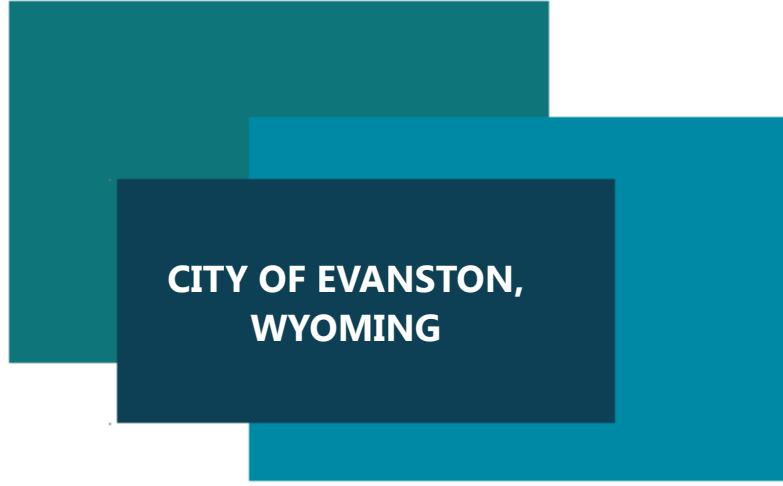


CITY OF EVANSTON,
WYOMING

Financial and Compliance Report

June 30, 2022





**CITY OF EVANSTON,
WYOMING**

Financial and Compliance Report

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited 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, ("City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Evanston, Wyoming's basic financial statements as listed in the table of contents.

Qualified Opinions on Proprietary Fund Statement of Cash Flows

In our opinion, except for the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the proprietary funds of the City of Evanston, Wyoming, as of June 30, 2022 and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund and the Aggregate Remaining Fund Information

In our opinion, the accompanying 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Evanston, Wyoming and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to Qualified Opinions 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 operating, investing, capital and related financing



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activities during a period. The amount by which this departure would affect the proprietary fund statement of cash flows has not been determined.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 1 to the financial statements, the City adopted new accounting guidance with the implementation of GASB Statement No. 87, *Leases*. The City reported lease assets and lease liability's, along with a restatement of beginning net position and fund net position, for the change in accounting principle. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Evanston, Wyoming's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Evanston, Wyoming's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Evanston's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Evanston, Wyoming's basic financial statements. The other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the other supplementary information as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022 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 City of Evanston, Wyoming's internal control over financial reporting and compliance.



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming
December 20, 2022

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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, 2022.

Financial Highlights

The assets of the City of Evanston, Wyoming exceeded its liabilities at the close of the most recent fiscal year by \$103,201,260 (*net position*). Of this amount, \$43,252,672 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.

- The government's total net position decrease by \$1,945,613.
- As of the close of the current fiscal year, the City of Evanston, Wyoming's governmental funds reported combined ending fund balances of \$20,076,515.
- At the end of the current fiscal year, fund balance for the general fund was \$17,592,196 which was an increase from the previous year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Evanston, Wyoming's financial statements. The City of Evanston, Wyoming's 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 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.

Management's Discussion and Analysis
(Unaudited)

The business-type activities of the City of Evanston, Wyoming include

- Water,
- Wastewater (sewer)
- Environmental Services (sanitation)
- Golf

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
- Proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund 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
- Internal Service Funds (motor vehicle)

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.

Management's Discussion and Analysis
(Unaudited)

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

The City 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	
	2021	2022	2021	2022	2021	2022
Assets						
Current assets	\$ 21,324,054	\$ 23,560,589	\$ 33,148,796	\$ 33,209,026	\$ 54,472,850	\$ 56,769,615
Noncurrent assets	43,722	34,977	-	-	43,722	34,977
Net capital assets	33,196,426	31,983,923	26,996,533	25,728,354	60,192,959	57,712,277
Total assets	54,564,202	55,579,489	60,145,329	58,937,380	114,709,531	114,516,869
Deferred outflows of resources	1,558,965	3,255,495	510,746	448,976	2,069,711	3,704,471
Liabilities						
Current liabilities	387,226	2,421,847	283,528	263,377	670,754	2,685,224
Long-term liabilities	4,912,106	5,726,468	2,533,882	2,044,923	7,445,988	7,771,391
Total liabilities	5,299,332	8,148,315	2,817,410	2,308,300	8,116,742	10,456,615
Deferred inflows of resources	2,836,602	3,579,315	631,344	984,150	3,467,946	4,563,465
Net position						
Net investment in capital assets	33,169,537	31,948,965	26,700,446	25,515,304	59,869,983	57,464,269
Restricted	2,410,424	2,484,319	-	-	2,410,424	2,484,319
Unrestricted	12,407,272	12,674,070	30,506,875	30,578,602	42,914,147	43,252,672
Total net position	\$ 47,987,233	\$ 47,107,354	\$ 57,207,321	\$ 56,093,906	\$ 105,194,554	\$ 103,201,260

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* \$43,252,672 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	
	2021	2022	2021	2022	2021	2022
Revenues						
Charges for services	\$ 386,717	\$ 1,050,475	\$ 5,917,308	\$ 5,609,722	\$ 6,304,025	\$ 6,660,197
Operating grants and contributions	749,494	402,010	35,800	16,200	785,294	418,210
Capital grants and contributions	42,521	863	334,297	157,287	376,818	158,150
Taxes						
Property taxes	714,283	747,135	-	-	714,283	747,135
Other taxes	9,112,643	9,449,480	-	-	9,112,643	9,449,480
State additional funding not restricted for specific purpose	1,475,096	1,438,474	-	-	1,475,096	1,438,474
Unrestricted investment earnings	46,292	(542,383)	53,730	50,399	100,022	(491,984)
Miscellaneous revenue	488,460	648,121	18,623	56,626	507,083	704,747
Gain (loss) on disposal of capital assets	8,439	-	(4,187)	-	4,252	-
Total revenues	13,023,945	13,194,175	6,355,571	5,890,234	19,379,516	19,084,409
Expenses						
General government	4,351,762	4,248,895	-	-	4,351,762	4,248,895
Public safety	3,509,891	4,102,997	-	-	3,509,891	4,102,997
Public works	2,789,008	2,781,265	-	-	2,789,008	2,781,265
Health, welfare, recreation	2,654,129	2,940,897	-	-	2,654,129	2,940,897
Water	-	-	2,991,443	3,215,219	2,991,443	3,215,219
Sewer	-	-	1,233,671	1,173,092	1,233,671	1,173,092
Golf	-	-	961,509	1,003,635	961,509	1,003,635
Environmental services	-	-	1,458,043	1,564,022	1,458,043	1,564,022
Total expenses	13,304,790	14,074,054	6,644,666	6,955,968	19,949,456	21,030,022
Change in net position	(280,845)	(879,879)	(289,095)	(1,065,734)	(569,940)	(1,945,613)
Net position - beginning of year, as previously stated	48,206,866	47,987,233	57,496,416	57,159,640	105,703,282	105,146,873
Prior period adjustment	61,212	-	-	-	61,212	-
Net position - beginning of year, as restated*	48,268,078	47,987,233	57,496,416	57,159,640	105,764,494	105,146,873
Total net position	\$ 47,987,233	\$ 47,107,354	\$ 57,207,321	\$ 56,093,906	\$ 105,194,554	\$ 103,201,260

* The City reported a restatement of the beginning net position due to the implementation of GASB Statement No. 87, *Leases*. See Note 1 of the footnotes for further discussion on this standard.

Management's Discussion and Analysis
(Unaudited)

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 7.96%, (*increase of \$663,758*)
 - Business licenses
 - Various permits
 - Animal tags and other animal control revenue
 - Court fines
 - General fund leases
- Operating Grants and Contributions 3.05%, (*decrease of \$347,484*)
- Capital Grants and Contributions 0.01% (*decrease of \$41,658*)
- Property Tax 5.66% (*increase of \$32,852*)
- Other Taxes 71.62% (*increase of \$336,837*)
 - Local sales and use tax
 - Severance, mineral taxes
 - Tobacco, gasoline, and motor vehicle taxes
 - Franchise fees
 - Lottery and pari-mutuel distributions
- State Additional Funding 10.90% (*decrease of \$36,622*)
- Investment Earnings -4.11% (*a decrease of \$588,675, due to previous current market value errors*)
- Miscellaneous Revenue 4.91% (*increase of \$159,661*)
- Gain on Disposed Assets (*decrease of \$8,439 because no gains or losses were recording in the current fiscal year*)

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

- Finished the GIS Equipment project.
- Began working on water line replacements and finished the Sage Street line.
- Continued working on water lines in the Union Center.

Management's Discussion and Analysis
(Unaudited)

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 \$12,290,151, while total general fund balance reached \$17,592,196. 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 \$868,729.

The long-term liabilities of \$5,712,556, 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.

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 \$30,578,602. The total increase in unrestricted net position for these funds was \$71,727. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Evanston, Wyoming's business-type activities.

General Fund Budgetary Highlights

The original budget encumbrances for the General Fund were \$13,313,953. Minor adjustments were made due to unexpected revenue and expenditures making our final budget amount \$13,335,953.

