

CITY OF EVANSTON, WYOMING

FINANCIAL REPORT

June 30, 2010

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CONTENTS

Introductory Section	
Title page	i
Table of contents	ii
Letter of transmittal	v
Financial Section	
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	3
Basic Financial Statements	10
Government-wide Financial Statements	
Statement of Net Assets	11
Statement of Activities	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	15
Reconciliation of Governmental Funds	
Fund Balances to Net Assets of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in	
Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and	
Changes in Fund Balances of Governmental Funds to the	
Statement of Activities	18
Statement of Net Assets - Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund	
Net Assets - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	25
Notes to Financial Statements	29

CONTENTS (Continued)

Required Supplementary Information	46
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund	47
Combining and Individual Fund Information and Other Supplementary Information	51
Combining and Individual Fund Statements and Schedules Combining Balance Sheet – Nonmajor Governmental Funds	53
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	54
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Lodging Tax Fund	55
Statement of Net Assets – Nonmajor Proprietary Fund	57
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Nonmajor Proprietary Fund	58
Statement of Cash Flows – Nonmajor Proprietary Fund	59
Statement of Net Assets - Internal Service Fund	61
Statement of Revenues, Expenses and Changes in Fund Net Assets- Internal Service Fund	62
Statement of Cash Flows - Internal Service Fund	63
Statement of Cash Receipts and Disbursements – Youth Drug and Alcohol Court	64
Capital Assets Used in the Operation of Governmental Funds Schedule by Source	66
Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity	67
Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function and Activity	69

CONTENTS (Continued)

Compliance Section	70
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	71
Schedule of Expenditures of Federal Awards	74
Notes to Schedule of Expenditures of Federal Awards	76
Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	77
Schedule of Findings and Questioned Costs	79
Summary Schedule of Prior Year Audit Findings	81

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December 09, 2010

To the Honorable Mayor, members of the Governing Council, and Citizens of the City of Evanston.

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principle (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Evanston for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the City of Evanston. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Evanston has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Evanston's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Evanston's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we attest that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Evanston's financial statements have been audited by Porter, Muirhead, Cornia, & Howard, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Evanston, for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Evanston's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Evanston was part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Evanston's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Evanston's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The government, located in the extreme southwest corner of the State of Wyoming, was incorporated June 23, 1888. The government has the power to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the governing council and initiated and approved by a majority of the property owners to be annexed.

The government has operated under the mayor-council form of government since incorporated. Policy making and legislative authority are vested in the governing council, which consists of a mayor and a six-member council. The governing council is responsible, among other things, for passing ordinances, adopting the budget, and appointing committees and heads of the government's departments. The council is elected on a non-partisan basis. Council members are elected to four-year staggered terms with three council members elected every two years. The mayor is elected to a four-year term. The six council members are elected from within their respective wards. There are three wards within the city limits and the mayor is elected at large.

The City of Evanston and Uinta County continue to show annual population growth as evident by the 2000 census figures which were released during 2001. Evanston's 2000 population is 11,507 which reflect a 5.5 percent increase from the 1990 census. Uinta County's population is 19,742 and also reflects a 5.5 percent increase during the past decade. The City of Evanston's percentage to total county population did not change and remains at 58.3 percent, thus the formula used to calculate the sales tax distribution for Evanston will remain the same as the pervious year. With the 2010 census approaching we anticipate an increase in our communities' population and look forward to an increase in sales tax distribution from the state. This will help with inflation costs we have tried to absorb in our department budgets.

The local economy continues to be driven by the oil and gas industry, and it is anticipated that this industry will remain the major player in Evanston's economy for the next several years. The continued expansion of the Wyoming State Hospital and the medical professional staffing in the community has a large economical effect.

The City of Evanston provides a full range of services, including police, maintenance of streets, recreational activities, water, sewer, sanitation, community development, youth services and youth alcohol and drug court.

The annual budget serves as the foundation for the City of Evanston's planning and control. All agencies of the City of Evanston are required to submit requests for appropriation to the government before the First Monday in May of each year. The government uses these requests as the starting point for developing a proposed budget. The government then presents this proposed budget to the council for review. The council is required to hold public hearings on the proposed budget and to adopt a final budget by the third Tuesday in June. The appropriated budget is prepared by fund function and department. Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the governing council.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Evanston operates.

Local Economy

The Cities economy continues to be driven by the mineral industry and medical profession fields. The location to the Wasatch Front and no state tax helps Evanston remains a prime location for businesses to move to Wyoming if the economy would get better.

The mineral/oil industry has had huge impact on the economy of Evanston this last year. With so many lay-offs in the oil field our sales in our stores are very low. People are just maintaining instead of spending much money. The decline has affected our sales tax and the economy in our community. Many other companies have had reductions in workforce or some businesses have closed all together and this is not helping our flow of cash in our community therefore, everyone feels the crunch.

Evanston is becoming a retirement location and there have been many employees transferred with from our area with the oil companies making changes because of the economy. This year we saw a decline in the housing market in general. This is not indicative of activity in Evanston but the entire country.

Economic development is a high priority within the city to recruit new business adding diversity to the economic picture of our mineral and oil industry presently affecting our community. This year the economy has had a large effect on our government. We continue to try to attract new business to increase our tax basis.

Long-term financial planning

Declining revenues continue to dictate the city's approach towards capital construction and restricts a conservative approach for operating budgets. This is a difficult challenge, especially with the escalating costs of health insurance and the slower returns on investments. The increase costs of fuel, housing materials, and other utilities, have required the city to evaluate many policies and operating efficiencies. The declining sales tax has had a large impact on our budgets. We continue to maintain services but capital construction is only accomplished with the funding coming from grants. However, we maintain a positive attitude toward the long term effect on our community and continue to do long term planning.

The City of Evanston continues to move forward with technology, training, and the demand of services. A continued search for grants remains our top focus. The economy of the country with the oil and gas prices fluctuating continues to affect our capital projects.

Cash management policies and practices: Cash temporarily idle during the year was invested in Certificates of Deposit, WYO-STAR investment pool, Wyoming Government Investment Fund, and GNMA bonds. The maturity of the investments depends on the type of investment.

The government's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by Federal Depository Insurance or collateralized. All collateral on deposits was held either by the government, its agent or a fiscal institution's trust department in the government's name.

Risk management: The government continued a limited risk management program with various control techniques, including employee accident prevention training. This training is intended to minimize accident-related losses.

The risk management objectives of the City of Evanston are (1) the contiguity of essential services to the city, (2) the safety of City employees and the public and (3) the avoidance of unnecessary and unreasonable liability exposure.

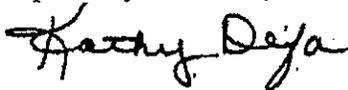
Pension and other post-employment benefits: The City of Evanston participates in several single-employer defined benefit pension plans for its employees. The City became involved with the Wyoming Retirement System to help secure employee's retirement. Our health premiums have increased by 50% due to continued health care expenses. During the fiscal year we made several changes to our insurance by increasing the deductible amount to help maintain good effective insurance coverage for our employees.

Awards and Acknowledgment

The City of Evanston received the Government Finance Officers Association award of Certificate of Achievement for Excellence in Financial Reporting for thirteen years. Recent changes to the statistical section requirements to meet GASB standards have required the Evanston City Council to reassess demand on time and record keeping, prompting the city to no longer participate in this reporting. However, this does not lower the level of efficiency in the organization to achieve the highest level of accounting reporting possible by the City of Evanston staff. We maintain the generally accepted accounting principles and applicable legal requirements necessary for detailed financial accountability.

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the finance department. The members of other departments of the City of Evanston need to be thanked for their contribution in helping the financial department accomplish accurate reports. Sincere appreciation is expressed to the Mayor and the City Council for their continued interest and support in conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Kathy Defa, City Treasurer

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FINANCIAL SECTION

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PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Evanston, Wyoming, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Evanston's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Evanston, Wyoming, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 09, 2010 on our consideration of the City of Evanston's internal control structure 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The letter of transmittal has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Evanston's basic financial statements. The budgetary comparison information on pages 47 through 50 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The combining and individual fund information and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund information and other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Additionally, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the City of Evanston. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

The accompanying basic financial statements, required supplementary information, combining and individual fund information and other supplementary information, and our independent auditor's reports are for the purpose of meeting local, state and federal requirements and are for the use of those entities and the management and the City Council and should not be used or relied upon by any other party for any purpose. Additional users of these basic financial statements, required supplementary information, combining and individual fund information and other supplementary information, and our independent auditor's reports are hereby advised that the liability of Porter, Muirhead, Cornia & Howard to third party users who use or rely on this information may be limited pursuant to 1995 Wyoming Session Laws, Chapter 155 creating Wyoming Statute §33-3-201.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

December 09, 2010

CITY OF EVANSTON, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

(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's for the fiscal year ended June 30, 2010.

Financial Highlights

- The assets of the City of Evanston, Wyoming exceeded its liabilities at the close of the most recent fiscal year by \$103,633,606 (*net assets*). Of this amount, \$32,023,355 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1,079,384.
- As of the close of the current fiscal year, the City of Evanston, Wyoming's governmental funds reported combined ending fund balances of \$10,270,551.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$9,141,263.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Evanston, Wyoming's basic financial statements. The City of Evanston, Wyoming's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Evanston, Wyoming's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Evanston, Wyoming's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, highways, streets, and culture and recreation. The business-type activities of the City of Evanston, Wyoming include water, sewer and other non-major enterprise operations.

The government-wide financial statements can be found on pages 11-14 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Evanston, Wyoming like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Evanston, Wyoming can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

CITY OF EVANSTON, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

(Unaudited)

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 2 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 the debt service fund, both of 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 nonmajor 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.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

Proprietary funds. The City of Evanston, Wyoming maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Evanston, Wyoming uses enterprise funds to account for its Water, and Sewer operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Evanston, Wyoming various functions. The City of Evanston, Wyoming uses internal service funds to account for its fleet of vehicles and office supplies. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer operation, all of which are considered to be major funds of the City of Evanston, Wyoming.

The basic proprietary fund financial statements can be found on 19-28 of this report.

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. The notes to the financial statements can be found on page 29-45 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Evanston, Wyoming's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 47-50 of this report.

