389, \$223,296 and \$205,905, respectively, while the employees' portion was \$70,752, \$73,512 and \$73,179, respectively. As of July 1, 2021, the employer contribution rate will increase by 0.25% from 13.19% to 13.44% and the employee contribution rate will decrease by 0.25% from 4.01% to 3.76%.

For the years ended June 30, 2021, 2020, and 2019, the City's statutorily required contributions to the LEPP pension plan were \$151,570, \$148,404, and \$139,544, respectively.

Notes to the Financial Statements**Note 13. Pension Plans (Continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2021, the City reported a total liability of \$4,183,869 for its proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of December 31, 2020, 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, 2020 is based on the results of an actuarial valuation as of January 1, 2020, rolled forward to a measurement date of December 31, 2020.

The schedule below shows the City's proportionate share of the net pension liability at June 30, 2021, the proportionate portion at the measurement date of December 31, 2020, and the change in the proportion from the previous measurement date.

	Pension liability at June 30, 2021	Proportion at December 31, 2020	Increase (decrease) from December 31, 2019
Public Employees' Pension Plan	\$ 3,469,466	0.159636048%	-0.002285503%
Law Enforcement Pension Plan	714,403	1.048707686%	-0.009237530%
	\$ 4,183,869		

For the year ended June 30, 2021, the City recognized pension expense of \$671,581.

At June 30, 2021, 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	\$ 450,134	\$ 247,800	\$ 697,934
Changes in assumptions	17,966	369,294	387,260
Difference between actual and expected experience rate	65,930	177,411	243,341
Change in employer's proportion	261,853	93,017	354,870
Amortizing deferred outflows	795,883	887,522	1,683,405
Contributions subsequent to the measurement date	133,607	75,300	208,907
Total	\$ 929,490	\$ 962,822	\$ 1,892,312

Notes to the Financial Statements**Note 13. Pension Plans (Continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

At June 30, 2021, 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	\$ (1,230,874)	\$ (720,212)	\$ (1,951,086)
Changes in assumptions	-	(641,769)	(641,769)
Difference between actual and expected experience rate	(28,116)	(32,224)	(60,340)
Change in employer's proportion	(45,260)	(9,077)	(54,337)
Total	\$ (1,304,250)	\$ (1,403,282)	\$ (2,707,532)

The City reported \$208,907 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:

Year ended June 30:	Deferred Outflows			Total
	Public Employees' Pension Plan		Law Enforcement Pension Plan	
2022	\$ 441,225	\$ 496,436	\$ 937,661	
2023	334,257	336,859	671,116	
2024	20,401	49,604	70,005	
2025	-	4,623	4,623	
	\$ 795,883	\$ 887,522	\$ 1,683,405	
Year ended June 30:	Deferred Inflows			Total
	Public Employees' Pension Plan		Law Enforcement Pension Plan	
2022	\$ (504,002)	\$ (560,947)	\$ (1,064,949)	
2023	(359,534)	(480,205)	(839,739)	
2024	(354,206)	(307,435)	(661,641)	
2025	(86,508)	(54,695)	(141,203)	
	\$ (1,304,250)	\$ (1,403,282)	\$ (2,707,532)	

Notes to the Financial Statements**Note 13. Pension Plans (Continued)*****Actuarial Assumptions***

The total pension liability at the December 31, 2020 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, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	
PEPP	27 years
LEPP	25 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 Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 88%
Pre-Retirement Mortality	RP-2014 Employee Annuitant Mortality Table, fully generational, projected with Scale MP-2017 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, 2020. 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.

Notes to the Financial Statements**Note 13. 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. Each major asset class is included in the pension plans target asset allocation for the fiscal year 2020. 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%	-1.00%	-1.00%
Fixed income	21.00%	1.00%	1.34%
Equity	48.50%	5.23%	7.34%
Marketable alternatives	19.00%	3.47%	4.50%
Private markets	9.50%	4.53%	5.82%
Total	<u>100.00%</u>	3.82%	5.23%

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 2.00% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting single discount rates listed above.

Notes to the Financial Statements**Note 13. 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	Current Single Discount		
	1% Decrease (6.00%)	Rate Assumption (7.00%)	1% Increase (8.00%)
Public Employees' Pension Plan	\$ 5,436,258	\$ 3,469,466	\$ 1,828,160
Law Enforcement Pension Plan	1,888,350	714,403	(245,261)

Payables to the Pension Plan

At June 30, 2021, the City reported no payables to the pension plans.