Management's Discussion and Analysis
(Unaudited)

Financial Analysis of the Government's Funds (Continued)

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, 2022 amounts to \$57,712,277 (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:

- Recreation Center improvements and repairs as well as resurfacing of the tennis courts
- IT room improvements at the police department
- City Hall and Police department improvements and repairs
- Began work on a restroom facility near the Superintendent's building
- Sage Street water line replacement
- Equipment purchases including patrol vehicles, an excavator, and a turf sweeper along with department vehicles for public works and general services

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Land	\$ 9,423,797	\$ 9,423,797	\$ 733,694	\$ 733,694	\$ 10,157,491	\$ 10,157,491
Construction in progress	171,677	595,613	339,521	439,737	511,198	1,035,350
Buildings and systems	45,245,256	45,137,348	66,199,328	66,405,324	111,444,584	111,542,672
Machinery and equipment	5,526,970	5,474,769	3,952,569	4,025,292	9,479,539	9,500,061
Infrastructure	17,818,170	17,818,170	-	-	17,818,170	17,818,170
Land improvements	2,110,656	2,110,656	3,992,905	3,992,905	6,103,561	6,103,561
Right to use asset	-	31,091	-	237,429	-	268,520
Accumulated depreciation	(47,131,191)	(48,607,521)	(48,506,594)	(50,106,027)	(95,637,785)	(98,713,548)
Total	\$ 33,165,335	\$ 31,983,923	\$ 26,711,423	\$ 25,728,354	\$ 59,876,758	\$ 57,712,277

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 \$7,838,115 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	
	2021	2022	2021	2022	2021	2022
Accrued compensated absences	\$ 698,002	\$ 705,628	\$ 348,867	\$ 348,244	\$ 1,046,869	\$ 1,053,872
Leases	26,889	21,046	-	213,050	26,889	234,096
Retainage payable	-	13,912	-	2,625	-	16,537
Other post-employment benefits	769,342	765,566	304,696	302,709	1,074,038	1,068,275
Pension obligation	2,509,573	4,284,415	1,674,296	1,180,920	4,183,869	5,465,335
Total	\$ 4,003,806	\$ 5,790,567	\$ 2,327,859	\$ 2,047,548	\$ 6,331,665	\$ 7,838,115

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the City of Evanston, Wyoming as of June 30, 2022 was 3.8%, which is lower than one year ago, and only slightly higher than the state's average unemployment rate of 3.1%, and the national average rate of 3.6%.

The local economy continues to remain steady with no major increase or decreases. We continue to see increases in our sales tax and this could be an effect from inflation. The City of Evanston, Wyoming prepared the budget for the 2023 fiscal year conservatively as usual.

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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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	\$ 18,343,675	\$ 32,431,009	\$ 50,774,684
Restricted cash, cash equivalents and investments	2,021,475	-	2,021,475
Cash held with fiscal agent	6,849	-	6,849
Receivables (net of allowance for uncollectibles)			
Accounts receivable	1,590,516	682,757	2,273,273
Due from other governments	518,242	-	518,242
Lease receivable	78,268	-	78,268
Property taxes	916,086	-	916,086
Prepaid items	-	16,136	16,136
Accrued interest	53,272	-	53,272
Inventory	23,461	79,124	102,585
Note receivable, current	8,745	-	8,745
Note receivable, noncurrent	34,977	-	34,977
Total noncapital assets	<u>23,595,566</u>	<u>33,209,026</u>	<u>56,804,592</u>
Capital assets, not being depreciated			
Land	9,423,797	733,694	10,157,491
Construction in progress	595,613	439,737	1,035,350
Capital assets, being depreciated/amortized			
Buildings and systems	45,137,348	66,405,324	111,542,672
Machinery and equipment	5,474,769	4,025,292	9,500,061
Infrastructure	17,818,170	-	17,818,170
Land improvements	2,110,656	3,992,905	6,103,561
Right of use asset	31,091	237,429	268,520
Total capital assets	<u>80,591,444</u>	<u>75,834,381</u>	<u>156,425,825</u>
Less accumulated depreciation/ amortization	<u>48,607,521</u>	<u>50,106,027</u>	<u>98,713,548</u>
Total capital assets (net of accumulated depreciation/ amortization)	<u>31,983,923</u>	<u>25,728,354</u>	<u>57,712,277</u>
Total assets	<u>55,579,489</u>	<u>58,937,380</u>	<u>114,516,869</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan items	3,078,905	364,504	3,443,409
Other post-employment benefit items	176,590	84,472	261,062
Total deferred outflows of resources	<u>3,255,495</u>	<u>448,976</u>	<u>3,704,471</u>

(Continued)

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Statement of Net Position (Continued)

	Primary Government			
	Governmental Activities		Business-type Activities	
			Total	
LIABILITIES				
Accounts payable	\$ 148,779	\$ 132,700	\$ 281,479	
Accrued payroll	136,997	69,527	206,524	
Accrued liabilities	27,747	-	27,747	
Deposits payable	-	61,150	61,150	
Advanced payments on grants	2,021,475	-	2,021,475	
Unearned revenue - cash in lieu of land development	36,662	-	36,662	
Long-term liabilities				
Due within one year:				
Leases, compensated absences	64,099	120,263	184,362	
Due in more than one year:				
Leases, compensated absences	662,575	441,031	1,103,606	
Net pension liability	4,284,415	1,180,920	5,465,335	
Other post-employment benefits liability	765,566	302,709	1,068,275	
Total liabilities	<u>8,148,315</u>	<u>2,308,300</u>	<u>10,456,615</u>	
DEFERRED INFLOWS OF RESOURCES				
Lease related	78,268	-	78,268	
Pension plan items	2,501,046	932,588	3,433,634	
Other post-employment benefit items	97,993	51,562	149,555	
Unavailable property tax revenues	<u>902,008</u>	<u>-</u>	<u>902,008</u>	
Total deferred inflows of resources	<u>3,579,315</u>	<u>984,150</u>	<u>4,563,465</u>	
NET POSITION				
Net investment in capital assets	31,948,965	25,515,304	57,464,269	
Restricted for				
Lodging tax fund	931,282	-	931,282	
Economic development fund				
Expendable	1,312,187	-	1,312,187	
Nonexpendable	34,977	-	34,977	
Cemetery fund				
Expendable	105,873	-	105,873	
Nonexpendable	100,000	-	100,000	
Unrestricted	<u>12,674,070</u>	<u>30,578,602</u>	<u>43,252,672</u>	
Total net position	<u>\$ 47,107,354</u>	<u>\$ 56,093,906</u>	<u>\$ 103,201,260</u>	

Statement of Activities

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Function/Programs				
Governmental activities:				
General government	\$ 4,248,895	\$ 587,240	\$ 402,010	\$ 863
Public safety	4,102,997	390,275	-	-
Public works	2,781,265	-	-	-
Health, welfare and recreation	2,940,897	72,960	-	-
Total governmental activities	<u>14,074,054</u>	<u>1,050,475</u>	<u>402,010</u>	<u>863</u>
Business-type activities:				
Water fund	3,215,219	2,295,372	-	44,787
Sewer fund	1,173,092	1,250,972	16,200	-
Golf fund	1,003,635	521,883	-	-
Environmental service fund	1,564,022	1,541,495	-	112,500
Total business-type activities	<u>6,955,968</u>	<u>5,609,722</u>	<u>16,200</u>	<u>157,287</u>
Total primary government	<u>\$ 21,030,022</u>	<u>\$ 6,660,197</u>	<u>\$ 418,210</u>	<u>\$ 158,150</u>

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 (loss)

Miscellaneous revenue

Total general revenues

Change in net position

Net position, beginning of year, as restated (see note 1)

Net position - end of year

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (3,258,782)	\$ -	\$ (3,258,782)
(3,712,722)	-	(3,712,722)
(2,781,265)	-	(2,781,265)
<u>(2,867,937)</u>	<u>-</u>	<u>(2,867,937)</u>
<u>(12,620,706)</u>	<u>-</u>	<u>(12,620,706)</u>
-	(875,060)	(875,060)
-	94,080	94,080
-	(481,752)	(481,752)
<u>-</u>	<u>89,973</u>	<u>89,973</u>
<u>-</u>	<u>(1,172,759)</u>	<u>(1,172,759)</u>
<u>(12,620,706)</u>	<u>(1,172,759)</u>	<u>(13,793,465)</u>
747,135	-	747,135
8,204,983	-	8,204,983
177,190	-	177,190
308,477	-	308,477
462,244	-	462,244
296,586	-	296,586
1,438,474	-	1,438,474
(542,383)	50,399	(491,984)
648,121	56,626	704,747
<u>11,740,827</u>	<u>107,025</u>	<u>11,847,852</u>
<u>(879,879)</u>	<u>(1,065,734)</u>	<u>(1,945,613)</u>
<u>47,987,233</u>	<u>57,159,640</u>	<u>105,146,873</u>
\$ 47,107,354	\$ 56,093,906	\$ 103,201,260

Balance Sheet - Governmental Funds

	General Fund	Economic Development Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Pooled cash, cash equivalents and investments	\$ 16,323,390	\$ 851,775	\$ 1,054,829	\$ 18,229,994
Restricted cash, cash equivalents and investments	2,021,475	-	-	2,021,475
Cash held with fiscal agent	6,849	-	-	6,849
Receivables (net of allowance for uncollectible accounts)				
Accounts receivable	1,505,695	1,000	83,821	1,590,516
Due from other governments	16,205	502,037	-	518,242
Lease receivable	-	78,268	-	78,268
Property taxes	916,086	-	-	916,086
Accrued interest	53,272	-	-	53,272
Note receivable, current	-	8,745	-	8,745
Note receivable, noncurrent	-	34,977	-	34,977
Total assets	<u>\$ 20,842,972</u>	<u>\$ 1,476,802</u>	<u>\$ 1,138,650</u>	<u>\$ 23,458,424</u>
LIABILITIES				
Accounts payable	\$ 117,486	\$ 13,870	\$ 1,495	\$ 132,851
Accrued payroll	136,997	-	-	136,997
Accrued liabilities	27,747	-	-	27,747
Advanced payments on grants	2,021,475	-	-	2,021,475
Unearned revenue - cash in lieu of land development	36,662	-	-	36,662
Total liabilities	<u>2,340,367</u>	<u>13,870</u>	<u>1,495</u>	<u>2,355,732</u>
DEFERRED INFLOWS OF RESOURCES				
Lease related	-	78,268	-	78,268
Unavailable property tax revenues	910,409	-	-	910,409
Unavailable grant revenues	-	37,500	-	37,500
Total deferred inflows of resources	<u>910,409</u>	<u>115,768</u>	<u>-</u>	<u>1,026,177</u>
FUND BALANCES				
Nonspendable	-	34,977	100,000	134,977
Restricted	-	1,312,187	1,037,155	2,349,342
Assigned	5,302,045	-	-	5,302,045
Unassigned	12,290,151	-	-	12,290,151
Total fund balances	<u>17,592,196</u>	<u>1,347,164</u>	<u>1,137,155</u>	<u>20,076,515</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,842,972</u>	<u>\$ 1,476,802</u>	<u>\$ 1,138,650</u>	<u>\$ 23,458,424</u>