CITY OF EVANSTON, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

(Unaudited)

The combining statements for non-major governmental funds and internal service funds can be found on pages 51-54 of this report.

Government-wide Financial Analysis

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

City of Evanston, Wyoming Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2010	2009	2010	2009	2010
Current assets	\$ 14,544,825	\$ 13,267,456	\$ 22,776,818	\$ 23,463,122	\$ 37,321,643	\$ 36,730,578
Capital assets Net Accum. Dep	33,306,618	34,384,948	35,894,096	35,081,694	69,200,714	69,466,642
Non Current Assets	-	-	1,750,000	1,525,404	1,750,000	1,525,404
Total assets	47,851,443	47,652,404	60,420,914	60,070,220	108,272,357	107,722,624
Current Liabilities	2,022,678	1,210,910	942,659	347,507	2,965,337	1,558,417
Total Non-Current liabilities	2,518,964	2,314,516	233,834	216,085	2,752,798	2,530,601
Total Liabilities	4,541,642	3,525,426	1,176,493	563,592	5,718,135	4,089,018
Net assets:						
Invested in capital assets, net of related debt	33,306,618	34,384,948	37,644,096	36,607,098	70,950,714	70,992,046
Restricted	205,847	205,847	366,911	412,358	572,758	618,205
Unrestricted	9,797,336	9,536,183	21,233,414	22,487,172	31,030,750	32,023,355
Total net assets	\$ 43,309,801	\$ 44,126,978	\$ 59,244,421	\$ 59,506,628	\$ 102,554,222	\$ 103,633,606

An additional portion of the City of Evanston, Wyoming's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$32,023,355 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 assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

CITY OF EVANSTON, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

(Unaudited)

Governmental and Business-type Activities. Governmental and business-type activities for the City of Evanston, Wyoming are provided in the following table.

City of Evanston, Wyoming's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Revenues:						
Program revenues:						
Charges for services	\$ 545,860	\$ 454,451	\$ 4,187,745	\$ 4,002,260	\$ 4,733,605	\$ 4,456,711
Operating grants and contributions	3,006,995	2,191,385	-	-	3,006,995	2,191,385
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	898,569	896,005	-	-	898,569	896,005
Other taxes	6,303,212	5,054,011	39,611	100	6,342,823	5,054,111
Grants and contributions not restricted to specific programs	2,859,491	2,752,976	-	-	2,859,491	2,752,976
Unrestricted						
Investment Earnings	536,935	489,411	445,268	241,775	982,203	731,186
Miscellaneous Revenue	143,583	127,105	46,669	-	190,252	127,105
Gain of Sale Capital Assets	-	-	-	-	-	-
Transfers	(655,000)	(645,500)	655,000	645,500	-	-
Total revenues	13,639,645	11,294,164	5,374,293	4,889,635	19,013,938	16,183,799
Expenses:						
General government	4,650,928	4,429,682	-	-	4,650,928	4,421,514
Public safety	2,698,225	2,707,448	-	-	2,698,225	2,707,448
Public Works	2,189,000	1,928,876	-	-	2,189,000	1,928,876
Recreation	1,449,301	1,423,161	-	-	1,449,301	1,423,161
Interest on long-term debt	-	13,500	-	-	-	13,500
Water	-	-	2,325,058	2,142,830	2,325,058	2,142,830
Sewer	-	-	916,755	905,525	916,755	905,525
Golf	-	-	1,069,376	1,012,594	1,069,376	1,012,594
Sanitation	-	-	529,618	566,479	529,618	566,479
Other Non Major Enterprise Funds	-	-	-	-	-	-
Total expenses	\$ 10,987,454	\$ 10,502,667	\$ 4,840,807	\$ 4,627,428	\$ 15,828,261	\$ 15,121,927
Increase in net assets before transfers						
Transfers	-	-	-	-	-	-
Change in net assets	\$2,652,191	\$817,177	\$533,486	\$262,207	\$3,185,677	\$1,079,384
Prior Period Adj.	672,196	-	-	-	672,196	-
Net assets - 6/30/09	39,985,414	43,309,801	58,710,935	59,244,421	98,696,349	102,554,222
Net assets - 6/30/10	\$ 43,309,801	\$ 44,126,978	\$ 59,244,421	\$ 59,506,628	\$ 102,554,222	\$ 103,633,606

CITY OF EVANSTON, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

(Unaudited)

The City of Evanston, Wyoming is very active in searching and obtaining grants to maintain the level of service and living conditions for our residents. Most recently, the Homeland Security Grants have replaced available COP grants.

Other awarded grants, to the City of Evanston, Wyoming furnished resources to support functions such as the Machine Shop Restoration, Downtown Sidewalk Improvements, Forestry Improvements and the Youth Drug and Alcohol Program. The City of Evanston, Wyoming continues to aggressively undertake an endeavor for the youth of our community through the installment of a Youth Drug and Alcohol Court that is funded by the State of Wyoming grant.

Expenses and Program Revenues – Governmental Activities

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

Our Public Works Departments include Engineering, Administration, and Street Divisions.

For the most part, expenses closely paralleled inflation and growth in the demand for services.

To monitor the expense of services to the community, the City of Evanston, Wyoming has structured its divisions to better analyze our expenses and provide a mechanism to review the costs of specific services and provide more fiscal responsibility.

Revenues by Source – Governmental Activities

Revenues were monitored closely during the fiscal year due to sales tax, mineral royalties, and interest income.

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

With the completion of the new water treatment plant, the City of Evanston, Wyoming feels confident that it will help monitor the water flow to improve service and reduce the negative impact when drought conditions exist. Revenues were increased to help maintain expenses for the water/sewer services.

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, *unreserved 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, unreserved fund balance of the general fund was \$9,141,263 while total fund balance reached \$10,270,551. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The general fund balance of the City of Evanston, Wyoming decreased by \$441,373, during the current fiscal year.

- Sales tax rate decreased tax revenues by \$1,234,764.
- Property tax decreased by \$2,564.
- Transfer of funds to Golf and Cemetery Fund of \$813,900.
- Operating Grants & Contributions decreased by \$815,610.
- Investments were reduced by \$47,524.
- Charges for Services decreased by \$91,409.

CITY OF EVANSTON, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

(Unaudited)

The long-term liability (\$958,418) including accrued compensated absences, is 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 assets of the Water, Sewer, Sanitation and other Enterprise Funds at the end of the year amounted to \$22,487,172. The total growth in net assets for these funds was \$262,207. 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

Differences between the original and the final amended budget was a \$50,309 increase in appropriations and can be briefly summarized as follows:

- \$50,309 capital outlay for grants and proposed capital projects

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, 2010 amounts to \$69,466,642 (net of accumulated depreciation). This investment in capital assets included land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Evanston, Wyoming's investment in capital assets for the current fiscal year was 1.08 percent.

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

- SAFV House
- Roundhouse Railyard Parking
- Roundhouse Section One
- Roundhouse Lead paint Abatement
- Harrison Drive Sidewalk Replacement
- Bear River Rehabilitation/Greenway
- Commerce Drive Roadway
- Recreation Center Improvements
- New Water Meters and Reading System

**City of Evanston, Wyoming's Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Land	\$ 15,295,534	\$ 16,474,004	\$ 733,694	\$ 733,694	\$ 16,029,228	\$ 17,207,698
Construction in Progress	5,894,661	1,480,666	762,976	1,513,908	6,657,637	2,994,574
Buildings and system	21,595,913	27,247,724	63,740,975	63,811,283	85,336,888	91,059,007
Machinery and Equipment	5,398,668	5,387,606	1,945,928	1,960,732	7,344,596	7,348,338
Infrastructure	17,588,070	17,588,070	-	-	17,588,070	17,588,070
Total Accum. Depreciation	(32,466,228)	(33,793,122)	(31,289,477)	(32,937,923)	(63,755,705)	(66,731,045)
Total	\$ 33,306,618	\$ 34,384,948	\$ 35,894,096	\$ 35,081,694	\$ 69,200,714	\$ 69,466,642

CITY OF EVANSTON, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

(Unaudited)

Additional information on the City of Evanston, Wyoming's capital assets can be found in note on pages 40-42 of this report.

Long-term debt - At the end of the current fiscal year, the City of Evanston, Wyoming had total debt outstanding of \$1,052,743.

City of Evanston's Outstanding Debt

General Obligation and Revenue Bonds

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2010	2009	2010	2009	2010
Governmental Activities						
Long Term	\$ 784,657	\$ 805,216	\$ -	\$ -	\$ 784,657	\$ 805,216
Accrued Compensated Absences	-	-	146,851	153,202	146,851	153,202
Lease Purchase Obligation	-	-	116,931	94,325	116,931	94,325
Total	\$ 784,657	\$ 805,216	\$ 263,782	\$ 247,527	\$ 1,048,439	\$ 1,052,743

The City of Evanston, Wyoming's total debt is \$1,052,743 for the current fiscal year. Additional information on the City of Evanston, Wyoming's long-term debt can be found in note 4 on pages 42 and 43 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Evanston, Wyoming is currently 6.5 percent, which is a decrease from a rate of 7.2 percent a year ago. This compares to the state's average unemployment rate of 6.7 percent and the national average rate of 9.6 percent.