Note 14. Other Post-Employment Benefits (OPEB)***Plan Description***

Plan administration 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.

Benefits provided 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.

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.

Plan membership On June 30, 2021, the most recent valuation date, membership consisted of the following:

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

Contributions 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.

Notes to the Financial Statements**Note 14. Other Post-Employment Benefits (OPEB) (Continued)*****Funding Policy***

For fiscal year 2021, the City contributed \$16,678 to the plan. Members receiving benefits contributed \$41,939 or approximately 80 percent of the total premiums, through their required annual contribution rates as follows:

Coverage	Blue Cross Blue Shield			
	City Portion	Employee Portion	Retiree City Portion	Retiree Employee Portion
Employee Only	\$ 947	\$ 85	\$ 206	\$ 826
Employee and Spouse	1,740	155	379	1,516
Employee and Children	1,529	137	333	1,333
Employee and Family	2,375	212	517	2,070

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

Total OPEB Liability

The City's total other post-employment benefit (OPEB) was measured as of June 30, 2021 and 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.

Actuarial assumptions The total OPEB liability was determined using the following actuarial assumptions, 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
Valuation of fiduciary net position	No assets held in an irrevocable trust as of the measurement date
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 percent
Inflation rate	3.00 percent
Healthcare cost trend rate	5.30 percent for 2021-2023; 5.20 percent for 2024-2069; 4.00 percent for 2070 and later years
Preretirement Mortality	RP-2014 Employee Mortality, fully generational.
Postretirement Mortality	RP-2014 Employee Mortality, fully generational.
Mortality Improvement	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.

Notes to the Financial Statements**Note 14. Other Post-Employment Benefits (OPEB) (Continued)*****Total OPEB Liability (Continued)***

Discount rate For OPEB Plans that are not administered through trusts that meet the criteria in Paragraph 4, GASB 75 requires a discount rate that is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate used to measure the City's Total OPEB liability is based on the following information:

Reporting Date	Measurement Date	Fidelity GO AA 20 Years Municipal Index	Discount Rate
June 30, 2020	June 30, 2020	2.45%	2.45%
June 30, 2021	June 30, 2021	1.92%	1.92%

Schedule of Changes in the Total OPEB Liability (June 30, 2020 to June 30, 2021)

	<u>Total OPEB Liability</u>
Balance at June 30, 2020	\$ 983,392
Changes for the year	
Service cost	62,097
Interest	25,068
Changes in assumptions or other inputs	48,346
Benefit payments	(44,865)
Net changes in total OPEB liability	90,646
Total OPEB obligation - end of year	<u>\$ 1,074,038</u>

Sensitivity of the Total OPEB liability to changes in the discount rate

The following presents the total OPEB liability, as well as what the total 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:

	1% Decrease (0.92%)	Discount Rate (1.92%)	1% Increase (2.92%)
Total OPEB Liability	\$ 1,171,270	\$ 1,074,038	\$ 984,669

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates

The following presents the Total OPEB liability, as well as what the Total 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:

	1% Decrease 4.30% decreasing to 3.00%	Trend Rate 5.30% decreasing to 4.00%	1% Increase 6.30% decreasing to 5.00%
Total OPEB Liability	\$ 942,962	\$ 1,074,038	\$ 1,230,787

Notes to the Financial Statements**Note 14. Other Post-Employment Benefits (OPEB) (Continued)*****Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2021, 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	\$ 52,179	\$ -
Changes in assumptions or other inputs	125,220	-
Total	\$ 177,399	\$ -

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
2022	\$ 26,280	\$ -
2023	26,280	-
2024	26,280	-
2025	26,280	-
2026	26,280	-
2027-2031	45,999	-
	\$ 177,399	\$ -

Note 15. Operating Lease***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. In May of 2021, this lease was amended to increase the rate to \$7,500. The cost of the leased property is \$3,617,843 with accumulated depreciation of \$1,176,047. Rental income from this lease was \$85,000 for the year ending June 30, 2021.