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

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

Total governmental fund balances	\$ 20,076,515
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	\$ 31,964,468
Less net capital assets recorded in the internal service fund	(1,245)
	<u>31,963,223</u>
Right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Total net right to use assets, governmental activities	19,455
Difference between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (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	3,078,905
Deferred outflows - other post-employment benefit items	176,590
Deferred inflows - pension plan items	(2,501,046)
Deferred inflows - other post-employment benefit items	(97,993)
	<u>656,456</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	910,409
Unavailable property taxes in governmental activities	(902,008)
Unavailable grant revenue in governmental funds	37,500
	<u>45,901</u>
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Retainage payable	(13,912)
Compensated absences	(705,628)
Leases	(21,046)
Net pension liability	(4,284,415)
Other post-employment benefits liability	(765,566)
	<u>(5,790,567)</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>136,371</u>
Net position of governmental activities	\$ <u>47,107,354</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	\$ 3,773,816	\$ -	\$ 326,378	\$ 4,100,194
Licenses and permits	294,643	-	-	294,643
Fines and forfeitures	178,983	-	-	178,983
Intergovernmental revenues	7,844,929	517,461	92,882	8,455,272
Charges for services	180,679	-	72,959	253,638
Rental income	-	84,997	-	84,997
Investment earnings (loss) and miscellaneous	(436,420)	12,522	1,624	(422,274)
Total revenues	11,836,630	614,980	493,843	12,945,453
Expenditures				
Current				
General government	3,737,383	-	-	3,737,383
Public safety and transportation	3,386,547	-	-	3,386,547
Public works	1,324,846	-	-	1,324,846
Health, welfare and recreation	2,287,854	36,423	617,079	2,941,356
Capital outlay	224,265	381,426	-	605,691
Debt service				
Principal	5,843	-	-	5,843
Interest	1,163	-	-	1,163
Total expenditures	10,967,901	417,849	617,079	12,002,829
Excess (deficiency) of revenues over expenditures	868,729	197,131	(123,236)	942,624
Net change in fund balances	868,729	197,131	(123,236)	942,624
Fund balances - beginning of year	16,723,467	1,150,033	1,260,391	19,133,891
Fund balances - end of year	\$ 17,592,196	\$ 1,347,164	\$ 1,137,155	\$ 20,076,515

City of Evanston, Wyoming

Year Ended June 30, 2022

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	\$ 942,624
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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	\$ 531,217
Assets transferred from construction in progress to fixed assets and infrastructure and expensed	(48,657)
Depreciation expense	(1,607,421)
Less depreciation expense in the internal service fund	<u>1,790</u> (1,123,071)

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.

Loss on disposal of capital assets	(87,642)
------------------------------------	----------

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 prior year	(1,437,194)
Deferred outflows - pension plan items current year	3,078,905
Deferred outflows - other post-employment benefit plan items prior year	(121,771)
Deferred outflows - other post-employment benefit plan items current year	176,590
Deferred inflows - pension plan items prior year	2,077,683
Deferred inflows - pension plan items current year	(2,501,046)
Deferred inflows - other post-employment benefit plan items current year	<u>(97,993)</u> 1,175,174

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City of Evanston, Wyoming
Year Ended June 30, 2022

**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 prior year	\$ 698,002
Compensated absences current year	(705,628)
Payment on principal on leases	5,843
Retainage payable current year	(13,912)
Other post-employment benefits liability prior year	769,342
Other post-employment benefits liability current year	(765,566)
Net pension liability prior year	2,509,573
Net pension liability current year	<u>(4,284,415)</u> \$ (1,786,761)

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	(10,711)
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Certain revenues are not recognized as current financial resources and, therefore, are not reported as revenues in governmental funds:

Unavailable property taxes - governmental funds prior year	(767,360)
Unavailable property taxes - governmental activities prior year	758,919
Unavailable property taxes - governmental funds current year	910,409
Unavailable property taxes - governmental activities current year	(902,008)
Unavailable grant revenue - governmental funds prior year	(26,952)
Unavailable grant revenue - governmental funds current year	<u>37,500</u> <u>10,508</u>
Change in net position of governmental activities	<u>\$ (879,879)</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	\$ 17,257,082	\$ 12,218,972	\$ 287,638
Accounts receivable	366,939	149,436	-
Prepaid items	16,136	-	-
Inventory	-	-	79,124
Total current assets	<u>17,640,157</u>	<u>12,368,408</u>	<u>366,762</u>
Noncurrent assets			
Capital assets			
Land	161,500	240,005	312,189
Construction in progress	34,737	-	-
Buildings and systems	47,126,279	16,804,732	2,271,645
Machinery and equipment	1,361,674	463,150	868,413
Land improvements	-	-	3,992,905
Right of use asset	-	-	237,429
Total capital assets	<u>48,684,190</u>	<u>17,507,887</u>	<u>7,682,581</u>
Less accumulated depreciation/amortization	<u>29,785,242</u>	<u>15,018,015</u>	<u>4,280,079</u>
Total capital assets (net of accumulated depreciation/amortization)	<u>18,898,948</u>	<u>2,489,872</u>	<u>3,402,502</u>
Total assets	<u>36,539,105</u>	<u>14,858,280</u>	<u>3,769,264</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan items	116,823	87,418	-
Other post-employment benefit items	33,450	18,262	-
Total deferred outflows of resources	<u>150,273</u>	<u>105,680</u>	<u>-</u>

Governmental Activities		
Environmental Service Fund	Totals	Internal Service Fund
\$ 2,667,317	\$ 32,431,009	\$ 113,681
166,382	682,757	-
-	16,136	-
-	79,124	23,461
<u>2,833,699</u>	<u>33,209,026</u>	<u>137,142</u>
20,000	733,694	-
405,000	439,737	-
202,668	66,405,324	278,623
1,332,055	4,025,292	74,503
-	3,992,905	-
-	237,429	-
<u>1,959,723</u>	<u>75,834,381</u>	<u>353,126</u>
<u>1,022,691</u>	<u>50,106,027</u>	<u>351,881</u>
<u>937,032</u>	<u>25,728,354</u>	<u>1,245</u>
<u>3,770,731</u>	<u>58,937,380</u>	<u>138,387</u>
160,263	364,504	-
32,760	84,472	-
<u>193,023</u>	<u>448,976</u>	<u>-</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	\$ 68,554	\$ 11,586	\$ 7,051
Accrued payroll	32,232	16,788	-
Compensated absences	18,216	18,170	-
Leases	-	-	83,877
Deposits payable	61,150	-	-
Total current liabilities	<u>180,152</u>	<u>46,544</u>	<u>90,928</u>
Noncurrent liabilities			
Compensated absences	115,016	76,720	-
Leases	-	-	129,173
Net pension liability	375,669	296,827	-
Other post-employment benefits payable	136,044	36,194	-
Total noncurrent liabilities	<u>626,729</u>	<u>409,741</u>	<u>129,173</u>
Total liabilities	<u>806,881</u>	<u>456,285</u>	<u>220,101</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan items	374,931	249,377	-
Other post-employment benefit items	21,169	12,041	-
Total deferred inflows of resources	<u>396,100</u>	<u>261,418</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	18,898,948	2,489,872	3,189,452
Unrestricted	<u>16,587,449</u>	<u>11,756,385</u>	<u>359,711</u>
Total net position	<u>\$ 35,486,397</u>	<u>\$ 14,246,257</u>	<u>\$ 3,549,163</u>

			Governmental Activities	
Environmental Service Fund		Totals	Internal Service Fund	
\$	45,509	\$ 132,700	\$ 2,016	
	20,507	69,527	-	
	-	36,386	-	
	-	83,877	-	
	-	61,150	-	
	<u>66,016</u>	<u>383,640</u>	<u>2,016</u>	
	120,122	311,858	-	
	-	129,173	-	
	508,424	1,180,920	-	
	<u>130,471</u>	<u>302,709</u>	<u>-</u>	
	<u>759,017</u>	<u>1,924,660</u>	<u>-</u>	
	<u>825,033</u>	<u>2,308,300</u>	<u>2,016</u>	
	308,280	932,588	-	
	<u>18,352</u>	<u>51,562</u>	<u>-</u>	
	<u>326,632</u>	<u>984,150</u>	<u>-</u>	
	937,032	25,515,304	1,245	
	<u>1,875,057</u>	<u>30,578,602</u>	<u>135,126</u>	
	<u>\$ 2,812,089</u>	<u>\$ 56,093,906</u>	<u>\$ 136,371</u>	