Wyoming's employment added 1,400 jobs this last year with the largest job losses occurred in mining industry and construction. The local economy continues to suffer driven by the mineral industry and decline of construction. All businesses are just trying to hold on and brave the economic storm. All of these factors were considered in preparing the City of Evanston, Wyoming budget for the 2010 fiscal year.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

CITY OF EVANSTON, WYOMING

STATEMENT OF NET ASSETS

June 30, 2010

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,210,406	\$ 544,121	\$ 1,754,527
Investments at fair value	33,164,626	12,852	33,177,478
Receivables (net of allowance for doubtful accounts)			
Accounts receivable	1,048,078	326,258	1,374,336
Accrued interest	76,300	-	76,300
Property taxes	58,318	-	58,318
Internal balances	(22,299,511)	22,299,511	-
Inventory	9,239	42,284	51,523
Current portion of advance receivable from general fund	-	238,096	238,096
Total current assets	13,267,456	23,463,122	36,730,578
Noncurrent assets			
Noncurrent portion of advance receivable from general fund	-	1,525,404	1,525,404
Total noncurrent assets	-	1,525,404	1,525,404
Capital Assets			
Land	16,474,004	733,694	17,207,698
Buildings and systems	27,247,724	63,811,283	91,059,007
Machinery and equipment	5,387,606	1,960,732	7,348,338
Infrastructure	17,588,070	-	17,588,070
Construction in progress	1,480,666	1,513,908	2,994,574
	68,178,070	68,019,617	136,197,687
Less accumulated depreciation	(33,793,122)	(32,937,923)	(66,731,045)
Total capital assets (net of accumulated depreciation)	34,384,948	35,081,694	69,466,642
Total assets	47,652,404	60,070,220	107,722,624

(Continued)

See accompanying notes to the financial statements

CITY OF EVANSTON, WYOMING

STATEMENT OF NET ASSETS (CONTINUED)

June 30, 2010

	Primary Government		Total
	Governmental Activities	Business-type Activities	
LIABILITIES			
Current liabilities			
Accounts payable	\$ 715,130	\$ 224,971	\$ 940,101
Accrued payroll	122,352	34,373	156,725
Accrued liabilities	99,558	-	99,558
Court bonds payable	19,670	-	19,670
Deposits payable	-	56,725	56,725
Current portion of long-term debt	16,104	31,438	47,542
Current portion of advance payable to water fund	238,096	-	238,096
Total current liabilities	1,210,910	347,507	1,558,417
Noncurrent liabilities			
Noncurrent portion of long-term debt	789,112	216,085	1,005,197
Noncurrent portion of advance payable to water fund	1,525,404	-	1,525,404
Total noncurrent liabilities	2,314,516	216,085	2,530,601
Total liabilities	3,525,426	563,592	4,089,018
NET ASSETS			
Invested in capital assets, net of related debt	34,384,948	36,607,098	70,992,046
Restricted for			
Landfill maintenance	-	412,358	412,358
Perpetual fund			
Expendable	105,847	-	105,847
Nonexpendable	100,000	-	100,000
Unrestricted	9,536,183	22,487,172	32,023,355
Total net assets	\$ 44,126,978	\$ 59,506,628	\$ 103,633,606

See accompanying notes to the financial statements

CITY OF EVANSTON, WYOMING

STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 4,429,682	\$ 89,543	\$ 2,191,385	\$ -
Public safety	2,707,448	321,626	-	-
Public works	1,928,876	-	-	-
Culture and recreation	1,423,161	43,282	-	-
Interest on long-term debt	13,500	-	-	-
Total governmental activities	10,502,667	454,451	2,191,385	-
Business-type activities:				
Water	2,142,830	1,863,901	-	-
Sewer	905,525	1,016,792	-	-
Golf	1,012,594	403,762	-	-
Sanitation	566,479	693,128	-	-
Other nonmajor enterprise funds	-	24,677	-	-
Total business-type activities	4,627,428	4,002,260	-	-
Total primary government	\$ 15,130,095	\$ 4,456,711	\$ 2,191,385	\$ -

General revenues

 Property taxes and other taxes

 Sales tax

 Franchise taxes

 Motor vehicle taxes

 Capital facilities tax

 Grants and contributions not restricted to specific programs

 Unrestricted investment earnings

 Miscellaneous revenue

 Transfers

Total general revenues and transfers

 Change in net assets

 Net assets - beginning of year

 Net assets - end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Assets

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,148,754)	\$ -	\$ (2,148,754)
(2,385,822)	-	(2,385,822)
(1,928,876)	-	(1,928,876)
(1,379,879)	-	(1,379,879)
(13,500)	-	(13,500)
<u>(7,856,831)</u>	<u>-</u>	<u>(7,856,831)</u>
-	(278,929)	(278,929)
-	111,267	111,267
-	(608,832)	(608,832)
-	126,649	126,649
-	24,677	24,677
<u>-</u>	<u>(625,168)</u>	<u>(625,168)</u>
<u>(7,856,831)</u>	<u>(625,168)</u>	<u>(8,481,999)</u>
896,005	-	896,005
4,589,116	-	4,589,116
182,963	-	182,963
281,932	-	281,932
-	100	100
2,752,976	-	2,752,976
489,411	241,775	731,186
127,105	-	127,105
(645,500)	645,500	-
<u>8,674,008</u>	<u>887,375</u>	<u>9,561,383</u>
817,177	262,207	1,079,384
43,309,801	59,244,421	102,554,222
<u>\$ 44,126,978</u>	<u>\$ 59,506,628</u>	<u>\$ 103,633,606</u>

CITY OF EVANSTON, WYOMING

BALANCE SHEET
Governmental Funds
June 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,116,240	\$ 1,116,240
Investments at fair value	33,164,626	-	33,164,626
Receivables (net of allowance for doubtful accounts)			
Accounts receivable	1,028,292	19,254	1,047,546
Accrued interest	76,300	-	76,300
Property taxes	58,318	-	58,318
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 34,327,536</u>	<u>\$ 1,135,494</u>	<u>\$ 35,463,030</u>
 LIABILITIES AND FUND BALANCES			
Current liabilities			
Accounts payable	\$ 708,322	\$ 6,206	\$ 714,528
Accrued payroll	122,352	-	122,352
Accrued liabilities	99,558	-	99,558
Court bonds payable	19,670	-	19,670
Deferred revenues	173,360	-	173,360
Due to other funds	22,299,511	-	22,299,511
Current portion of advance payable to water fund	238,096	-	238,096
	<u> </u>	<u> </u>	<u> </u>
Total current liabilities	<u>23,660,869</u>	<u>6,206</u>	<u>23,667,075</u>
Noncurrent liabilities			
Noncurrent portion of advance payable to water fund	1,525,404	-	1,525,404
	<u> </u>	<u> </u>	<u> </u>
Total noncurrent liabilities	<u>1,525,404</u>	<u>-</u>	<u>1,525,404</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>25,186,273</u>	<u>6,206</u>	<u>25,192,479</u>
Fund balances			
Reserved for			
Perpetual care	-	205,847	205,847
Unreserved, reported in			
General fund	9,141,263	-	9,141,263
Special revenue funds	-	756,795	756,795
Permanent fund	-	166,646	166,646
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>9,141,263</u>	<u>1,129,288</u>	<u>10,270,551</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 34,327,536</u>	<u>\$ 1,135,494</u>	<u>\$ 35,463,030</u>

See accompanying notes to the financial statements

CITY OF EVANSTON, WYOMING

RECONCILIATION OF GOVERNMENTAL FUNDS
FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
June 30, 2010

Total governmental fund balances \$ 10,270,551

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

Long-term liabilities, including accrued compensated absences, are not due and payable in the current period and therefore, are not reported in the funds. (805,216)

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. 34,384,948

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 173,360

Internal service funds are used by management to charge the costs of certain activities, such as motor vehicle costs, and vision care, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. This is the unrestricted net assets of the internal service funds. 103,335

Net assets of governmental activities \$ 44,126,978

See accompanying notes to the financial statements

CITY OF EVANSTON, WYOMING

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Governmental Funds
Year Ended June 30, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 5,722,012	\$ 217,815	\$ 5,939,827
Licenses and permits	51,106	-	51,106
Fines and forfeitures	270,520	-	270,520
Intergovernmental revenues	4,944,361	-	4,944,361
Charges for services	89,543	43,282	132,825
Interest and miscellaneous	543,830	72,684	616,514
 Total revenues	 <u>11,621,372</u>	 <u>333,781</u>	 <u>11,955,153</u>
EXPENDITURES			
Current			
General government	2,657,761	-	2,657,761
Public safety and transportation	2,639,342	-	2,639,342
Public works	1,730,031	-	1,730,031
Health, welfare and recreation	1,012,326	344,730	1,357,056
Intergovernmental expenditures	864,845	-	864,845
Capital outlay	2,319,028	2,500	2,321,528
 Total expenditures	 <u>11,223,333</u>	 <u>347,230</u>	 <u>11,570,563</u>
 Excess (deficiency) of revenues over expenditures	 <u>398,039</u>	 <u>(13,449)</u>	 <u>384,590</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	168,400	168,400
Transfers out	(821,900)	-	(821,900)
 Total other financing sources (uses)	 <u>(821,900)</u>	 <u>168,400</u>	 <u>(653,500)</u>
 Net change in fund balances	 <u>(423,861)</u>	 <u>154,951</u>	 <u>(268,910)</u>
 Fund balances - beginning of year	 <u>9,565,124</u>	 <u>974,337</u>	 <u>10,539,461</u>
 Fund balances - end of year	 <u>\$ 9,141,263</u>	 <u>\$ 1,129,288</u>	 <u>\$ 10,270,551</u>

See accompanying notes to the financial statements

CITY OF EVANSTON, WYOMING

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

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

Net change in fund balances - total governmental funds \$ (268,910)

Governmental funds report capital outlays as expenditures.

However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

1,099,503

The disposal of capital assets that results in a loss (cost is greater than the accumulated depreciation) does not require the use of current financial resources of governmental funds. Thus, that change is not recorded in the governmental funds. This is the net effect of these differences in the treatment of the disposal of capital assets.

(10,032)

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

(20,559)

Internal service activities are accounted for in a separate fund. However, in the statement of activities the activity of the Internal Service Funds has been eliminated and the excess revenue over expenditures has been recognized.