Note 16. Prior Period Adjustment

During the current fiscal year, it was discovered that in the prior year, \$8,000 of revenue for the Clean Energy Lease was incorrectly recorded in the general fund. This resulted in pooled cash, cash equivalents and investments and fund balance to be misstated. To correct the misstatement of cash and corresponding fund balance between the general fund and the economic development fund, the City adjusted its cash allocation and fund balance. Both funds are governmental funds, therefore, no adjustment to beginning government-wide net position was necessary.

Additionally, during the fiscal year, a note receivable for the economic development fund was discovered that had erroneously been omitted from the financial statements. The City adjusted its prior period fund balance and net position to properly reflect the remaining balance of the note receivable in the current year.

Notes to the Financial Statements**Note 16. Prior Period Adjustment (Continued)**

The table below illustrates the prior period adjustments to the equity of the governmental activities and governmental funds as previously stated and restated.

	As previously stated June 30, 2020	Increase (Decrease)	As restated June 30, 2020
<i>Governmental activities</i>			
Net position	\$ 48,206,866	\$ 61,212	\$ 48,268,078
<i>Governmental funds</i>			
General fund	16,271,860	(8,000)	16,263,860
Economic development fund	915,544	69,212	984,756

Note 17. Risks and Uncertainties

The COVID-19 pandemic remains an evolving situation. The extent of the impact of COVID-19 on the City's operations and financial results will depend on future developments, including the duration and spread of the outbreak within the area we operate, and the related impact on our ability to offer our services, consumer confidence and spending, all of which are highly uncertain.

Note 18. Accounting Standards Issued, But Not Implemented

As of June 30, 2021, 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. 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.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

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City of Evanston, Wyoming

Year Ended June 30, 2021

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual General Fund (Unaudited)**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes and other taxes				
Property taxes	\$ 586,050	\$ 586,050	\$ 717,173	\$ 131,123
Sales and use taxes	2,010,000	2,010,000	2,631,971	621,971
Franchise fees	157,300	157,300	170,163	12,863
	<u>2,753,350</u>	<u>2,753,350</u>	<u>3,519,307</u>	<u>765,957</u>
Licenses and permits				
Licenses and permits	116,150	116,150	191,664	75,514
Fines and forfeitures				
Fines and forfeitures	104,350	104,350	177,277	72,927
Intergovernmental revenues				
State gasoline tax	470,000	470,000	565,006	95,006
Severance tax	400,000	400,000	458,161	58,161
Cigarette tax	85,000	85,000	97,829	12,829
State funding	750,000	750,000	1,475,096	725,096
Grants	2,925,137	3,334,344	4,078,331	743,987
Mineral royalties	600,000	600,000	621,417	21,417
Pari-mutuel/lottery tax	675,000	675,000	903,780	228,780
	<u>5,905,137</u>	<u>6,314,344</u>	<u>8,199,620</u>	<u>1,885,276</u>
Charges for services				
Public safety fees	27,750	41,480	55,024	13,544
	<u>27,750</u>	<u>41,480</u>	<u>55,024</u>	<u>13,544</u>
Investment earnings and miscellaneous				
Interest earnings	752,000	752,000	43,364	(708,636)
Miscellaneous revenues	69,950	126,910	158,420	31,510
	<u>821,950</u>	<u>878,910</u>	<u>201,784</u>	<u>(677,126)</u>
Total revenues	<u>9,728,687</u>	<u>10,208,584</u>	<u>12,344,676</u>	<u>2,136,092</u>

(Continued)

City of Evanston, Wyoming

Year Ended June 30, 2021

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual General Fund (Unaudited) (Continued)

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)	
Expenditures					
Current					
General government	\$ 4,385,981	\$ 4,477,981	\$ 3,697,028	\$ 780,953	
Public safety and transportation	3,720,800	3,731,330	3,435,306	296,024	
Public works	1,506,580	1,506,580	1,294,343	212,237	
Health, welfare and recreation	2,062,295	2,062,295	2,055,975	6,320	
Capital outlay	879,543	1,288,750	902,417	386,333	
Total expenditures	12,555,199	13,066,936	11,385,069	1,681,867	
Excess (deficiency) of revenues over expenditures	(2,826,512)	(2,858,352)	959,607	3,817,959	
Other financing uses					
Transfers out	-	(500,000)	(500,000)	-	
Total other financing uses	-	(500,000)	(500,000)	-	
Net change in fund balance	(2,826,512)	(3,358,352)	459,607	\$ 3,817,959	
Fund balance - beginning of year, as previously stated	16,271,860	16,271,860	16,271,860		
Prior period adjustment	-	-	(8,000)		
Fund balance - beginning of year, as restated	16,271,860	16,271,860	16,263,860		
Fund balance - end of year	\$ 13,445,348	\$ 12,913,508	\$ 16,723,467		