City of Evanston, Wyoming

Year Ended June 30, 2022

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

Business-type Activities - Enterprise Funds

	Water Fund	Sewer Fund	Golf Fund
Operating revenues			
Charges for services	\$ 2,295,372	\$ 1,250,972	\$ 521,883
Miscellaneous	56,414	90	122
Total operating revenues	<u>2,351,786</u>	<u>1,251,062</u>	<u>522,005</u>
Operating expenses			
Personnel services	1,275,387	676,253	-
Contractual services	43,889	-	389,788
Repairs and maintenance	243,147	111,505	95,876
Supplies	451,104	55,818	156,884
Miscellaneous	43,450	24,574	42,217
Capital outlay	15,698	-	-
Depreciation	1,017,952	189,282	259,133
Amortization	-	-	47,486
Utilities	124,592	115,660	-
Total operating expenses	<u>3,215,219</u>	<u>1,173,092</u>	<u>991,384</u>
Operating income (loss)	<u>(863,433)</u>	<u>77,970</u>	<u>(469,379)</u>
Nonoperating revenues (expenses)			
Intergovernmental	-	16,200	-
Investment earnings	27,291	19,041	-
Interest expense	-	-	(12,251)
Total nonoperating revenues (expenses)	<u>27,291</u>	<u>35,241</u>	<u>(12,251)</u>
Income (loss) before contributions	<u>(836,142)</u>	<u>113,211</u>	<u>(481,630)</u>
Capital grants and contributions	44,787	-	-
Net contributions	<u>44,787</u>	<u>-</u>	<u>-</u>
Change in net position	(791,355)	113,211	(481,630)
Total net position - beginning of year, as restated	<u>36,277,752</u>	<u>14,133,046</u>	<u>4,030,793</u>
Total net position - end of year	<u>\$ 35,486,397</u>	<u>\$ 14,246,257</u>	<u>\$ 3,549,163</u>

Governmental
Activities

Environmental Service Fund		Internal Service Fund	
		Totals	
\$ 1,541,495		\$ 5,609,722	\$ 238,212
-		56,626	-
<u>1,541,495</u>		<u>5,666,348</u>	<u>238,212</u>
837,489		2,789,129	-
-		433,677	-
89,782		540,310	-
522,078		1,185,884	247,133
23,652		133,893	-
-		15,698	-
91,021		1,557,388	1,790
-		47,486	-
-		240,252	-
<u>1,564,022</u>		<u>6,943,717</u>	<u>248,923</u>
<u>(22,527)</u>		<u>(1,277,369)</u>	<u>(10,711)</u>
-		16,200	-
4,067		50,399	-
-		(12,251)	-
<u>4,067</u>		<u>54,348</u>	<u>-</u>
<u>(18,460)</u>		<u>(1,223,021)</u>	<u>(10,711)</u>
<u>112,500</u>		<u>157,287</u>	<u>-</u>
<u>112,500</u>		<u>157,287</u>	<u>-</u>
94,040		(1,065,734)	(10,711)
<u>2,718,049</u>		<u>57,159,640</u>	<u>147,082</u>
<u>\$ 2,812,089</u>		<u>\$ 56,093,906</u>	<u>\$ 136,371</u>

City of Evanston, Wyoming
 Year Ended June 30, 2022
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	\$ 2,386,361	\$ 1,253,301	\$ 522,005
Cash received from interfund services provided	-	-	-
Cash payments to suppliers for goods and services	(871,866)	(296,025)	(693,736)
Cash payments to employees for services	(1,318,025)	(712,302)	-
Net cash provided (used) by operating activities	<u>196,470</u>	<u>244,974</u>	<u>(171,731)</u>
Cash flows from noncapital financing activities			
Federal subsidy	-	16,200	-
Net cash provided by noncapital financing activities	-	16,200	-
Cash flows from capital and related financing activities			
Capital grants from federal and state sources	43,292	-	-
Acquisitions and construction of capital assets	(220,287)	(51,589)	-
Principal paid	-	-	(83,037)
Interest paid	-	-	(12,251)
Net cash provided (used) by capital and related financing activities	<u>(176,995)</u>	<u>(51,589)</u>	<u>(95,288)</u>
Cash flows from investing activities			
Interest received on investments	27,291	19,041	-
Net cash provided by investing activities	<u>27,291</u>	<u>19,041</u>	<u>-</u>
Net increase (decrease) in pooled cash, cash equivalents and investments	46,766	228,626	(267,019)
Pooled cash, cash equivalents and investments - beginning of year	<u>17,210,316</u>	<u>11,990,346</u>	<u>554,657</u>
Pooled, cash equivalents and investments - end of year	<u>\$ 17,257,082</u>	<u>\$ 12,218,972</u>	<u>\$ 287,638</u>

(Continued)

			Governmental Activities
Environmental Service Fund		Totals	Internal Service Fund
\$	1,532,374	\$ 5,694,041	\$ -
	-	-	239,600
	(633,583)	(2,495,210)	(249,145)
	(846,521)	(2,876,848)	-
	<u>52,270</u>	<u>321,983</u>	<u>(9,545)</u>
	-	16,200	-
	<u>-</u>	<u>16,200</u>	<u>-</u>
	157,500	200,792	-
	(112,500)	(384,376)	-
	-	(83,037)	-
	-	(12,251)	-
	<u>45,000</u>	<u>(278,872)</u>	<u>-</u>
	4,067	50,399	-
	<u>4,067</u>	<u>50,399</u>	<u>-</u>
	101,337	109,710	(9,545)
	<u>2,565,980</u>	<u>32,321,299</u>	<u>123,226</u>
\$	<u>2,667,317</u>	<u>\$ 32,431,009</u>	<u>\$ 113,681</u>

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, provided (used) by operating activities			
Operating income (loss)	\$ (863,433)	\$ 77,970	\$ (469,379)
Adjustments to reconcile operating income (loss) to net pooled cash, cash equivalents and investments, provided (used) by operating activities			
Depreciation and amortization	1,017,952	189,282	306,619
Amortization of pension plan and OPEB items	188,120	111,797	-
Increase (decrease) in pooled cash, cash equivalents and investments, resulting from changes in operating assets, deferred outflows, liabilities, and deferred inflows.			
Accounts receivable	34,575	2,239	-
Prepaid items	(16,136)	-	-
Inventory	-	-	(7,077)
Deferred outflows - pension plan items	(8,097)	(416)	-
Accounts payable	51,064	11,532	(1,894)
Accrued payroll	6,000	54	-
Compensated absences	4,612	(15,467)	-
Deposits payable	(1,050)	-	-
Net pension liability	(216,321)	(131,553)	-
Other post-employment benefits liability	(816)	(464)	-
Net pooled cash and cash equivalents and investments, provided (used) by operating activities	<u>\$ 196,470</u>	<u>\$ 244,974</u>	<u>\$ (171,731)</u>

<u>Governmental Activities</u>		
Environmental Service Fund	Totals	Internal Service Fund
\$ (22,527)	\$ (1,277,369)	\$ (10,711)
91,021	1,604,874	1,790
126,602	426,519	-
(9,121)	27,693	1,388
-	(16,136)	-
-	(7,077)	(4,018)
(1,935)	(10,448)	-
1,929	62,631	2,006
2,278	8,332	-
10,232	(623)	-
-	(1,050)	-
(145,502)	(493,376)	-
<u>(707)</u>	<u>(1,987)</u>	<u>-</u>
<hr/>	<hr/>	<hr/>
\$ 52,270	\$ 321,983	\$ (9,545)

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Note 1. Summary of Significant Accounting Policies

Reporting Entity

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

The City of Evanston is a municipal corporation governed by an elected mayor and six elected council members. The City serves as the nucleus for the reporting entity under the provisions of GASB for its 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 financial statements. The City of Evanston has no component units nor is it considered a component unit of any other government.

The Housing Authority of the City of Evanston, Airport Joint Powers Board, and the City of Evanston-Uinta County Human Services Building Joint Powers Board are all related organizations to which the City appoints board members, but for which the City has no significant financial accountability 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and 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 principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right-to-use lease assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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 all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents.

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's cash activity is accounted for in pooled cash accounts. The accounting records for each applicable fund reflect its portion of the pooled cash, cash equivalents and investments. When a particular fund overdraws its share of the pooled cash, the deficit is recorded as a payable to the general fund and a corresponding entry is made in the general fund to reflect the receivable from the other fund.

The City considers any cash that is legally restricted as to withdrawal or usage to be presented as restricted cash.

For the purposes of the statement of cash flows, the City's cash accounts consist of demand deposits and a money market account at Wyoming Government Investment Fund (WGIF), a governmental pool established in 1996 exclusively designed for Wyoming public entities. The WGIF Liquid Asset Series seeks to maintain a stable net asset value of \$1.00 and is managed to a maximum weighted average maturity of 60 days. Rated AAA by Standard & Poor's.

The City follows the guidelines described in Wyoming 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,(not exceeding 270 days) 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 agency obligations including mortgage backed securities and participation in WYO-STAR.

WYO-STAR I is an authorized government investment pool established in 1987 offered exclusively to Wyoming governmental entities by the Wyoming State Treasurer's office. The value of the City's investments in WYO-STAR I equals the value of its WYO-STAR I shares. Each participant's position in the WYO-STAR I 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 I investments consist of cash and short-term bonds 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. The fair value of the City's position in these funds is the same as the value of the pool shares (net asset value) which are reported according to GASB 79 requirements. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

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 \$2,021,475 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.

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, 2022 was 8 mills, which means that the City has levied to the maximum amount available.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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 are acquired or constructed, are reported at historical cost or estimated historical cost (except for intangible right to use lease assets, the measurement of which is discussed below) in the applicable governmental or business-type activities' columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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.

Land and construction in progress are not depreciated. The other tangible and intangible equipment, the right to use leased equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

	Years
Buildings and systems	20-40
Machinery and equipment	5-20
Infrastructure	20-50
Land improvements	20-30
Right to use asset	5-20

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

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 and liabilities, the financial statements report a separate section for deferred outflows and inflows of resources. A deferred inflow of resources represents an acquisition of net assets that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net assets that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position or fund balance sheet, but are not recognized in the financial statements as revenues, expenses, and reduction of liabilities or increase in assets until period(s) to which they are related. The City reports the following deferred inflows and outflows of resources 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 three sources: property taxes, leases 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 the City reports deferred amount related to leases and property tax revenue.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statements of Net Position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Leases

Lessee: The City is a lessee for a non-cancellable lease of equipment. The City recognized a lease liability and an intangible right to use lease asset ("lease asset") in the government-wide financial statements. The City recognizes the lease liabilities with an initial individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a re-measurement of its lease and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statements of net position.