6,986

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

10,189

Change in net assets of governmental activities

\$ 817,177

See accompanying notes to the financial statements

CITY OF EVANSTON, WYOMING

STATEMENT OF NET ASSETS

Proprietary Funds

June 30, 2010

	Business-type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Golf Fund
ASSETS			
Current assets			
Cash and cash equivalents	\$ -	\$ -	\$ 429,592
Investments, at fair value	12,852	-	-
Accounts receivable (net of allowance for doubtful accounts)	165,285	93,950	-
Due from other funds	10,799,316	8,794,654	210,728
Inventory	-	-	42,284
Current portion of advance receivable from general fund	238,096	-	-
Total current assets	11,215,549	8,888,604	682,604
Noncurrent assets			
Long term portion of advance receivable from general fund	1,525,404	-	-
Total noncurrent assets	1,525,404	-	-
Capital assets			
Land	161,500	240,005	312,189
Buildings and systems	42,289,791	15,188,881	6,267,611
Machinery and equipment	332,088	309,705	650,425
Construction in progress	1,513,908	-	-
	44,297,287	15,738,591	7,230,225
Less accumulated depreciation	17,634,322	13,132,235	1,597,575
Total capital assets (net of accumulated depreciation)	26,662,965	2,606,356	5,632,650
Total assets	39,403,918	11,494,960	6,315,254

See accompanying notes to the financial statements

Business-type Activities - Enterprise Funds

<u>Sanitation Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities- Internal Service Fund</u>
\$ -	\$ 114,529	\$ 544,121	\$ 94,165
-	-	12,852	-
64,577	2,446	326,258	531
2,494,813	25,000	22,324,511	-
-	-	42,284	9,239
-	-	238,096	-
<u>2,559,390</u>	<u>141,975</u>	<u>23,488,122</u>	<u>103,935</u>
-	-	1,525,404	-
-	-	1,525,404	-
20,000	-	733,694	-
65,000	-	63,811,283	278,623
668,514	-	1,960,732	47,262
-	-	1,513,908	-
<u>753,514</u>	<u>-</u>	<u>68,019,617</u>	<u>325,885</u>
<u>573,791</u>	<u>-</u>	<u>32,937,923</u>	<u>324,103</u>
179,723	-	35,081,694	1,782
<u>2,739,113</u>	<u>141,975</u>	<u>60,095,220</u>	<u>105,717</u>

(Continued)

CITY OF EVANSTON, WYOMING

STATEMENT OF NET ASSETS (CONTINUED)

Proprietary Funds

June 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 123,297	\$ 20,869	\$ 35,610
Due to other funds	-	25,000	-
Accrued payroll	18,589	9,383	-
Deposits payable	56,725	-	-
Current portion of long-term debt	<u>4,674</u>	<u>1,646</u>	<u>23,779</u>
Total current liabilities	<u>203,285</u>	<u>56,898</u>	<u>59,389</u>
Noncurrent liabilities			
Noncurrent portion of long-term debt	<u>88,810</u>	<u>31,282</u>	<u>70,546</u>
Total non current liabilities	<u>88,810</u>	<u>31,282</u>	<u>70,546</u>
Total liabilities	<u>292,095</u>	<u>88,180</u>	<u>129,935</u>
NET ASSETS			
Invested in capital assets, net of related debt	28,188,369	2,606,356	5,632,650
Restricted for landfill maintenance	-	-	-
Unrestricted	<u>10,923,454</u>	<u>8,800,424</u>	<u>552,669</u>
Total net assets	<u>\$ 39,111,823</u>	<u>\$ 11,406,780</u>	<u>\$ 6,185,319</u>

See accompanying notes to the financial statements

Business-type Activities - Enterprise Funds

<u>Sanitation Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 45,195	\$ -	\$ 224,971	\$ 600
-	-	25,000	-
6,401	-	34,373	-
-	-	56,725	-
<u>1,339</u>	<u>-</u>	<u>31,438</u>	<u>-</u>
<u>52,935</u>	<u>-</u>	<u>372,507</u>	<u>600</u>
<u>25,447</u>	<u>-</u>	<u>216,085</u>	<u>-</u>
<u>25,447</u>	<u>-</u>	<u>216,085</u>	<u>-</u>
<u>78,382</u>	<u>-</u>	<u>588,592</u>	<u>600</u>
179,723	-	36,607,098	1,782
412,358	-	412,358	-
<u>2,068,650</u>	<u>141,975</u>	<u>22,487,172</u>	<u>103,335</u>
<u>\$ 2,660,731</u>	<u>\$ 141,975</u>	<u>\$ 59,506,628</u>	<u>\$ 105,117</u>

CITY OF EVANSTON, WYOMING

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

Proprietary Funds
Year Ended June 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>		
	Water Fund	Sewer Fund	Golf Fund
Operating revenues			
Charges for services	\$ 1,828,896	\$ 1,015,168	\$ 388,162
Miscellaneous	35,005	1,624	15,600
Total operating revenues	<u>1,863,901</u>	<u>1,016,792</u>	<u>403,762</u>
Operating expenses			
Personnel services	630,960	272,224	-
Contractual services	51,698	-	420,989
Repairs and maintenance	117,450	63,589	193,986
Supplies	263,154	37,178	123,813
Interest expense	-	-	5,408
Miscellaneous	2,583	17,832	16,665
Capital outlay	-	-	-
Depreciation	964,135	405,788	251,733
Utilities	112,850	108,914	-
Total operating expenses	<u>2,142,830</u>	<u>905,525</u>	<u>1,012,594</u>
Operating income (loss)	<u>(278,929)</u>	<u>111,267</u>	<u>(608,832)</u>
Nonoperating revenues			
Interest income	134,734	83,678	-
Capital facility tax	100	-	-
Total nonoperating revenues	<u>134,834</u>	<u>83,678</u>	<u>-</u>
Income (loss) before transfers	<u>(144,095)</u>	<u>194,945</u>	<u>(608,832)</u>
Transfers in	-	-	645,500
Total transfers	<u>-</u>	<u>-</u>	<u>645,500</u>
Change in net assets	(144,095)	194,945	36,668
Total net assets - beginning of year	<u>39,255,918</u>	<u>11,211,835</u>	<u>6,148,651</u>
Total net assets - end of year	<u>\$ 39,111,823</u>	<u>\$ 11,406,780</u>	<u>\$ 6,185,319</u>

See accompanying notes to the financial statements

Business-type Activities - Enterprise Funds

<u>Sanitation Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 693,128	\$ 24,677	\$ 3,950,031	\$ 56,267
-	-	52,229	-
<u>693,128</u>	<u>24,677</u>	<u>4,002,260</u>	<u>56,267</u>
147,569	-	1,050,753	-
-	-	472,687	-
36,269	-	411,294	-
296,838	-	720,983	46,136
-	-	5,408	-
36,268	-	73,348	-
789	-	789	-
48,746	-	1,670,402	11,145
-	-	221,764	-
<u>566,479</u>	<u>-</u>	<u>4,627,428</u>	<u>57,281</u>
<u>126,649</u>	<u>24,677</u>	<u>(625,168)</u>	<u>(1,014)</u>
23,363	-	241,775	-
-	-	100	-
<u>23,363</u>	<u>-</u>	<u>241,875</u>	<u>-</u>
<u>150,012</u>	<u>24,677</u>	<u>(383,293)</u>	<u>(1,014)</u>
-	-	645,500	8,000
-	-	645,500	8,000
150,012	24,677	262,207	6,986
<u>2,510,719</u>	<u>117,298</u>	<u>59,244,421</u>	<u>98,131</u>
<u>\$ 2,660,731</u>	<u>\$ 141,975</u>	<u>\$ 59,506,628</u>	<u>\$ 105,117</u>

CITY OF EVANSTON, WYOMING

STATEMENT OF CASH FLOWS
Proprietary Funds
Year Ended June 30, 2010

	<u>Business-type Activities - Enterprise funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>
Cash flows from operating activities			
Receipts from customers	\$ 1,864,982	\$ 1,021,116	\$ 403,762
Receipts from other funds	-	-	-
Payments to suppliers for services	(1,141,020)	(207,448)	(800,281)
Payments to employees for services	(621,254)	(267,428)	-
Settlement of interfund operating activities	-	-	-
Net cash and cash equivalents provided (used) by operating activities	102,708	546,240	(396,519)
Cash flows from noncapital financing activities			
Capital facility tax	100	-	-
Transfers from other funds	-	-	645,500
Payments to other funds	334,008	(585,314)	1,497
Net cash and cash equivalents provided (used) by noncapital financing activities	334,108	(585,314)	646,997
Cash flows from capital and related financing activities			
Principal payments	-	-	(22,606)
Acquisitions of property and equipment	(808,449)	(44,602)	(4,954)
Net cash and cash equivalents provided (used) by capital and related financing activities	(808,449)	(44,602)	(27,560)
Cash flows from investing activities			
Long-term loan to general fund	236,500	-	-
Interest on investments	135,133	83,676	-
Net cash and cash equivalents provided by investing activities	371,633	83,676	-
Net increase in cash and cash equivalents	-	-	222,918
Cash and cash equivalents - beginning of year	-	-	206,674
Cash and cash equivalents - end of year	\$ -	\$ -	\$ 429,592

See accompanying notes to the financial statements

Business-type Activities - Enterprise funds

<u>Sanitation Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 694,480	\$ 24,820	\$ 4,009,160	\$ -
-	-	-	56,270
(370,807)	-	(2,519,556)	(47,842)
(144,084)	-	(1,032,766)	-
(202,953)	-	(202,953)	-
<u>(23,364)</u>	<u>24,820</u>	<u>253,885</u>	<u>8,428</u>
-	-	100	-
-	-	645,500	8,000
-	-	(249,809)	-
<u>-</u>	<u>-</u>	<u>395,791</u>	<u>8,000</u>
-	-	(22,606)	-
-	-	(858,005)	-
<u>-</u>	<u>-</u>	<u>(880,611)</u>	<u>-</u>
-	-	236,500	-
23,364	-	242,173	-
<u>23,364</u>	<u>-</u>	<u>478,673</u>	<u>-</u>
-	24,820	247,738	16,428
-	89,709	296,383	77,737
<u>\$ -</u>	<u>\$ 114,529</u>	<u>\$ 544,121</u>	<u>\$ 94,165</u>

(Continued)

CITY OF EVANSTON, WYOMING

STATEMENT OF CASH FLOWS (CONTINUED)
 Proprietary Funds
 Year Ended June 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (278,929)	\$ 111,267	\$ (608,832)
Adjustments to reconcile income to net cash and cash equivalents provided by operating activities			
Depreciation	964,135	405,788	251,733
Change in operating assets and liabilities			
Accounts receivable	3,776	4,323	-
Due from other funds	-	-	-
Inventory	-	-	(7,696)
Accounts payable	(593,285)	20,066	(31,724)
Accrued payroll	4,842	3,313	-
Accrued liabilities	4,864	1,483	-
Deposits payable	(2,695)	-	-
Net cash and cash equivalents provided (used) by operating activities	<u>\$ 102,708</u>	<u>\$ 546,240</u>	<u>\$ (396,519)</u>
Supplemental Information			
Non-cash investing, capital and financing activities:			
Net decrease in the fair value of investments	<u>\$ (395)</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements

Business-type Activities - Enterprise Funds

<u>Sanitation Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 126,649	\$ 24,677	\$ (625,168)	\$ (1,014)
48,746	-	1,670,402	11,145
1,352	143	9,594	3
(202,953)	-	(202,953)	-
-	-	(7,696)	(1,648)
(643)	-	(605,586)	(58)
3,485	-	11,640	-
-	-	6,347	-
-	-	(2,695)	-
<u>\$ (23,364)</u>	<u>\$ 24,820</u>	<u>\$ 253,885</u>	<u>\$ 8,428</u>
\$ -	\$ -	\$ (395)	\$ -

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CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies

Reporting Entity

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

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

The 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 assets and the statement of changes in net assets) 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF EVANSTON, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 1. Summary of Significant Accounting Policies (Continued)

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

Property taxes, franchise taxes, licenses, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

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

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

The *sanitation fund* accounts for the activities of the City's sanitation department.