City of Evanston, Wyoming

Year Ended June 30, 2021

**Schedule of Revenue, Expenditures and Changes in Fund Balance -
Budget and Actual Special Revenue Fund - Economic Development (Unaudited)**

	Budgeted Amounts			Actual	Variance with final Budget Positive (Negative)
	Original	Final			
Revenues					
Intergovernmental	\$ -	\$ -		\$ 83,082	\$ 83,082
Rental income	92,745	92,745		85,000	(7,745)
Investment earnings and miscellaneous	5,000	5,000		145,226	140,226
Total revenues	<u>97,745</u>	<u>97,745</u>		<u>313,308</u>	<u>215,563</u>
Expenditures					
Current					
Health, welfare and recreation	40,000	40,000		23,392	16,608
Capital outlay	<u>4,600,000</u>	<u>4,600,000</u>		<u>124,639</u>	<u>4,475,361</u>
Total expenditures	<u>4,640,000</u>	<u>4,640,000</u>		<u>148,031</u>	<u>4,491,969</u>
Excess (deficiency) of revenues over expenditures	<u>(4,542,255)</u>	<u>(4,542,255)</u>		<u>165,277</u>	<u>\$ 4,707,532</u>
Fund balance - beginning of year, as previously stated	915,544	915,544		915,544	
Prior period adjustment	-	-		69,212	
Fund balance - beginning of year, as restated	<u>915,544</u>	<u>915,544</u>		<u>984,756</u>	
Fund balance - end of year	<u>\$ (3,626,711)</u>	<u>\$ (3,626,711)</u>		<u>\$ 1,150,033</u>	

City of Evanston, Wyoming

Last 10 Fiscal Years **

Schedule of Changes in Net Pension Liability and Related Ratios

(Unaudited)

	2021	2020	2019
Public Employees Pension Plan			
City's proportion of the net pension liability	0.159636048%	0.161921551%	0.148417953%
City's proportionate share of the net pension liability	\$ 3,469,466	\$ 3,805,037	\$ 4,519,758
City's covered payroll	\$ 2,842,268	\$ 2,814,541	\$ 2,584,483
City's proportionate share of the net pension liability as a percentage of its covered payroll	122.07%	135.19%	174.88%
Plan fiduciary net position as a percentage of the total pension liability	79.24%	76.83%	69.17%
Law Enforcement Pension Plan			
City's proportion of the net pension liability	1.048707686%	1.057945216%	0.938982725%
City's proportionate share of the net pension liability	\$ 714,403	\$ 911,935	\$ 2,273,018
City's covered payroll	\$ 1,685,687	\$ 1,648,823	\$ 1,426,303
City's proportionate share of the net pension liability as a percentage of its covered payroll	42.38%	55.31%	159.36%
Plan fiduciary net position as a percentage of the total pension liability	91.82%	89.05%	71.22%

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.

** The amounts presented for each fiscal year were determined as the calendar year-end that occurred within the fiscal year.

2018	2017	2016	2015	2014	2013	2012
0.133104370%	0.127015300%	0.135582615%	0.128782567%	*	*	*
\$ 3,033,903	\$ 3,070,595	\$ 3,158,191	\$ 2,272,616	*	*	*
\$ 2,364,436	\$ 2,264,562	\$ 2,364,661	\$ 2,201,425	*	*	*
128.31%	135.59%	133.56%	103.23%	*	*	*
76.35%	73.42%	73.40%	79.08%	*	*	*
0.831542466%	0.837491100%	0.875347950%	0.853389620%	*	*	*
\$ 715,496	\$ 632,238	\$ 657,561	\$ 251,440	*	*	*
\$ 1,276,809	\$ 1,296,262	\$ 1,316,521	\$ 1,261,232	*	*	*
56.04%	48.77%	49.95%	19.94%	*	*	*
87.99%	88.11%	87.49%	94.76%	*	*	*