Note 1. Summary of Significant Accounting Policies (Continued)

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

Leases (Continued)

Lessor: The City is a lessor for a non-cancellable lease of a building. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determine (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimate incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a re-measurement of its lease and will re-measure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Fund Balance/Net Position

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, 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.

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 (Continued)

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.

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.

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)

Standards Issued and Implemented

GASB 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. Additionally, under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. The City must also report the (1) amortization expense for using the asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, nonlease components embedded in lease contracts (such as service agreements), and leases with related parties.

Management implemented this standard during the year ended June 30, 2022. As this statement was implemented retroactively, it resulted in a restatement of the prior period net position of business-type activities and the golf fund as follows:

	<u>Business-type Activities</u>	<u>Proprietary Funds</u>	
		<u>Golf Fund</u>	
Net position/fund balance at June 30, 2021, as previously stated	\$ 57,207,321	\$ 4,078,474	
Reduction of net position/fund balance pursuant to GASB 87	(47,681)	(47,681)	
Net position/fund balance at June 30, 2021, as restated	<u>\$ 57,159,640</u>	<u>\$ 4,030,793</u>	

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.
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. All deposits were covered by insurance or collateral held in joint custody with the financial institution.

At June 30, 2022, the City had bank balance of \$17,588,034. The carrying amount of the deposits as of June 30, 2022 was \$17,284,789. The difference between the carrying amount and the bank balance is the result of the transactions in transit and cash equivalent without a bank balance. The City cash and cash equivalents carrying amount includes \$471,752 held in WGIF Liquid Asset Series, a money market investment rated AAm by Standard and Poor's.

Notes to the Financial Statements**Note 3. Pooled Cash and Cash Equivalents and Investments (Continued)*****Custodial Credit Risk – Deposits (Continued)***

Of these amounts, \$2,021,475 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's cash equivalents in the WGIF Liquid Asset Series, a money market investment rated AAA by Standard and Poor's. Management does not believe these cash equivalents are at risk as a result of not being fully insured or collateralized. The City has not incurred any losses related to uninsured deposits.

Investments

At June 30, 2022, 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	\$ 4,040	5.00-5.50%	\$ -	\$ -	\$ -	\$ 4,040	Not Rated
U.S. Treasury obligations	10,389,697	0.12-2.75%	4,989,062	5,400,635	-	-	Aaa/AAA
Certificates of deposit	5,096,269	0.28-3.15%	2,678,884	2,417,385	-	-	Not Rated
WYO-STAR investment pool	<u>19,501,713</u>	0.94%	<u>19,501,713</u>	-	-	-	Not Rated
	<u><u>\$ 34,991,719</u></u>		<u><u>\$ 27,169,659</u></u>	<u><u>\$ 7,818,020</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,040</u></u>	

Reported in the following classifications

Pooled cash and cash equivalents and investments	\$ 50,774,684
Restricted cash and cash equivalents	2,021,475
Less pooled cash and cash equivalents	(17,804,440)
Pooled investments	<u><u>\$ 34,991,719</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. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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 with a focus on liquidity and as a means of limiting its exposure to fair value losses arising from 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 and losses.

As of June 30, 2022, the City's investment portfolio included 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 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 policy. The City's investments in U.S. Government securities were rated Aaa by Moody's and AAA by Standard and Poor's.

WYO-STAR invests 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 concentration of credit risk is the risk of loss that may be caused by the City's investments in a single issuer. The City does not have a formal policy that allows for or limits an investment in any one issuer that exceeds a specified percentage of the City's total investments. The composition of the investment portfolio of City at June 30, 2022 is as follows:

Deposit and Investment Types	Fair Value	Percent of Portfolio
U.S. Agency obligations	\$ 4,040	0.02%
U.S. Treasury obligations	10,389,697	29.69%
Certificates of deposit	5,096,269	14.56%
WYO-STAR investment pool	19,501,713	55.73%
	<hr/> <u>\$ 34,991,719</u>	<hr/> <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 held 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 serves to limit its custodial credit risk.

The City's investment balances with Edward Jones and Morton are insured up to \$500,000 (with a limit of \$100,000 for cash) by the Securities Investment Protection Corporation.

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 accounting principles generally accepted in the United States. 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. The 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, 2022:

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.

The following table sets forth by level, within the fair value hierarchy, the City's investment at fair value as of June 30, 2022:

	Investments at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
U.S. Agency obligations	\$ -	\$ 4,040	\$ -	\$ 4,040
U.S. Treasury obligations	<u>10,389,697</u>	<u>-</u>	<u>-</u>	<u>10,389,697</u>
Total primary government investments	<u>\$ 10,389,697</u>	<u>\$ 4,040</u>	<u>\$ -</u>	<u>\$ 10,393,737</u>
Other investments reported in the following classifications				
Certificates of deposit				5,096,269
WYO-STAR investment pool				19,501,713
Total investments at fair value				<u>\$ 34,991,719</u>

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

As of June 30, 2022, the City's accounts receivable, including any applicable allowances for uncollectible accounts, are as follows:

	General Fund	Economic Development Fund	Other Governmental Funds	Total
Governmental activities				
Franchise fees	\$ 44,068	\$ -	\$ -	\$ 44,068
Sales, use, and gas tax	1,163,847	-	-	1,163,847
Lottery	96,080	-	-	96,080
Pari-mutuel	165,851	-	-	165,851
Municipal court	381,039	-	-	381,039
Miscellaneous	-	1,000	83,821	84,821
Allowance for uncollectible accounts	(345,190)	-	-	(345,190)
Total	<u>\$ 1,505,695</u>	<u>\$ 1,000</u>	<u>\$ 83,821</u>	<u>\$ 1,590,516</u>

	Water Fund	Sewer Fund	Environmental Service Fund	Total
Business-type activities				
Customer	\$ 366,939	\$ 149,436	\$ 166,382	\$ 682,757
Total	<u>\$ 366,939</u>	<u>\$ 149,436</u>	<u>\$ 166,382</u>	<u>\$ 682,757</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, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Governmental Activities					
Note receivable	\$ 52,467	\$ -	\$ 8,745	\$ 43,722	\$ 8,745
Total note receivable	<u>\$ 52,467</u>	<u>\$ -</u>	<u>\$ 8,745</u>	<u>\$ 43,722</u>	<u>\$ 8,745</u>

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

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities				
Capital assets, not being depreciated/ amortized				
Land	\$ 9,423,797	\$ -	\$ -	\$ 9,423,797
Construction in progress	171,677	472,593	48,657	595,613
Total capital assets not being depreciated/amortized	9,595,474	472,593	48,657	10,019,410
Capital assets, being depreciated/ amortized				
Buildings and systems	45,245,256	-	107,908	45,137,348
Machinery and equipment	5,526,970	58,624	110,825	5,474,769
Infrastructure	17,818,170	-	-	17,818,170
Land improvements	2,110,656	-	-	2,110,656
Right of use asset	31,091	-	-	31,091
Total capital assets being depreciated/amortized	70,732,143	58,624	218,733	70,572,034
Less accumulated depreciation/ amortization for				
Buildings and systems	24,612,295	1,270,723	20,266	25,862,752
Machinery and equipment	4,511,029	225,961	110,825	4,626,165
Infrastructure	17,581,291	47,203	-	17,628,494
Land improvements	421,158	57,316	-	478,474
Right of use asset	5,418	6,218	-	11,636
Total accumulated depreciation/amortization	47,131,191	1,607,421	131,091	48,607,521
Total capital assets, being depreciated/amortized, net	23,600,952	(1,548,797)	87,642	21,964,513
Governmental activities capital assets, net	\$ 33,196,426	\$ (1,076,204)	\$ 136,299	\$ 31,983,923

As a result of implementation of GASB Statement No. 87 (GASB 87), *Leases*, equipment assets of \$31,091 and related accumulated depreciation of \$5,418 was transferred to the lease assets equipment classification. As the lease asset is offset by an equal amount of lease liability, the City does not report a restatement of beginning net position for the implementation of GASB 87.

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

Capital asset activity for the business-type activities for the year ended June 30, 2022 was as follows:

	Beginning Balance (restated)	Additions	Deletions	Ending Balance
Business-type activities				
Capital assets, not being depreciated/amortized				
Land	\$ 733,694	\$ -	\$ -	\$ 733,694
Construction in progress	339,521	398,021	297,805	439,737
Total capital assets not being depreciated/amortized	1,073,215	398,021	297,805	1,173,431
Capital assets, being depreciated/amortized				
Buildings and systems	66,199,328	205,996	-	66,405,324
Machinery and equipment	3,952,569	78,164	5,441	4,025,292
Land improvements	3,992,905	-	-	3,992,905
Right of use asset	237,429	-	-	237,429
Total capital assets being depreciated/amortized	74,382,231	284,160	5,441	74,660,950
Less accumulated depreciation/amortization for				
Buildings and systems	43,482,761	1,119,325	-	44,602,086
Machinery and equipment	2,634,995	304,191	5,441	2,933,745
Land improvements	2,293,476	133,872	-	2,427,348
Right of use asset	95,362	47,486	-	142,848
Total accumulated depreciation/amortization	48,506,594	1,604,874	5,441	50,106,027
Total capital assets, being depreciated/amortized, net	25,875,637	(1,320,714)	-	24,554,923
Business-type activities capital assets, net	\$ 26,948,852	\$ (922,693)	\$ 297,805	\$ 25,728,354

As a result of implementation of GASB Statement No. 87 (GASB 87), *Leases*, equipment assets of \$237,429 was transferred to the right of use asset classification. A restatement of beginning net position for the implementation of GASB 87 was necessary of \$47,681.