Additionally, the City reports the following fund types:

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in securities issued or guaranteed by the U.S. Treasury or agencies of the United States government, bank certificates of deposit, shares or savings certificates of savings and loan associations, Tennessee Valley Authority bonds and notes and export-import bank notes and guaranteed participations.

Investments for the City are reported at fair value. Fair value is determined using the latest bid price or by the closing exchange price at the statements of net assets date. A significant portion of the Board's investment activity is conducted in a pooled investment account with the State of Wyoming, State Treasurer's office. The State Treasurer's Investment Pool (WYOSTAR) operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

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

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

Inventories and Prepaid Items

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Compensated Absences Benefits

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, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5

Long-Term Obligations

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

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including accrued compensated absences, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(805,216) difference are as follows:

Accrued compensated absences	\$ (805,216)
Net adjustment to decrease - total governmental fund balances to arrive at net assets of governmental activities	<u>\$ (805,216)</u>

Another element of that reconciliation states that "capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds." The details of this \$34,384,948 are as follows:

General government capital assets (net of accumulated depreciation)	\$ 33,857,965
Permanent fund capital assets (net of accumulated depreciation)	<u>526,983</u>
Net adjustment to increase - total governmental fund balances to arrive at net assets of governmental activities	<u>\$ 34,384,948</u>

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 2. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets (Continued)

Another element of that reconciliation states that "revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this \$173,360 difference are as follows:

Deferred property taxes	\$ 35,402
Deferred - cash in lieu of land development	137,958
	173,360
Net adjustment to increase - <i>total governmental fund balances</i> to arrive at <i>net assets of governmental activities</i>	\$ 173,360

The last element of that reconciliation states "the assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets." The details of this \$103,335 difference are as follows:

Motor Vehicle Fund	
Current assets	\$ 103,935
Current liabilities	(600)
	103,335
Net adjustment to increase - <i>total governmental fund balances</i> to arrive at <i>net assets of governmental activities</i>	\$ 103,335

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of this \$1,099,503 difference are as follows:

General government	
Capital outlay	\$ 2,481,880
Depreciation expense	(1,341,132)
	1,140,748
Permanent Fund (Cemetery Fund)	
Depreciation expense	(41,245)
	(41,245)
Net adjustment to increase <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	\$ 1,099,503

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 2. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, changes in fund balances and the government-wide statement of activities (Continued)

An element of that reconciliation states that governmental funds do not report the net book value loss on the disposition of capital assets; however in the statement of activities the loss has been recognized. The details of this \$(10,032) are as follows:

Disposal of capital assets (cost basis)	\$ (31,440)
Accumulated depreciation	<u>21,408</u>
Net adjustment to decrease <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u><u>\$ (10,032)</u></u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds." The details of this \$(20,559) difference are as follows:

Compensated absences as of June 30, 2009	\$ 784,657
Compensated absences as of June 30, 2010	<u>(805,216)</u>
Net adjustment to decrease <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u><u>\$ (20,559)</u></u>

An element of that reconciliation states "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." The details of this \$6,986 difference are as follows:

Internal service fund changes in net assets:	
Motor Vehicle Fund	\$ <u>6,986</u>
Net adjustment to increase <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u><u>\$ 6,986</u></u>

Another element of that reconciliation states that "certain revenues are not recognized as current financial resources and, therefore, are not reported as revenues in governmental funds. The details of this \$10,189 difference are as follows:

Deferred property taxes	\$ 35,402
Deferred - cash in lieu of land development	137,958
Deferred revenue as of June 30, 2009	(163,171)
Deferred revenue as of June 30, 2010	<u>173,360</u>
Net adjustment to increase <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u><u>\$ 10,189</u></u>

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 3. Stewardship, Compliance, and Accounting

Budgets and Budgetary Accounting

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

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

Note 4. Detailed Notes on all Funds

Deposits and Investments

As of June 30, 2010, the City had the following investments:

Investment Type	Fair Value	Interest Rate	Investment Maturities (In Years)				Investment Ratings
			Less Than 1	1-5	6-10	More Than 10	
GNMA	\$ 88,864	5.50-9.50%	\$ -	\$ -	\$ 12,973	\$ 75,891	Not Rated
FHLB	9,591,449	4.00-5.00%	-	9,591,449	-	-	AAA/Aaa *
Certificates of Deposit	416,424	4.00-5.00%	-	416,424	-	-	Not Rated
State Treasurer's investment pool (Wyo-Star)	23,080,741		23,080,741	-	-	-	Not Rated
	<u>\$ 33,177,478</u>		<u>\$ 23,080,741</u>	<u>\$ 10,007,873</u>	<u>\$ 12,973</u>	<u>\$ 75,891</u>	

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

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 4. Detailed Notes on all Funds (Continued)

Deposits and Investments (Continued)

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

Credit risk. State law does not allow governments to invest in commercial paper and corporate bonds. Therefore, the City's investments have limited exposure to credit risk. As of June 30, 2010, the State Treasurer's Investment Pool (WYOSTAR) did not have a quality service credit rating.

Concentration of credit risk. The City does not have a formal policy that mandates or limits an investment in any one issuer as of a specified percentage of the City's total investments. However, the investment in the Wyoming State Treasurer's Investment Pool (WYOSTAR) held 70% of the City's total investments at June 30, 2010.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal policy for custodial credit risk; however, State statutes require that the City's deposits in excess of the Federal depository insurance amount be collateralized. At June 30, 2010, the City's deposits were fully insured or collateralized as required by statutes.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk; however, all City investments were held by brokers or the Treasurer of the State of Wyoming in the City's name.

Equity in Pooled Cash and Investments – Internal Balances

Except when required by trust agreements or City policy, the operating cash of certain funds are pooled into one bank account and/or investment not identified with any particular fund. The accounting records for each applicable fund reflect equity in the pooled cash and/or investments or its actual cash balance. When a particular fund overdraws its share of the pooled cash or investment account, the deficit is recorded as a payable in the fund and a corresponding entry is made in another fund to reflect the receivable from the other fund.

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CITY OF EVANSTON, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 4. Detailed Notes on All Funds (Continued)

Equity in Pooled Cash and Investments - Internal Balances

The following is a detailed reconciliation of the City's individual fund level financial statement balances for the year ended June 30, 2010, to the government-wide statements.

	Government-Wide Statements Internal Balances		Fund Level Financial Statements Due From/To Other Funds	
	Receivable	Payable	Receivable	Payable
Due to/from other funds				
Governmental activities	\$ -	\$ 22,299,511	\$ -	\$ -
General fund	-	-	-	22,299,511
Business-type activities	22,299,511	-	-	-
Enterprise funds				
Water fund	-	-	10,799,316	-
Sewer fund	-	-	8,794,654	-
Sanitation fund	-	-	2,494,813	-
Golf fund	-	-	210,728	-
	<u>\$ 22,299,511</u>	<u>\$ 22,299,511</u>	<u>\$ 22,299,511</u>	<u>\$ 22,299,511</u>
Advances to/from other funds				
Governmental activities				
General fund	-	1,763,500	-	1,763,500
Business-type activities				
Water fund	1,763,500	-	1,763,500	-
	<u>\$ 1,763,500</u>	<u>\$ 1,763,500</u>	<u>\$ 1,763,500</u>	<u>\$ 1,763,500</u>

The water fund advanced the general fund \$2,000,000 for the purpose of paying the construction costs incurred for the Restoration of Section One of the Roundhouse Project. The interest will be calculated using a rate equal to the WYO-STAR Investment account

Year ending June 30,	Advance Payable Water Fund	
	Principal	Interest
2011	\$ 238,096	\$ 11,904
2012	239,704	10,296
2013	241,322	8,678
2014	242,950	7,050
2015	244,590	5,410
2016-2020	556,838	6,278
	<u>\$ 1,763,500</u>	<u>\$ 49,616</u>

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 4. Detailed Notes on All Funds (Continued)

Receivables

As of year end, the City's accounts receivable net of allowances for uncollectible accounts, are as follows:

	General	Water Fund	Sewer Fund	Sanitation Fund	Nonmajor and Other Funds	Total
Receivables						
Customer	\$ -	\$ 165,285	\$ 93,950	\$ 64,577	\$ 2,446	\$ 326,258
Grants	527,599	-	-	-	-	527,599
Franchise fees	44,854	-	-	-	-	44,854
Sales and use tax	455,839	-	-	-	-	455,839
Miscellaneous	-	-	-	-	19,254	19,254
	<u>\$1,028,292</u>	<u>\$ 165,285</u>	<u>\$ 93,950</u>	<u>\$ 64,577</u>	<u>\$ 21,700</u>	<u>\$1,373,804</u>

Interfund Transfers

The following is a detailed reconciliation of the City's interfund transfers for the year ended June 30, 2010.

	Transfers In	Transfers Out
Governmental Activities:		
General Fund	\$ -	\$ 821,900
Permanent Fund		
Cemetery Fund	168,400	-
Internal Service Funds		
Motor Vehicle Fund	8,000	-
Total governmental activities	<u>176,400</u>	<u>821,900</u>
Business-type Activities:		
Golf Fund	645,500	-
Total business-type activities	<u>645,500</u>	<u>-</u>
Total governmental wide	<u>\$ 821,900</u>	<u>\$ 821,900</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs

Property Taxes

Property taxes attach as an enforceable lien on property as of May 11. 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 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.