City of Evanston, Wyoming

Last 10 fiscal years *

Schedule of City Contributions

(Unaudited)

	2021	2020	2019
Public Employees Pension Plan			
Statutorily required contribution	\$ 264,316	\$ 260,730	\$ 236,519
Contributions in relation to the statutorily required contribution	(264,316)	(260,730)	(236,519)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,898,202	\$ 2,939,459	\$ 2,743,840
Contributions as a percentage of covered payroll	9.12%	8.87%	8.62%
Law Enforcement Pension Plan			
Statutorily required contribution	\$ 151,570	\$ 148,404	\$ 139,544
Contributions in relation to the statutorily required contribution	(151,570)	(148,404)	(139,544)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,762,442	\$ 1,725,628	\$ 1,622,605
Contributions as a percentage of covered payroll	8.60%	8.60%	8.60%

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

2018	2017	2016	2015	2014	2013	2012
\$ 206,193	\$ 196,716	\$ 192,965	\$ 174,538	*	*	*
(206,193)	(196,716)	(192,965)	(174,538)	*	*	*
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,463,477	\$ 2,350,251	\$ 2,305,436	\$ 2,290,525	*	*	*
8.37%	8.37%	8.37%	7.62%	*	*	*
\$ 116,620	\$ 112,450	\$ 113,998	\$ 113,340	*	*	*
(116,620)	(112,450)	(113,998)	(113,340)	*	*	*
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,356,047	\$ 1,307,558	\$ 1,325,558	\$ 1,317,907	*	*	*
8.60%	8.60%	8.60%	8.60%	*	*	*

City of Evanston, Wyoming

Last 10 Fiscal Years *

**Schedule of Changes in The City's Total OPEB Liability and Related Ratios
(Unaudited)**

	2021	2020	2019
Total OPEB Liability			
Service cost	\$ 62,097	\$ 50,229	\$ 45,424
Interest	25,068	25,779	25,081
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	67,991	-
Employee contributions	-	-	-
Changes in assumptions and other inputs	48,346	80,920	30,425
Benefits payments	(44,865)	(29,616)	(11,290)
Net change in OPEB liability	90,646	195,303	89,640
 Total OPEB liability - beginning	 983,392	 788,089	 698,449
 Total OPEB liability - ending	 \$ 1,074,038	 \$ 983,392	 \$ 788,089
 Covered employee payroll	 \$ 4,868,680	 \$ 4,298,259	 \$ 3,820,068
 Total liability as a percentage of covered employee payroll	 22.06%	 22.88%	 20.63%

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

	2018	2017	2016	2015	2014	2013	2012
\$	44,101	*	*	*	*	*	*
23,031	*	*	*	*	*	*	*
-	*	*	*	*	*	*	*
-	*	*	*	*	*	*	*
-	*	*	*	*	*	*	*
-	*	*	*	*	*	*	*
(9,697)	*	*	*	*	*	*	*
57,435	*	*	*	*	*	*	*
641,014	*	*	*	*	*	*	*
\$	698,449	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	2,300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30.37%	*	*	*	*	*	*	*

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City of Evanston
June 30, 2021

Notes to the Required Supplementary Information

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. 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.

Budget Amendments

During the 2021 fiscal year end, it was necessary to amend the originally adopted budget. The expenditure budgets for the following general fund departments and motor vehicle fund were amended through budget transfers between departments or funds and from unanticipated revenues:

	<u>Amendments</u>
General fund	
General government	\$ 92,000
Public safety and transportation	10,530
Capital outlay	409,207
Transfer out	500,000
Total general fund	<u>\$ 1,011,737</u>
Internal service fund	\$ 50,000

Excess of Expenditures over Appropriations

For the year ended June 30, 2021, the lodging tax fund expenditures exceeded appropriations by \$23,562.

Note 2. Explanation of Changes in Factors to Pension Plans

Changes of assumptions – There have been no changes to the assumptions or methods since the prior valuation.