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 \$216,968. The related accumulated depreciation on that asset was \$130,181 as of June 30, 2022.

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	\$ 52,003
Public safety and transportation	68,533
Public works, including depreciation of general infrastructure assets	1,425,962
Health, welfare and recreation	27,264
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	31,869

Total depreciation expense for governmental activities

\$ 1,607,421

Business-type activities

Water fund	\$ 1,017,952
Sewer fund	189,282
Golf fund	306,619
Environmental service fund	91,021

Total depreciation and amortization expense for business-type activities

\$ 1,604,874

Note 7. Leases***Lease receivable***

The City leases a building to a third party. The lease term is until April 2023 and the City will receive monthly payments of \$8,000. The City recognized the \$84,997 in lease revenue and \$6,003 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the City's receivable for lease payments was \$78,268. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$78,268.

Notes to the Financial Statements

Note 7. Leases (Continued)

Lease purchase

On May 7, 2019, the City entered into a lease purchase agreement with Yamaha Motor Finance Corporation, U.S.A. The lease financed the purchase of golf carts in the business-type activities. An initial lease liability was recorded in the amount of \$216,968 at the start of the lease. As of June 30, 2022, the value of the lease liability was \$111,559. The City is required to make monthly principal and interest payments of \$3,495. The lease has an interest rate of 4.84%.

The future principal and interest lease payments as of June 30, 2022 were as follows:

Year ending June 30,	
2023	\$ 38,448
2024	77,500
	<hr/>
	115,948
Less amount representing interest	(4,389)
Net present value of minimum lease payment	<hr/> <hr/> \$ 111,559

Lease payable

On August 17, 2020, the City entered into a lease agreement with Quadient Leasing for the use of equipment in the governmental activities. An initial lease liability was recorded in the amount of \$31,091 at the start of the lease. As of June 30, 2022, the value of the lease liability was \$21,046. The City is required to make monthly principal and interest payments of \$584. The lease has an interest rate of 4.8%. The equipment has a 5 year useful life. The net book value of the right to use asset as of the end of the current fiscal year was \$19,455 and had accumulated amortization of \$11,636.

The future principal and interest lease payments as of June 30, 2022 were as follows:

Year ending June 30,	
2023	\$ 7,006
2024	7,006
2025	7,007
2026	1,753
	<hr/>
	22,772
Less amount representing interest	(1,726)
Net present value of minimum lease payment	<hr/> <hr/> \$ 21,046

Notes to the Financial Statements**Note 7. Leases (Continued)*****Lease payable (Continued)***

On March 21, 2019, the City entered into a lease agreement with TCF Equipment Finance for the use of equipment in the business-type activities. An initial lease liability was recorded in the amount of \$237,429 at the start of the lease. As of June 30, 2022, the value of the lease liability was \$101,491. The City is required to make monthly principal and interest payments of \$4,445. The lease has an interest rate of 4.84%. The equipment has a 5 year useful life. The net book value of the right to use asset as of the end of the current fiscal year was \$94,581 and had accumulated amortization of \$142,848.

The future principal and interest lease payments as of June 30, 2022 were as follows:

Year ending June 30,				
2023				\$ 53,345
2024				53,345
				106,690
Less amount representing interest				(5,199)
Net present value of minimum lease payment				\$ 101,491

Note 8. Long-Term Debt

The changes in long-term debt for the year ended June 30, 2022 were as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Governmental activities					
Compensated absences	\$ 698,002	\$ 7,626	\$ -	\$ 705,628	\$ 57,969
Lease	26,889	-	5,843	21,046	6,130
Retainage payable	-	13,912	-	13,912	-
Net pension liability	2,509,573	1,774,842	-	4,284,415	-
Other post-employment benefits liability	769,342	-	3,776	765,566	-
Governmental activities long-term liabilities	\$ 4,003,806	\$ 1,796,380	\$ 9,619	\$ 5,790,567	\$ 64,099

Long-term debt related to governmental activities including pension and OPEB obligations is generally liquidated by the general fund.

Notes to the Financial Statements**Note 8. Long-Term Debt (Continued)**

The changes in long-term debt for the business-type activities for the year ended June 30, 2022 were as follows:

	Balance			Balance June 30, 2022	Due Within One Year
	June 30, 2021	Additions	Reductions		
Business-type activities					
Compensated absences	\$ 348,867	\$ -	\$ 623	\$ 348,244	\$ 36,386
Lease:					
Lease purchase	147,410	-	35,851	111,559	34,357
Equipment lease	148,677	-	47,186	101,491	49,520
Retainage payable	-	2,625	-	2,625	-
Net pension liability	1,674,296	-	493,376	1,180,920	-
Other post-employment benefits liability	304,696	-	1,987	302,709	-
Business-type activities	<u>\$ 2,623,946</u>	<u>\$ 2,625</u>	<u>\$ 579,023</u>	<u>\$ 2,047,548</u>	<u>\$ 120,263</u>
long-term liabilities					

Long-term debt related to business-type activities including pension and OPEB obligations is generally liquidated by the respective enterprise fund.

Note 9. Fund Balances

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

Nonspendable				
Economic development				\$ 34,977
Cemetery fund				100,000
Restricted for				
Lodging tax				931,282
Economic development				1,312,187
Cemetery fund				105,873
Assigned to				
City Hall				973,160
Police and Fire Buildings				1,480,080
Public Works Buildings				1,000,000
Recreation Center				1,848,805
Unassigned				<u>\$ 12,290,151</u>
				<u>\$ 20,076,515</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. The economic development fund is used to account for the lease with Clean Energy that is restricted for the purpose of economic development of the City. 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, 2022. 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			
Urban Systems City View Phase I	\$ 195,979	\$ 17,513	\$ 178,466
Wash House/Restroom	50,000	46,760	3,240
Cemetery Fund			
Cemetery Software Database	12,000	11,363	637
Economic Development Fund			
Avalon Project	4,609,607	427,555	4,182,052
State Hospital Feasibility Study	87,500	86,984	516
Roundhouse Courtyard TAP Grant	496,557	5,438	491,119
Total governmental activities	<u>5,451,643</u>	<u>595,613</u>	<u>4,856,030</u>
Business-type activities			
Water Fund			
Water Line Replacements	50,000	34,737	15,263
Environmental Services Fund			
NRCS Watershed Project Initial Study	450,000	405,000	45,000
Total business-type activities	<u>500,000</u>	<u>439,737</u>	<u>60,263</u>
Total primary government	<u>\$ 5,951,643</u>	<u>\$ 1,035,350</u>	<u>\$ 4,916,293</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, 2022, 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 2022 and 2021 were approximately \$78,810 and \$30,580, 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 prior three fiscal years.

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, 2022, the City paid \$2,114,702 in premiums to Blue Cross Blue Shield, WEBT's third party administrator. If the City were 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)

Pension Plan Fiduciary Net Position (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 9.25% of their annual covered salary and the employer is statutorily required to contribute 9.37% of the annual covered payroll for a total of 18.62%. 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 13.44% of covered payroll and the employees contribute the remaining portion, 5.18% of covered payroll. The City's contributions to the PEPP plan for the years ended June 30, 2022, 2021, and 2020, were \$400,014, \$382,273 and \$380,367, respectively, while the employees' portion was \$154,176, \$142,882 and \$137,566, respectively.

For the years ended June 30, 2022, 2021 and 2020, the City's statutorily required contributions to the PEPP pension plan were \$278,880, \$264,316, and \$260,730, respectively.

The amount of contributions designated as employee contributions represent 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 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, Wyoming Gaming Commission and Wyoming Board of Outfitters.

The LEPP statutorily provides retirement, disability and death benefits according to predetermined amounts 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 4.84% 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 13.44% of covered payroll and the police officers contribute the remaining portion, 3.76% of covered payroll.

The City's contributions to the LEPP plan for the years ended June 30, 2022, 2021, and 2020, were \$230,969, \$232,389 and \$223,296, respectively, while the employees' portion was \$64,617, \$70,752 and \$73,512, respectively.

For the years ended June 30, 2022, 2021, and 2020, the City's statutorily required contributions to the LEPP pension plan were \$147,793, \$151,570, and \$148,404, 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, 2022, the City reported a total liability of \$5,465,335 for its proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of December 31, 2021, 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, 2020. The net pension liability as of December 31, 2021 is based on the results of an actuarial valuation as of January 1, 2021, rolled forward to a measurement date of December 31, 2021.

The schedule below shows the City's proportionate share of the net pension liability at June 30, 2022, the proportionate portion at the measurement date of December 31, 2021, and the change in the proportion from the previous measurement date.

	Pension liability at June 30, 2022	Proportion at December 31, 2021	Increase (decrease) from December 31, 2020
Public Employees' Pension Plan	\$ 2,470,668	0.162040573%	0.002404525%
Law Enforcement Pension Plan	2,994,667	1.052464345%	0.003756659%
	\$ 5,465,335		

For the year ended June 30, 2022, the City recognized pension expense of \$883,142.