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 4. Detailed Notes on All Funds (Continued)

Property Taxes (Continued)

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, 2010, was 8 mills which mean that the City has levied to the maximum amount available.

Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 15,295,534	\$ 1,216,935	\$ 38,465	\$ 16,474,004
Construction in progress	5,894,661	-	4,413,995	1,480,666
Total capital assets not being depreciated	<u>21,190,195</u>	<u>1,216,935</u>	<u>4,452,460</u>	<u>17,954,670</u>
Capital assets being depreciated				
Buildings and systems	21,595,913	5,905,554	253,743	27,247,724
Machinery and equipment	5,398,668	65,594	76,656	5,387,606
Infrastructure	17,588,070	-	-	17,588,070
Total capital assets being depreciated	<u>44,582,651</u>	<u>5,971,148</u>	<u>330,399</u>	<u>50,223,400</u>
Less accumulated depreciation for				
Buildings and systems	11,137,498	1,057,771	-	12,195,269
Machinery and equipment	4,452,046	248,709	66,628	4,634,127
Infrastructure	16,876,684	87,042	-	16,963,726
Total accumulated depreciation	<u>32,466,228</u>	<u>1,393,522</u>	<u>66,628</u>	<u>33,793,122</u>
Total capital assets, being depreciated, net	<u>12,116,423</u>	<u>4,577,626</u>	<u>263,771</u>	<u>16,430,278</u>
Governmental activities capital assets, net	<u>\$ 33,306,618</u>	<u>\$ 5,794,561</u>	<u>\$ 4,716,231</u>	<u>\$ 34,384,948</u>

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 4. Detailed Notes on All Funds (Continued)

Capital Assets (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 733,694	\$ -	\$ -	\$ 733,694
Construction in progress	762,976	764,452	13,520	1,513,908
Total capital assets not being depreciated	<u>1,496,670</u>	<u>764,452</u>	<u>13,520</u>	<u>2,247,602</u>
Capital assets being depreciated				
Buildings and systems	63,740,975	70,308	-	63,811,283
Machinery and equipment	1,945,928	59,264	44,460	1,960,732
Total capital assets being depreciated	<u>65,686,903</u>	<u>129,572</u>	<u>44,460</u>	<u>65,772,015</u>
Less accumulated depreciation for				
Buildings and systems	29,913,101	1,534,706	-	31,447,807
Machinery and equipment	1,376,376	158,200	44,460	1,490,116
Total accumulated depreciation	<u>31,289,477</u>	<u>1,692,906</u>	<u>44,460</u>	<u>32,937,923</u>
Total capital assets, being depreciated, net	<u>34,397,426</u>	<u>(1,563,334)</u>	<u>-</u>	<u>32,834,092</u>
Business-type activities capital assets, net	<u>\$ 35,894,096</u>	<u>\$ (798,882)</u>	<u>\$ 13,520</u>	<u>\$ 35,081,694</u>

Machinery and equipment that was purchased through a lease purchase obligation is included in machinery and equipment of the business-type activities. The purchase price of that equipment was \$194,399 with accumulated depreciation of \$38,880 and the current year depreciation expense of \$38,880 was expensed in business-type activities.

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 4. Detailed Notes on All Funds (Continued)

Capital Assets (Continued)

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

Governmental activities

General government	\$ 1,067,688
Public safety	86,881
Public works, including depreciation of general infrastructure assets	186,563
Capital assets held by the City's internal service funds are charged to the activities of the various functions based on their usage of the assets	11,145
Capital assets held in the permanent fund	41,245
	\$ 1,393,522
Total depreciation expense for governmental activities	\$ 1,393,522

Business-type activities

Water fund	\$ 964,135
Sewer fund	405,788
Golf fund	251,733
Sanitation fund	48,746
	\$ 1,670,402
Total depreciation expense for business-type activities	\$ 1,670,402

Long-Term Debt

The changes on long-term debt for the year ended June 30, 2010 were as follows:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
Governmental activities					
Compensated absences	\$ 784,657	\$ 20,559	\$ -	\$ 805,216	\$ 16,104
Governmental activities long-term liabilities	\$ 784,657	\$ 20,559	\$ -	\$ 805,216	\$ 16,104
For the governmental activities, compensated absences are generally liquidated by the general fund.					
Business-type activities					
Compensated absences	\$ 146,847	\$ 6,351	\$ -	\$ 153,198	\$ 7,659
Lease purchase obligation	116,931	-	22,606	94,325	23,779
Business-type activities long-term liabilities	\$ 263,778	\$ 6,351	\$ 22,606	\$ 247,523	\$ 31,438

CITY OF EVANSTON, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 4. Detailed Notes on All Funds (Continued)

Long-Term Debt (Continued)

Debt outstanding at June 30, 2010 is comprised of the following issues:

\$116,931 lease purchase obligation, interest rate 5.24%, payable monthly, principal and interest payments of \$2,335 through April 2012, serviced by the Golf Fund.	\$ 94,325
Accrued compensated absences	<u>153,198</u>
	<u><u>\$ 247,523</u></u>

The annual requirements to amortize all debt except compensated absences outstanding as of June 30, 2010 are as follows:

Year ending June 30,	Lease Purchase Obligation	
	Principal	Interest
2011	\$ 23,779	\$ 4,235
2012	70,546	2,589
	<u>\$ 94,325</u>	<u>\$ 6,824</u>

Unrestricted Net Assets Designation

The City Council has established tentative plans for financial resources to be utilized in future periods. Such plans or intent are subject to change and may never be legally authorized or result in expenditures.

As of June 30, 2010 the City Council had established the following tentative plans:

Emergency building repairs as follows:

City Hall	\$ 1,000,000
Police and Fire Buildings	1,500,000
Public Works Buildings	1,000,000
Recreation Center	<u>2,000,000</u>
	<u><u>\$ 5,500,000</u></u>

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 4. Detailed Notes on All Funds (Continued)

Construction Commitments

The City has several outstanding construction projects as of June 30, 2010. The projects include street improvements, stabilization of the machine shop, improvements to the recreation center, and the completion of the water treatment facilities. At year end, the City's commitments with contractors are as follows:

Project Name	Original Contract Amount	Expended To Date	Remaining Commitment
Governmental-activities			
General Fund			
Bear River Greenway Landscaping	\$ 801,000	\$ 731	\$ 800,269
Underpass Reconstruction	450,000	25,416	424,584
RH/RV Parking Lot 2	562,500	515,558	46,942
Round House Lead Paint Abatement	380,000	408,496	(28,496)
RH/RV Visitor Center Planning	60,000	73,927	(13,927)
11th Street/Harrison Dr. Sidewalks	2,300,000	302,449	1,997,551
Commerce Drive	1,500,000	154,091	1,345,909
Total governmental activities	<u>6,053,500</u>	<u>1,480,668</u>	<u>4,572,832</u>
Business-type activities			
Wastewater Fund			
Water Meter Replacement	1,500,000	1,416,447	83,553
Old Water Plant Roof	120,000	97,461	22,539
	<u>1,620,000</u>	<u>1,513,908</u>	<u>106,092</u>
Total business-type activities	<u>1,620,000</u>	<u>1,513,908</u>	<u>106,092</u>
Total primary government	<u>\$ 7,673,500</u>	<u>\$ 2,994,576</u>	<u>\$ 4,678,924</u>

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CITY OF EVANSTON, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 4. Detailed Notes on All Funds (Continued)

Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the year ended June 30, 2010 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's in any of the past three fiscal years. The government has had no significant reductions in insurance coverage from coverage in the prior years.

The Government pays into the State Worker's Compensations System a premium based on a rate per covered payroll. This rate is calculated based on accident history and administrative costs.

Retirement Plans

The City contributes to the Wyoming Retirement System ("System") a statewide cost sharing multiple-employer public employee retirement (PERS). The System provides retirement, disability and death benefits according to the predetermined formulas. Benefits are established by Title 9, Chapter 3 of Wyoming Statutes. The System issued a publicly available financial report that includes audited financial statements and required supplementary information for the System. The report may be obtained by writing to the Wyoming Retirement System, Fifth Floor West, 6101 Yellowstone Road, Cheyenne, Wyoming 82002.

Plan members are required to contribute 5.57% of their annual covered salary and the City is required to contribute 5.68% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employee's contribution in addition to the matching contribution. The City currently pays 10% of the required total contributions and the employees contribute the remaining portion (1.25%) of the required total contribution. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes.

The City's contributions to the System for the years ended June 30, 2010, 2009, and 2008, were \$232,464 and \$226,728 and \$218,796 respectively and the employee's contributions were \$29,058 and \$28,335 and \$24,248 respectively, equal to the required contribution for the year.

The City's police officers also participate in the Wyoming Retirement System. The Police Pension Plan is funded by amounts withheld from participating employees' salaries and by contributions from the City. These contributions are determined by state statutes and as of June 30, 2010 the percentages to be contributed on compensation were 8.60% for the employees and the same for the City. The City currently pays 10% of the required total contributions and the police officers contribute the remaining portion (7.20%) of the required total contribution.