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

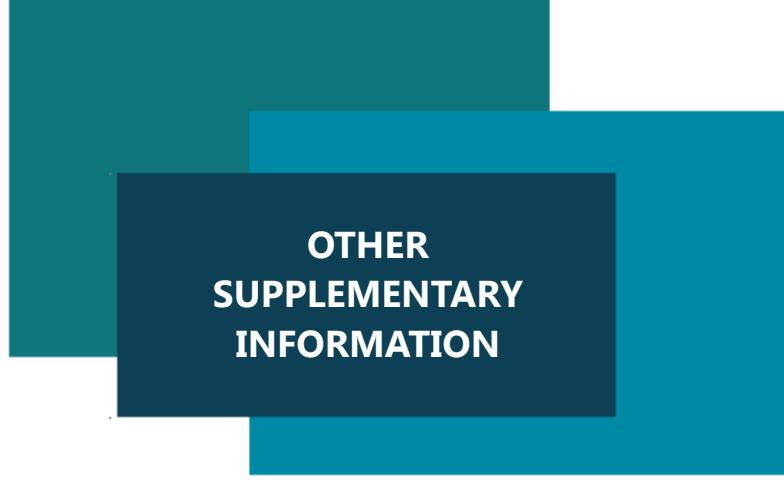
Note 3. Explanation of Changes to OPEB Plan

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 fund is used to account for the proceeds of designated specific revenue sources that are restricted to expenditures for specified purposes.

- Lodging Tax Fund - This 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 fund is 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.

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

City of Evanston, Wyoming

June 30, 2021

Combining Balance Sheet

Nonmajor Governmental Funds

	Special Revenue Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Lodging Tax Fund	Cemetery Fund	
ASSETS			
Pooled cash and cash equivalents and investments	\$ 802,168	\$ 393,756	\$ 1,195,924
Accounts receivable	<u>62,437</u>	<u>2,840</u>	<u>65,277</u>
Total assets	<u><u>\$ 864,605</u></u>	<u><u>\$ 396,596</u></u>	<u><u>\$ 1,261,201</u></u>
LIABILITIES			
Accounts payable	\$ -	\$ 810	\$ 810
Total liabilities	<u>-</u>	<u>810</u>	<u>810</u>
FUND BALANCES			
Nonspendable			
Permanent fund principal	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Restricted	<u>864,605</u>	<u>295,786</u>	<u>1,160,391</u>
Total fund balances	<u><u>864,605</u></u>	<u><u>395,786</u></u>	<u><u>1,260,391</u></u>
Total liabilities and fund balances	<u><u>\$ 864,605</u></u>	<u><u>\$ 396,596</u></u>	<u><u>\$ 1,261,201</u></u>

City of Evanston, Wyoming

Year Ended June 30, 2021

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

	Special Revenue Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Lodging Tax Fund	Cemetery Fund	
Revenues			
Lodging tax	\$ 348,202	\$ -	\$ 348,202
Charges for services	-	41,229	41,229
Investment earnings and miscellaneous	1,283	57	1,340
Total revenues	<u>349,485</u>	<u>41,286</u>	<u>390,771</u>
Expenditures			
Current			
Health, welfare and recreation	<u>345,312</u>	<u>225,567</u>	<u>570,879</u>
Total expenditures	<u>345,312</u>	<u>225,567</u>	<u>570,879</u>
Excess (deficiency) of revenues over expenditures	<u>4,173</u>	<u>(184,281)</u>	<u>(180,108)</u>
Other financing sources			
Transfers in	-	500,000	500,000
Total other financing sources	-	500,000	500,000
Net change in fund balances	4,173	315,719	319,892
Fund balances - beginning of year	<u>860,432</u>	<u>80,067</u>	<u>940,499</u>
Fund balances - end of year	<u>\$ 864,605</u>	<u>\$ 395,786</u>	<u>\$ 1,260,391</u>

City of Evanston, Wyoming

Year Ended June 30, 2021

**Schedule of Revenue, Expenditures and Changes in Fund Balance -
Budget and Actual Special Revenue Fund - Lodging Tax**

	Budgeted Amounts			Variance with final Budget	
	Original	Final	Actual	Positive (Negative)	
Revenues					
Lodging tax	\$ 215,000	\$ 215,000	\$ 348,202	\$ 133,202	
Investment earnings and miscellaneous	5,000	5,000	1,283	(3,717)	
Total revenues	220,000	220,000	349,485	129,485	
Expenditures					
Current					
Health, welfare and recreation					
General expenses	750	750	120	630	
Marketing and promotion	275,000	275,000	307,392	(32,392)	
Matching fund/grants	20,000	20,000	11,800	8,200	
Contractual services	26,000	26,000	26,000	-	
Total expenditures	321,750	321,750	345,312	(23,562)	
Excess (deficiency) of revenues over expenditures	(101,750)	(101,750)	4,173	\$ 105,923	
Fund balance - beginning of year	860,432	860,432	860,432		
Fund balance - end of year	\$ 758,682	\$ 758,682	\$ 864,605		