At June 30, 2022, 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	\$ 225,067	\$ 123,900	\$ 348,967
Changes in assumptions	199,927	2,279,993	2,479,920
Difference between actual and expected experience rate	45,687	171,451	217,138
Change in employer's proportion	131,141	52,517	183,658
Amortizing deferred outflows	601,822	2,627,861	3,229,683
Contributions subsequent to the measurement date	139,277	74,449	213,726
Total	\$ 741,099	\$ 2,702,310	\$ 3,443,409

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, 2022, 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	\$ (1,883,781)	\$ (1,129,053)	\$ (3,012,834)
Changes in assumptions	-	(373,055)	(373,055)
Difference between actual and expected experience rate	(3,707)	(8,398)	(12,105)
Change in employer's proportion	(29,633)	(6,007)	(35,640)
Total	\$ (1,917,121)	\$ (1,516,513)	\$ (3,433,634)

The City reported \$213,726 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, 2023. 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		
	Public Employees' Pension Plan	Law Enforcement Pension Plan	Total
2023	\$ 434,498	\$ 1,044,542	\$ 1,479,040
2024	120,643	757,287	877,930
2025	46,681	712,307	758,988
2026	-	113,725	113,725
	\$ 601,822	\$ 2,627,861	\$ 3,229,683

Year ended June 30:	Deferred (Inflows)		
	Public Employees' Pension Plan	Law Enforcement Pension Plan	Total
2023	\$ (638,753)	\$ (648,750)	\$ (1,287,503)
2024	(633,424)	(475,979)	(1,109,403)
2025	(365,726)	(223,239)	(588,965)
2026	(279,218)	(168,545)	(447,763)
	\$ (1,917,121)	\$ (1,516,513)	\$ (3,433,634)

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

The total pension liability at the December 31, 2021 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, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	
PEPP	26 years
LEPP	24 years
Asset valuation method	5 year smoothed market
Inflation	2.25%
Salary increases	
PEPP	2.5% to 6.5%, including inflation
LEPP	3.00% to 7.00%, including inflation
Payroll growth rate	2.50%
Cost of living increase	0.00%
Investment rate of return	6.80%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on an experience study that covered a five year period ending December 31, 2020.
Post-Retirement Mortality	
PEPP	Pub-2010 General/Safety Healthy Annuitant Mortality Table, amount weighted, fully generational, projected with Scale MP-2020 Ultimate Scale Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 103%
LEPP	Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 100%
Pre-Retirement Mortality	Pub-2010 General/Safety Active Mortality Table, amount weighted, fully generational, projected with Scale MP-2020 Ultimate Scale Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 100% 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, 2021. In addition, a five-year experience study was completed as of December 31, 2020 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 6.80% (real return net of inflation of 4.55%) 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 by adding expected inflation. Each major asset class is included in the pension plans target asset allocation for the fiscal year 2021. These best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Cash	2.00%	-0.50%	-0.50%
Fixed income	21.00%	1.32%	1.63%
Equity	48.50%	5.63%	7.54%
Marketable alternatives	19.00%	3.74%	4.63%
Private markets	9.50%	4.84%	5.99%
Total	100.00%	4.17%	5.44%

Discount Rate

The discount rate used to measure the Public Employees Plan total pension liability was 6.80% and the Law Enforcement Plan total pension liability was 6.17%. 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 6.80%, the municipal bond rate is 1.84% (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 (5.80%)	Rate Assumption (6.80%)	1% Increase (7.80%)
Public Employees' Pension Plan	\$ 4,558,351	\$ 2,470,668	\$ 740,096
Law Enforcement Pension Plan	(4.17%)	(5.17%)	(6.17%)
	4,913,796	2,994,667	1,457,525

Payables to the Pension Plan

At June 30, 2022, the City reported no payables to the pension plans.

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

Plan administration. The City sponsors a single employer, healthcare coverage defined benefit plan 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, 2022, the most recent valuation date, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	3
Active plan members	90
	93

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 2022, the City contributed \$17,443 to the plan. Members receiving benefits contributed \$49,450 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	\$ 983	\$ 88	\$ 214	\$ 857
Employee and Spouse	1,806	161	393	1,574
Employee and Children	1,587	142	346	1,383
Employee and Family	2,465	220	537	2,148

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

Total OPEB Liability

The City's total other post-employment benefit (OPEB) Liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022. 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	2.75 percent
Healthcare cost trend rate	6.00 percent for 2022-2023; 5.20 percent for 2024-2069; 4.00 percent for 2070 and later years Medicare ages: 3.50 percent
Preretirement Mortality	RP-2014 Employee Mortality, fully generational
Postretirement Mortality	RP-2014 Healthy Annuitant Mortality, fully generational
Mortality Improvement Scale	Society of Actuaries, 2021 mortality improvement scale (MP-2021)

Actuarial assumptions used in the June 30, 2022 valuation were based on a review of plan experience during the period June 30, 2020 to June 30, 2022.

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, 2021	June 30, 2021	1.92%	1.92%
June 30, 2022	June 30, 2022	3.69%	3.69%

Schedule of Changes in the Total OPEB Liability (June 30, 2021 to June 30, 2022)

	Total OPEB Liability
Balance at June 30, 2021	\$ 1,074,038
Changes for the year	
Service cost	79,216
Interest	21,552
Difference between expected and actual experience	124,222
Changes in assumptions or other inputs	(168,977)
Benefit payments	(61,776)
Net changes in total OPEB liability	(5,763)
Total OPEB obligation - end of year	<u><u>\$ 1,068,275</u></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 (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB Liability	\$ 1,169,708	\$ 1,068,275	\$ 976,328

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 5.00% decreasing to 2.50%	Trend Rate 6.00% decreasing to 3.50%	1% Increase 7.00% decreasing to 4.50%
Total OPEB Liability	\$ 950,841	\$ 1,068,275	\$ 1,206,884

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, 2022, 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	\$ 154,217	\$ -
Changes in assumptions or other inputs	106,845	(149,555)
Total	\$ 261,062	\$ (149,555)

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
2023	\$ 40,558	\$ (19,423)
2024	40,558	(19,423)
2025	40,558	(19,423)
2026	40,558	(19,423)
2027	40,558	(19,423)
2028-2030	58,272	(52,440)
	\$ 261,062	\$ (149,555)

Note 15. Accounting Standards Issued, But Not Implemented

As of June 30, 2022, 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. 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.

Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, aligns recognition and measurement guidance for all types of compensated absences under a unified model which will result in governments recognizing a liability that more appropriately reflects when they incur an obligation for compensated absences. The model also will lead to greater consistency in application and improved comparability across governments. The requirements of the Statement are effective for reporting periods beginning after December 15, 2023.

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



**REQUIRED
SUPPLEMENTARY
INFORMATION**

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City of Evanston, Wyoming

Year Ended June 30, 2022

**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	\$ 611,050	\$ 611,050	\$ 747,176	\$ 136,126
Sales and use taxes	2,085,000	2,085,000	2,849,450	764,450
Franchise fees	158,500	158,500	177,190	18,690
	<u>2,854,550</u>	<u>2,854,550</u>	<u>3,773,816</u>	<u>919,266</u>
Licenses and permits				
Licenses and permits	141,300	141,300	294,643	153,343
Fines and forfeitures				
Fines and forfeitures	104,700	104,700	178,983	74,283
Intergovernmental revenues				
State gasoline tax	455,000	455,000	542,411	87,411
Severance tax	425,000	425,000	422,849	(2,151)
Cigarette tax	80,000	80,000	88,384	8,384
State funding	719,000	719,000	1,438,474	719,474
Grants	3,019,302	3,019,302	3,983,518	964,216
Mineral royalties	575,000	575,000	610,462	35,462
Pari-mutuel/lottery tax	650,000	650,000	758,831	108,831
	<u>5,923,302</u>	<u>5,923,302</u>	<u>7,844,929</u>	<u>1,921,627</u>
Charges for services				
Public safety fees	42,950	42,950	180,679	137,729
	<u>42,950</u>	<u>42,950</u>	<u>180,679</u>	<u>137,729</u>
Investment earnings and miscellaneous				
Interest earnings	152,000	152,000	(551,267)	(703,267)
Miscellaneous revenues	73,535	73,535	114,847	41,312
	<u>225,535</u>	<u>225,535</u>	<u>(436,420)</u>	<u>(661,955)</u>
Total revenues	<u>9,292,337</u>	<u>9,292,337</u>	<u>11,836,630</u>	<u>2,544,293</u>

(Continued)

City of Evanston, Wyoming

Year Ended June 30, 2022

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

Expenditures	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)	
General government	\$ 4,484,307	\$ 4,506,307	\$ 3,744,389	\$ 761,918	
Public safety and transportation	3,777,439	3,777,439	3,386,547	390,892	
Public works	1,507,530	1,507,530	1,324,846	182,684	
Health, welfare and recreation	2,289,384	2,289,384	2,287,854	1,530	
Capital outlay	1,255,293	1,255,293	224,265	1,031,028	
Total expenditures	13,313,953	13,335,953	10,967,901	2,368,052	
Excess (deficiency) of revenues over expenditures	(4,021,616)	(4,043,616)	868,729	\$ 4,912,345	
Fund balance - beginning of year	16,723,467	16,723,467	16,723,467		
Fund balance - end of year	\$ 12,701,851	\$ 12,679,851	\$ 17,592,196		

City of Evanston, Wyoming

Year Ended June 30, 2022

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

	Budgeted Amounts			Variance with final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 5,053,423	\$ 5,053,423	\$ 517,461	\$ (4,535,962)
Rental income	102,245	102,245	84,997	(17,248)
Investment earnings and miscellaneous	5,000	5,000	12,522	7,522
Total revenues	<u>5,160,668</u>	<u>5,160,668</u>	<u>614,980</u>	<u>(4,545,688)</u>
Expenditures				
Current				
Health, welfare and recreation	40,000	40,000	36,423	3,577
Capital outlay	<u>5,485,252</u>	<u>5,485,252</u>	<u>381,426</u>	<u>5,103,826</u>
Total expenditures	<u>5,525,252</u>	<u>5,525,252</u>	<u>417,849</u>	<u>5,107,403</u>
Excess (deficiency) of revenues over expenditures	(364,584)	(364,584)	197,131	\$ 561,715
Fund balance - beginning of year,	<u>1,150,033</u>	<u>1,150,033</u>	<u>1,150,033</u>	
Fund balance - end of year	<u>\$ 785,449</u>	<u>\$ 785,449</u>	<u>\$ 1,347,164</u>	