For the years ended June 30, 2010, 2009, and 2008 the contributions to the Police Pension Plan were \$241,991, \$231,543 and \$137,393 respectively. The City's portion of these contributions were \$140,692, \$134,619 and \$126,731 respectively and the employees' contributions were \$101,299, \$96,924 and \$98,922 respectively, equal to the required contributions for each year.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF EVANSTON, WYOMING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
General Fund
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget Positive (Negative)
PROPERTY TAXES AND OTHER TAXES				
Property taxes	\$ 391,000	\$ 391,000	\$ 668,001	\$ 277,001
Motor vehicle tax	150,000	150,000	281,932	131,932
Sales and use taxes	4,013,700	4,013,700	4,589,116	575,416
Franchise fees	137,000	137,000	182,963	45,963
Car company tax	200	200	-	-
	<u>4,691,900</u>	<u>4,691,900</u>	<u>5,722,012</u>	<u>1,030,312</u>
LICENSES AND PERMITS	<u>76,600</u>	<u>76,600</u>	<u>51,106</u>	<u>(25,494)</u>
INTERGOVERNMENTAL REVENUES				
State gasoline tax	275,000	275,000	314,708	39,708
Severance tax	450,000	450,000	500,469	50,469
Cigarette tax	123,000	123,000	97,805	(25,195)
State funding	1,150,000	1,150,000	1,162,035	12,035
Grants	5,339,349	5,363,858	2,191,385	(3,172,473)
Mineral royalties	675,000	675,000	677,959	2,959
	<u>8,012,349</u>	<u>8,036,858</u>	<u>4,944,361</u>	<u>(3,092,497)</u>
CHARGES FOR SERVICES				
Public safety fees	17,750	17,750	18,445	695
Permits and fees	7,900	33,900	71,098	37,198
	<u>25,650</u>	<u>51,650</u>	<u>89,543</u>	<u>37,893</u>
FINES AND FORFEITURES	<u>215,000</u>	<u>215,000</u>	<u>270,520</u>	<u>55,520</u>
MISCELLANEOUS REVENUES				
Interest earnings	358,500	358,500	486,725	128,225
Leases	15,300	15,300	16,701	1,401
Other income	-	-	40,404	40,404
Gain on sale of fixed assets	1,000	1,000	-	(1,000)
	<u>374,800</u>	<u>374,800</u>	<u>543,830</u>	<u>169,030</u>
Total revenues	<u>13,396,299</u>	<u>13,446,808</u>	<u>11,621,372</u>	<u>(1,825,236)</u>

(Continued)

CITY OF EVANSTON, WYOMING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
General Fund
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget Positive (Negative)
GENERAL GOVERNMENT				
City Council				
Salaries and benefits	\$ 111,199	\$ 111,199	\$ 75,789	\$ 35,410
Contractual	90,554	90,554	47,321	43,233
	<u>201,753</u>	<u>201,753</u>	<u>123,110</u>	<u>78,643</u>
Attorney				
Contractual	157,000	157,000	138,442	18,558
	<u>157,000</u>	<u>157,000</u>	<u>138,442</u>	<u>18,558</u>
Judicial				
Salaries and benefits	51,009	51,009	49,139	1,870
Contractual	77,953	77,953	52,575	25,378
	<u>128,962</u>	<u>128,962</u>	<u>101,714</u>	<u>27,248</u>
Mayor				
Contractual	6,100	6,100	3,345	2,755
	<u>6,100</u>	<u>6,100</u>	<u>3,345</u>	<u>2,755</u>
Community Development				
Salaries and benefits	241,401	241,401	217,307	24,094
Contractual	55,554	55,554	34,532	21,022
	<u>296,955</u>	<u>296,955</u>	<u>251,839</u>	<u>45,116</u>
Administrative				
Salaries and benefits	129,126	129,126	123,884	5,242
Contractual	113,906	113,906	42,853	71,053
	<u>243,032</u>	<u>243,032</u>	<u>166,737</u>	<u>76,295</u>
Treasury				
Salaries and benefits	292,534	292,534	265,430	27,104
Contractual	107,325	107,325	70,582	36,743
	<u>399,859</u>	<u>399,859</u>	<u>336,012</u>	<u>63,847</u>
Clerk				
Salaries and benefits	200,475	200,475	194,114	6,361
Contractual	80,084	80,084	44,280	35,804
	<u>280,559</u>	<u>280,559</u>	<u>238,394</u>	<u>42,165</u>
Emergency Reserve				
Contractual	225,000	225,000	27,704	197,296
	<u>225,000</u>	<u>225,000</u>	<u>27,704</u>	<u>197,296</u>
Urban Renewal				
Salaries and benefits	60,179	60,179	54,287	5,892
Contractual	43,735	65,735	7,720	58,015
	<u>103,914</u>	<u>125,914</u>	<u>62,007</u>	<u>63,907</u>
Economic Development				
Salaries and benefits	69,195	69,195	-	69,195
Contractual	21,250	21,250	14,542	6,708
	<u>90,445</u>	<u>90,445</u>	<u>14,542</u>	<u>75,903</u>

(Continued)

CITY OF EVANSTON, WYOMING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
 General Fund
 Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT (Continued)				
Youth Services -- Summer Youth Program				
Salaries and benefits	\$ 35,267	\$ 35,267	\$ 10,971	\$ 24,296
Contractual	750	750	2,233	(1,483)
	<u>36,017</u>	<u>36,017</u>	<u>13,204</u>	<u>22,813</u>
Youth Services				
Salaries and benefits	217,812	217,812	188,616	29,196
Contractual	104,016	104,016	69,745	34,271
	<u>321,828</u>	<u>321,828</u>	<u>258,361</u>	<u>63,467</u>
YDAC Grant				
Salaries and benefits	110,819	110,819	108,053	2,766
Contractual	76,351	48,806	35,171	13,635
	<u>187,170</u>	<u>159,625</u>	<u>143,224</u>	<u>16,401</u>
General Services				
Salaries and benefits	455,724	455,724	413,880	41,844
Contractual	437,513	437,513	365,246	72,267
	<u>893,237</u>	<u>893,237</u>	<u>779,126</u>	<u>114,111</u>
Total general government	<u>3,571,831</u>	<u>3,566,286</u>	<u>2,657,761</u>	<u>908,525</u>
PUBLIC SAFETY AND TRANSPORTATION				
Police administrative				
Salaries and benefits	238,402	238,402	196,442	41,960
Contractual	366,834	366,834	143,760	223,074
	<u>605,236</u>	<u>605,236</u>	<u>340,202</u>	<u>265,034</u>
Police detective				
Salaries and benefits	590,256	590,256	444,897	145,359
Contractual	32,810	32,810	17,409	15,401
	<u>623,066</u>	<u>623,066</u>	<u>462,306</u>	<u>160,760</u>
Police patrol				
Salaries and benefits	1,451,987	1,451,987	1,262,017	189,970
Contractual	97,200	97,200	78,381	18,819
	<u>1,549,187</u>	<u>1,549,187</u>	<u>1,340,398</u>	<u>208,789</u>
Support				
Salaries and benefits	386,547	386,547	381,441	5,106
Contractual	22,358	22,358	14,611	7,747
	<u>408,905</u>	<u>408,905</u>	<u>396,052</u>	<u>12,853</u>
Police grants				
Salaries and benefits	52,274	42,539	40,687	1,852
Contractual	53,448	92,981	59,697	33,284
	<u>105,722</u>	<u>135,520</u>	<u>100,384</u>	<u>35,136</u>
Total public safety and transportation	<u>3,292,116</u>	<u>3,321,914</u>	<u>2,639,342</u>	<u>682,572</u>

(Continued)

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

General Fund
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget Positive (Negative)
PARKS AND RECREATION				
Administrative				
Contractual	\$ 1,093,826	\$ 1,093,826	\$ 1,012,326	\$ 81,500
	1,093,826	1,093,826	1,012,326	81,500
Total parks and recreation	1,093,826	1,093,826	1,012,326	81,500
PUBLIC WORKS				
Administrative				
Salaries and benefits	279,608	279,608	263,521	16,087
Contractual	53,266	53,266	18,484	34,782
	332,874	332,874	282,005	50,869
Engineering				
Salaries and benefits	186,228	186,228	169,167	17,061
Contractual	37,718	37,718	7,945	29,773
	223,946	223,946	177,112	46,834
Streets				
Salaries and benefits	638,559	638,559	543,030	95,529
Contractual	1,148,163	1,148,163	727,884	420,279
	1,786,722	1,786,722	1,270,914	515,808
Total public works	2,343,542	2,343,542	1,730,031	613,511
CAPITAL OUTLAY	5,492,932	6,284,075	2,319,028	3,965,047
INTERGOVERNMENTAL EXPENDITURES	1,145,860	1,145,860	864,845	281,015
Total expenditures	16,940,107	17,755,503	11,223,333	6,532,170
Excess (deficiency) of revenues over expenditures	(3,543,808)	(4,308,695)	398,039	4,706,734
Other financing (uses)				
Transfers in	-	-	-	-
Transfers (out)	(1,102,706)	(1,102,706)	(821,900)	280,806
Total other financing (uses)	(1,102,706)	(1,102,706)	(821,900)	280,806
Net change in fund balance	(4,646,514)	(5,411,401)	(423,861)	4,987,540
Fund balance - beginning of year	9,565,124	9,565,124	9,565,124	-
Fund balance - end of year	\$ 4,918,610	\$ 4,153,723	\$ 9,141,263	\$ 4,987,540

**COMBINING AND INDIVIDUAL FUND INFORMATION AND
OTHER SUPPLEMENTARY INFORMATION**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

- The Lodging Tax Fund is used to account for the special 3% lodging tax that is restricted for the purpose of promoting tourism within the City.
- The Economic Development Fund is used to account for the lease with Everett Graphics, Inc. that is restricted for the purpose of economic development of the City.

PERMANENT FUND

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

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

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CITY OF EVANSTON, WYOMING

COMBINING BALANCE SHEET

Nonmajor Governmental Funds

June 30, 2010

	Special Revenue			Permanent Fund	Total Nonmajor Governmental Funds
	Lodging Tax Fund	Economic Development Fund	Total	Cemetery Fund	
ASSETS					
Cash and cash equivalents	\$ 602,041	\$ 135,500	\$ 737,541	\$ 378,699	\$ 1,116,240
Accounts receivable	19,254	-	19,254	-	19,254
Total assets	<u>\$ 621,295</u>	<u>\$ 135,500</u>	<u>\$ 756,795</u>	<u>\$ 378,699</u>	<u>\$ 1,135,494</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 6,206	\$ 6,206
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,206</u>	<u>6,206</u>
FUND BALANCE					
Reserved for perpetual care	-	-	-	205,847	205,847
Unreserved, undesignated	621,295	135,500	756,795	166,646	923,441
Total fund balance	<u>621,295</u>	<u>135,500</u>	<u>756,795</u>	<u>372,493</u>	<u>1,129,288</u>
Total liabilities and fund balances	<u>\$ 621,295</u>	<u>\$ 135,500</u>	<u>\$ 756,795</u>	<u>\$ 378,699</u>	<u>\$ 1,135,494</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