COMPLIANCE SECTION

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City of Evanston, Wyoming

Year ended June 30, 2021

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Direct				
Watershed Protection and Flood Prevention	10.904	NR208E49XXXXC006	\$ -	\$ 283,500
Total U.S. Department of Agriculture			-	283,500
U.S. Department of Justice				
Passed through Wyoming Division of Victim Services				
Crime Victim Assistance	16.575	2019-V2-GX-0002	-	13,606
Violence Against Women				
Formula Grants	16.588	2019-WF-AX-0051	-	24,037
Direct				
Bulletproof Vest Partnership Program	16.607	Unknown	-	534
Total U.S. Department of Justice			-	38,177
U.S. Department of Transportation				
Passed through Wyoming Department of Transportation				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	AL-2020-FA-AL-02	-	317
National Priority Safety Programs	20.616	OP HVE-405b	-	2,757
Total <i>Highway Safety Cluster</i>			-	3,074
Direct				
Technical Assistance Grants	20.710	693JK32040007PTAG	-	41,797
Total U.S. Department of Transportation			-	44,871
U.S. Department of the Treasury				
Passed through the Wyoming State Lands and Investment Board				
COVID-19 - Coronavirus Relief Fund	21.019	CRF-314	-	104,782
COVID-19 - Coronavirus Relief Fund	21.019	CRF-315	-	304,425
Passed through the Wyoming Office of Tourism				
COVID-19 - Coronavirus Relief Fund	21.019	Unknown	-	95,766
Total U.S. Department of the Treasury			-	504,973

(Continued)

City of Evanston, Wyoming

Year ended June 30, 2021

Schedule of Expenditures of Federal Awards (Continued)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Executive Office of the President				
Passed through Wyoming Division of Criminal Investigation				
High Intensity Drug Trafficking Areas Program	95.001	G20RM0012A	\$ -	\$ 41,269
High Intensity Drug Trafficking Areas Program	95.001	G21RM0012A	<u>-</u>	<u>35,156</u>
Total Executive Office of the President			<u>-</u>	<u>76,425</u>
U.S. Department of Homeland Security				
Passed through Wyoming Office of Homeland Security				
Homeland Security Grant Program	97.067	20-SHSP-EVT-HEM20	<u>-</u>	<u>29,998</u>
Total U.S. Department of Homeland Security			<u>-</u>	<u>29,998</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ -</u>	<u>\$ 977,944</u>

City of Evanston
June 30, 2021

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Evanston, Wyoming under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Evanston, Wyoming, it is not intended to and does not present the financial position, changes in the net assets, or cash flows of the City of Evanston, Wyoming.

Note 2. Summary of Significant Accounting Policies for the Schedule

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The City of Evanston, Wyoming has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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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, 2021, 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 November 12, 2021.

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.

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 Questioned Costs as items 2021-001, 2021-002 and 2021-003 that we consider to be material weaknesses.



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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, Wyoming's in a separate letter dated November 12, 2021.

City of Evanston, Wyoming's Response to Findings

City of Evanston, Wyoming's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming
November 12, 2021

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for the Major Federal Program

We have audited the City of Evanston, Wyoming's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Evanston, Wyoming's major federal program for the year ended June 30, 2021. The City of Evanston, Wyoming's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and their terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Evanston, Wyoming's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Evanston, Wyoming's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on the City of Evanston, Wyoming's compliance.



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Opinion on the Major Federal Program

In our opinion, the City of Evanston, Wyoming complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the City of Evanston, Wyoming is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Evanston, Wyoming's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Evanston, Wyoming's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes.



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming
November 12, 2021

City of Evanston, Wyoming
Schedule of Findings and Questioned Costs
June 30, 2021

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Qualified as it relates to the Statement of Cash Flows for Proprietary Funds

Unmodified as it relates to all other opinion units and proprietary fund statements

Internal control over financial reporting:

Material weaknesses identified? Yes

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal program:

Material weaknesses identified? No

Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	<u>Amount</u>
21.019	COVID-19 - Coronavirus Relief Fund	\$504,973

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

SECTION II FINANCIAL STATEMENT FINDINGS

Material Weakness in Internal Control over Financial Reporting

2021-001: 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 emphasize 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 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.