City of Evanston, Wyoming

Last 10 Fiscal Years **

**Schedule of Changes in Net Pension Liability and Related Ratios
(Unaudited)**

	2022	2021	2020	2019
Public Employees' Pension Plan				
City's proportion of the net pension liability	0.162040573%	0.159636048%	0.161921551%	0.148417953%
City's proportionate share of the net pension liability	\$ 2,470,668	\$ 3,469,466	\$ 3,805,037	\$ 4,519,758
City's covered payroll	\$ 2,949,022	\$ 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	83.78%	122.07%	135.19%	174.88%
Plan fiduciary net position as a percentage of the total pension liability	86.03%	79.24%	76.83%	69.17%
Law Enforcement Pension Plan				
City's proportion of the net pension liability	1.052464345%	1.048707686%	1.057945216%	0.938982725%
City's proportionate share of the net pension liability	\$ 2,994,668	\$ 714,403	\$ 911,935	\$ 2,273,018
City's covered payroll	\$ 1,748,472	\$ 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	171.27%	42.38%	55.31%	159.36%
Plan fiduciary net position as a percentage of the total pension liability	75.62%	91.82%	89.05%	71.22%

* 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
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%	73.20%	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)**

	2022	2021	2020	2019
Public Employees' Pension Plan				
Statutorily required contribution	\$ 278,880	\$ 264,316	\$ 260,730	\$ 236,519
Contributions in relation to the statutorily required contribution	(278,880)	(264,316)	(260,730)	(236,519)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,976,307	\$ 2,898,202	\$ 2,939,459	\$ 2,743,840
Contributions as a percentage of covered payroll	9.37%	9.12%	8.87%	8.62%
Law Enforcement Pension Plan				
Statutorily required contribution	\$ 147,793	\$ 151,570	\$ 148,404	\$ 139,544
Contributions in relation to the statutorily required contribution	(147,793)	(151,570)	(148,404)	(139,544)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,718,523	\$ 1,762,442	\$ 1,725,628	\$ 1,622,605
Contributions as a percentage of covered payroll	8.60%	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
\$ 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>
\$ 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>
\$ 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)**

	2022	2021	2020	2019
Total OPEB Liability				
Service cost	\$ 79,216	\$ 62,097	\$ 50,229	\$ 45,424
Interest	21,552	25,068	25,779	25,081
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	124,222	-	67,991	-
Employee contributions	-	-	-	-
Changes in assumptions and other inputs	(168,977)	48,346	80,920	30,425
Benefits payments	(61,776)	(44,865)	(29,616)	(11,290)
Net change in OPEB liability	(5,763)	90,646	195,303	89,640
Total OPEB liability - beginning	1,074,038	983,392	788,089	698,449
Total OPEB liability - ending	\$ 1,068,275	\$ 1,074,038	\$ 983,392	\$ 788,089
Covered employee payroll	\$ 4,718,953	\$ 4,868,680	\$ 4,298,259	\$ 3,820,068
Total liability as a percentage of covered employee payroll	22.64%	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
\$	44,101	*	*	*	*	*
	23,031	*	*	*	*	*
-	*	*	*	*	*	*
-	*	*	*	*	*	*
-	*	*	*	*	*	*
(9,697)	*	*	*	*	*	*
57,435	*	*	*	*	*	*
641,014	*	*	*	*	*	*
\$ 698,449	\$ -					
\$ 2,300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30.37%	*	*	*	*	*	*

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 2022 fiscal year end, it was necessary to amend the originally adopted budget. The expenditure budgets for the following funds and departments were amended through budget transfers between departments or funds and from unanticipated revenues:

	<u>Amendments</u>
General fund	
General government	\$ 22,000
Water Fund	\$ 350,000
Sewer Fund	172,000
Internal service fund	100,000

Excess of Expenditures Over Appropriations

For the year ended June 30, 2022, the internal service fund and lodging tax fund expenditures exceeded appropriations by \$66,635 and \$2,724, respectively.

Note 2. Explanation of Changes in Factors to Pension Plans

Changes of assumptions – There have been no changes in benefit provisions since the prior valuation.

Changes in benefits – An experience study was conducted on behalf of all WRS' plans covering the five year period ending December 31, 2020. That study provided a detailed analysis concerning the development of the long term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g. mortality, salary increases, retirement, termination and disability) and proposed assumptions consistent with the findings. For further information on the experience study and related assumption recommendation, the reader is directed to request the December 31, 2020 Wyoming Retirement System Experience Study.

Notes to the Required Supplementary Information

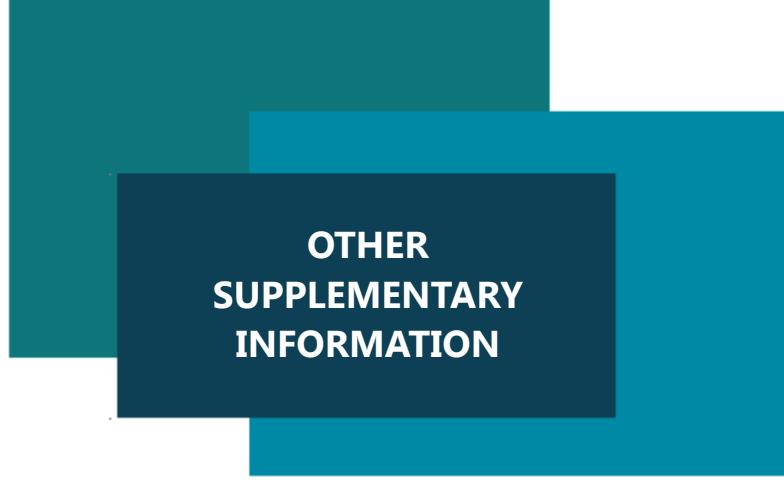
Note 3. Explanation of Changes to OPEB Plan

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, 2022 valuation were based on a review of plan experience during the period June 30, 2020 to June 30, 2022.

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 care and maintenance of the public cemetery.

City of Evanston, Wyoming

June 30, 2022

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	\$ 859,636	\$ 195,193	\$ 1,054,829
Accounts receivable	<u>71,646</u>	<u>12,175</u>	<u>83,821</u>
Total assets	<u><u>\$ 931,282</u></u>	<u><u>\$ 207,368</u></u>	<u><u>\$ 1,138,650</u></u>
LIABILITIES			
Accounts payable	\$ -	\$ 1,495	\$ 1,495
Total liabilities	<u>-</u>	<u>1,495</u>	<u>1,495</u>
FUND BALANCES			
Nonspendable			
Permanent fund principal	-	100,000	100,000
Restricted	<u>931,282</u>	<u>105,873</u>	<u>1,037,155</u>
Total fund balances	<u><u>931,282</u></u>	<u><u>205,873</u></u>	<u><u>1,137,155</u></u>
Total liabilities and fund balances	<u><u>\$ 931,282</u></u>	<u><u>\$ 207,368</u></u>	<u><u>\$ 1,138,650</u></u>

City of Evanston, Wyoming

Year Ended June 30, 2022

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	\$ 326,378	\$ -	\$ 326,378
Charges for services	-	72,959	72,959
Intergovernmental	92,882	-	92,882
Investment earnings and miscellaneous	1,391	233	1,624
Total revenues	420,651	73,192	493,843
Expenditures			
Current			
Health, welfare and recreation	353,974	263,105	617,079
Total expenditures	353,974	263,105	617,079
Excess (deficiency) of revenues over expenditures	66,677	(189,913)	(123,236)
Net change in fund balances	66,677	(189,913)	(123,236)
Fund balances - beginning of year	864,605	395,786	1,260,391
Fund balances - end of year	\$ 931,282	\$ 205,873	\$ 1,137,155

City of Evanston, Wyoming

Year Ended June 30, 2022

**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	\$ 225,000	\$ 225,000	\$ 326,378	\$ 101,378	
Intergovernmental	-	-	92,882	92,882	
Investment earnings and miscellaneous	3,500	3,500	1,391	(2,109)	
Total revenues	228,500	228,500	420,651	192,151	
Expenditures					
Current					
Health, welfare and recreation					
General expenses	250	250	1,520	(1,270)	
Marketing and promotion	310,000	310,000	313,468	(3,468)	
Event sponsorships	15,000	15,000	12,986	2,014	
Contractual services	26,000	26,000	26,000	-	
Total expenditures	351,250	351,250	353,974	(2,724)	
Excess (deficiency) of revenues over expenditures	(122,750)	(122,750)	66,677	\$ 189,427	
Fund balance - beginning of year	864,605	864,605	864,605		
Fund balance - end of year	\$ 741,855	\$ 741,855	\$ 931,282		



COMPLIANCE SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), 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, 2022, and the related notes to the financial statements, which collectively comprise the City of Evanston, Wyoming's basic financial statements, and have issued our report thereon dated December 20, 2022.

Report on 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 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 City of Evanston, Wyoming's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2022-001 and 2022-002 that we consider to be material weaknesses.



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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Evanston, Wyoming's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

City of Evanston, Wyoming's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Evanston, Wyoming's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City of Evanston, Wyoming's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
December 20, 2022

Material Weakness in Internal Control over Financial Reporting

2022-001: 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, 2021 audit, 2021-001.

Material Weakness in Internal Control over Financial Reporting (Continued)

2022-001: 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.

Material Weakness in Internal Control over Financial Reporting (Continued)

2022-002: 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, 2021 audit, 2021-002.

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.

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Office of the Treasurer

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Summary schedule of prior year audit findings

Finding – 2021-001 – 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 – 2021-002 – 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.

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

Name of Contact Person – Trudy Lym, Director of Finance

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.

Status

The City was not required to prepare a SEFA for presentation in the financial statements for the year ended June 30, 2022.

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Corrective Action Plan

Section II – Financial Statement Findings

Finding – 2022-001 – 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, 2023

Finding – 2022-002 – 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, 2023