Identification of a Repeat Finding

This is a repeat finding from June 30, 2020 audit, 2020-001.

SECTION II FINANCIAL STATEMENT FINDINGS (Continued)

Material Weakness in Internal Control over Financial Reporting (Continued)

2021-001: Financial Statement Preparation (Continued)

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, cash equivalents and investments reporting and determine a process for segregating and distinguishing between pooled cash and cash equivalents and pooled investments at the fund level.

Views of Responsible Officials and Planned Corrective Actions

See Corrective Action Plan.

SECTION II FINANCIAL STATEMENT FINDINGS (Continued)

Material Weakness in Internal Control over Financial Reporting (Continued)

2021-002: 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 (GAAP) in the United States of America

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 basis 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, as well as government wide.

Identification of a Repeat Finding

This is a repeat finding from June 30, 2020 audit, 2020-002.

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.

Views of Responsible Officials and Planned Corrective Actions

See Corrective Action Plan.

SECTION II FINANCIAL STATEMENT FINDINGS (Continued)

Material Weakness in Internal Control over Financial Reporting (Continued)

2021-003: Schedule of Expenditures of Federal Awards Presentation

Criteria

Per Uniform Guidance 2 CFR 200.510(b), auditees receiving federal funds must prepare an annual Schedule of Expenditure of Federal Awards (SEFA) detailing the federal awards expended each year. At a minimum the schedule must include the following items:

- (1) List individual federal programs by federal agency. For a cluster of programs, provide the cluster name, list individual federal programs within the cluster of programs, and provide the applicable federal agency name.
- (2) For federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total federal awards expended for each individual federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each federal program.
- (5) For loan or loan guarantee programs described in §200.502 basis for determining federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) Costs.

Condition

The City does not have adequate internal controls to ensure the SEFA accurately reports all federal assistance the City receives. While major program amounts were properly identified and reported, other amounts were missed or reported incorrectly.

SECTION II FINANCIAL STATEMENT FINDINGS (Continued)

Material Weakness in Internal Control over Financial Reporting (Continued)

2021-003: Schedule of Expenditures of Federal Awards Presentation (Continued)

Cause

The report used to prepare the SEFA did not properly capture all projects classified as federal. In addition, the information included in the City's grant management system did not contain the correct information to properly classify the awards as to federal, state or local funding.

Effect or Potential Effect

Errors in the SEFA effect the accuracy of the information reported to the federal government in the City's data collection form. In addition, appropriate major program determination by the auditor is dependent upon the accuracy and completeness of the information included in the SEFA.

Recommendation

We recommend that the City complete a review of federal grants administered by the City to help ensure that the required information is accurately included in the City's systems used to compile the SEFA. Additionally, we recommend that a process be developed to capture all required information during the set-up of new federal grant awards, including a process to obtain any missing information necessary for SEFA preparation. We also recommend implementing a verification process to ensure the information is input correctly into the system. This information should be maintained in the City's grant management system.

Views of Responsible Officials and Planned Corrective Actions

See Corrective Action Plan.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



Office of the Treasurer

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Summary schedule of prior year audit findings

Finding – 2020-001 – Financial Statement Preparation

Name of Contact Person – Trudy Lym, Director of Finance

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.

Status

This finding has been repeated.

Finding – 2020-002 – Audit Adjustments

Name of Contact Person – Trudy Lym, Director of Finance

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).

Status

This finding has been repeated.

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Corrective Action Plan

Section II – Financial Statement Findings

Finding – 2021-001 – Financial Statement Preparation

Name of Contact Person – Trudy Lym, Director of Finance

Corrective Action

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.

Proposed Completion Date: June 30, 2022

Finding – 2021-002 – Audit Adjustments

Name of Contact Person – Trudy Lym, Director of Finance

Corrective Action

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.

Proposed Completion Date: June 30, 2022

Finding – 2021-003 – Schedule of Expenditures of Federal Awards Presentation

Name of Contact Person – Trudy Lym, Director of Finance

Corrective Action

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.

Proposed Completion Date: June 30, 2022