Nonmajor Governmental Funds

Year Ended June 30, 2010

	Special Revenue			Permanent Fund	Total Nonmajor Governmental Funds
	Lodging Tax Fund	Economic Development Fund	Total	Cemetery Fund	
Revenues					
Taxes	\$ 217,815	\$ -	\$ 217,815	\$ -	\$ 217,815
Charges for services	-	-	-	43,282	43,282
Interest and miscellaneous	138	70,000	70,138	2,546	72,684
 Total revenues	 217,953	 70,000	 287,953	 45,828	 333,781
 Expenditures					
Current					
Health, welfare and recreation	171,984	-	171,984	172,746	344,730
Capital outlay	-	2,500	2,500	-	2,500
 Total expenditures	 171,984	 2,500	 174,484	 172,746	 347,230
 Excess (deficiency) of revenues over expenditures	 45,969	 67,500	 113,469	 (126,918)	 (13,449)
 Other Financing Sources					
Transfers in	-	-	-	168,400	168,400
Total other financing sources	-	-	-	168,400	168,400
 Net change in fund balance	 45,969	 67,500	 113,469	 41,482	 154,951
 Fund balance - beginning of year	 575,326	 68,000	 643,326	 331,011	 974,337
 Fund balance - end of year	 <u>\$ 621,295</u>	 <u>\$ 135,500</u>	 <u>\$ 756,795</u>	 <u>\$ 372,493</u>	 <u>\$ 1,129,288</u>

CITY OF EVANSTON, WYOMING
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
Special Revenue Fund - Lodging Tax
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		with final Budget Positive (Negative)
Revenues				
Lodging tax	\$ 190,000	\$ 220,000	\$ 217,815	\$ (2,185)
Interest	50	50	138	88
Total revenues	190,050	220,050	217,953	(2,097)
Expenditures				
Contingency	-	-	-	-
General expenses	650	650	185	465
Marketing and promotion	149,000	179,000	140,846	38,154
Matching fund/grants	22,000	22,000	12,553	9,447
Contractual services	18,400	18,400	18,400	-
Total expenditures	190,050	220,050	171,984	48,066
Excess of revenues over expenditures	-	-	45,969	45,969
Fund balance - beginning of year	497,113	497,113	575,326	-
Fund balance - end of year	\$ 497,113	\$ 497,113	\$ 621,295	\$ 124,182

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NON-MAJOR PROPRIETARY FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the government’s council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government’s council has decided that periodic determination of net income is appropriate for accountability purposes.

STORM WATER MAINTENANCE FUND

The Storm Water Maintenance Fund is used to account for the activities of Storm Water Maintenance.

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CITY OF EVANSTON, WYOMING

STATEMENT OF NET ASSETS

Nonmajor Proprietary Fund

June 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Storm Water Maintenance Fund</u>	<u>Total Nonmajor Proprietary Funds</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 114,529	\$ 114,529
Accounts receivable (net of allowance for doubtful accounts)	2,446	2,446
Due from other funds	25,000	25,000
	<hr/>	<hr/>
Total current assets	141,975	141,975
	<hr/>	<hr/>
Capital assets		
Total capital assets (net of accumulated depreciation)	-	-
	<hr/>	<hr/>
Total assets	141,975	141,975
	<hr/>	<hr/>
LIABILITIES		
Current liabilities		
Total current liabilities	-	-
	<hr/>	<hr/>
Total liabilities	-	-
	<hr/>	<hr/>
NET ASSETS		
Invested in capital assets, net of related debt	-	-
Unrestricted	141,975	141,975
	<hr/>	<hr/>
Total net assets	\$ 141,975	\$ 141,975
	<hr/> <hr/>	<hr/> <hr/>

CITY OF EVANSTON, WYOMING

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

Nonmajor Proprietary Fund
Year Ended June 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Storm Water Maintenance Fund</u>	<u>Total Nonmajor Proprietary Funds</u>
Operating revenues		
Charges for services	\$ 24,677	\$ 24,677
Miscellaneous	-	-
Total operating revenues	<u>24,677</u>	<u>24,677</u>
Operating expenses	-	-
Total operating expenses	<u>-</u>	<u>-</u>
Operating income	<u>24,677</u>	<u>24,677</u>
Nonoperating revenues		
Total nonoperating revenues	<u>-</u>	<u>-</u>
Change in net assets	24,677	24,677
Total net assets - beginning of year	<u>117,298</u>	<u>117,298</u>
Total net assets - end of year	<u>\$ 141,975</u>	<u>\$ 141,975</u>

CITY OF EVANSTON, WYOMING

STATEMENT OF CASH FLOWS

Nonmajor Proprietary Fund

Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds	
	Storm Water Maintenance Fund	Total Nonmajor Proprietary Funds
Cash flows from operating activities:		
Cash received from customers	\$ 24,820	\$ 24,820
Other operating activities	-	-
Net cash operating activities	24,820	24,820
Cash flows from noncapital financing activities:		
Payments to other funds	-	-
Net cash provided from noncapital financing activities	-	-
Cash flows from capital and related financing activities:		
Net cash used for capital and related financing activities	-	-
Net increase in cash and cash equivalents	24,820	24,820
Cash and cash equivalents - beginning of year	89,709	89,709
Cash and cash equivalents - end of year	\$ 114,529	\$ 114,529
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ 24,677	\$ 24,677
Adjustments to reconcile income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	143	143
Net cash operating activities	\$ 24,820	\$ 24,820

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

MOTOR VEHICLE FUND

Motor Vehicle Fund - This fund is used to account for the financing of motor vehicle services provided for the various departments of the City.

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CITY OF EVANSTON, WYOMING

**STATEMENT OF NET ASSETS
Internal Service Fund
June 30, 2010**

	<u>Motor Vehicle Fund</u>	<u>Total</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 94,165	\$ 94,165
Accounts receivable	531	531
Inventory	<u>9,239</u>	<u>9,239</u>
Total current assets	<u>103,935</u>	<u>103,935</u>
Capital assets		
Building and systems	278,623	278,623
Machinery and equipment	<u>47,262</u>	<u>47,262</u>
	325,885	325,885
Less accumulated depreciation	<u>324,103</u>	<u>324,103</u>
Total capital assets (net of accumulated depreciation)	<u>1,782</u>	<u>1,782</u>
Total assets	<u>105,717</u>	<u>105,717</u>
LIABILITIES		
Accounts payable	<u>600</u>	<u>600</u>
Total liabilities	<u>600</u>	<u>600</u>
NET ASSETS		
Invested in capital assets, net of related debt	1,782	1,782
Unrestricted	<u>103,335</u>	<u>103,335</u>
Total net assets	<u>\$ 105,117</u>	<u>\$ 105,117</u>

CITY OF EVANSTON, WYOMING
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
Internal Service Fund
Year Ended June 30, 2010

	<u>Motor Vehicle Fund</u>	<u>Total</u>
Operating revenues		
Charges for services	<u>\$ 56,267</u>	<u>\$ 56,267</u>
Total operating revenues	<u>56,267</u>	<u>56,267</u>
Operating expenses		
Reproduction	7,447	7,447
Supplies	38,689	38,689
Depreciation	<u>11,145</u>	<u>11,145</u>
Total operating expenses	<u>57,281</u>	<u>57,281</u>
Operating loss	<u>(1,014)</u>	<u>(1,014)</u>
Non operating revenues		
Transfer in	<u>8,000</u>	<u>8,000</u>
Change in net assets	6,986	6,986
Net assets - beginning of year	<u>98,131</u>	<u>98,131</u>
Net assets - end of year	<u>\$ 105,117</u>	<u>\$ 105,117</u>

CITY OF EVANSTON, WYOMING

STATEMENT OF CASH FLOWS
Internal Service Fund
Year Ended June 30, 2010

	<u>Motor Vehicle Fund</u>	<u>Total</u>
Cash flows from operating activities		
Cash received from other funds	\$ 56,270	\$ 56,270
Cash payments to suppliers for services	(47,842)	(47,842)
Net cash used for operating activities	<u>8,428</u>	<u>8,428</u>
Cash flows from noncapital financing activities		
Transfers in	<u>8,000</u>	<u>8,000</u>
Net cash provided by noncapital financing activities	<u>8,000</u>	<u>8,000</u>
Cash flows from capital and related financing activities	<u>-</u>	<u>-</u>
Cash flows from investing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	16,428	16,428
Cash and cash equivalents - beginning of year	<u>77,737</u>	<u>77,737</u>
Cash and cash equivalents - end of year	<u>\$ 94,165</u>	<u>\$ 94,165</u>
Reconciliation of operating income to net cash used for operating activities		
Operating income	\$ (1,014)	\$ (1,014)
Adjustments to reconcile income to net cash provided by operating activities		
Depreciation	11,145	11,145
Change in operating assets and liabilities		
Accounts receivable	3	3
Inventory	(1,648)	(1,648)
Accounts payable	(58)	(58)
Net cash operating activities	<u>\$ 8,428</u>	<u>\$ 8,428</u>

CITY OF EVANSTON, WYOMING

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Youth Drug and Alcohol Court

Year Ended June 30, 2010

Receipts	
Cash match	\$ 31,498
Participant fees	1,050
State grants	177,055
Total received	<u>209,603</u>
Disbursements	
Salaries	69,157
Employee benefits	38,897
Professional services contract	22,586
Office expense	9,481
Program materials	817
Education and training	3,482
Awards	182
Accounting	5,000
Cellular phones	658
Drug Court contract	10,592
Detention	6,545
Medical health	190
Residential care/detention	7,900
Total disbursements	<u>175,487</u>
Excess disbursements over receipts	34,116
Cash available - beginning of year	<u>(30,639)</u>
Cash - end of year	<u>\$ 3,478</u>

**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

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CITY OF EVANSTON, WYOMING

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

Schedule By Source*

June 30, 2010

Governmental funds capital assets	
Land	\$ 16,037,256
Building	26,575,839
Machinery and equipment	5,142,548
Infrastructure	17,588,070
Construction in progress	<u>1,480,667</u>
Total governmental funds capital assets	<u>\$ 66,824,380</u>
Investments in governmental funds capital assets by source	
General fund	<u>\$ 66,824,380</u>
Total governmental funds capital assets	<u>\$ 66,824,380</u>

*This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF EVANSTON, WYOMING

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENT FUNDS*

Schedule By Function and Activity

June 30, 2010

<u>Function and Activity</u>	<u>Land</u>	<u>Building and Improvements</u>	<u>Machinery and Equipment</u>
General Government			
General services	\$ 16,037,256	\$ 26,501,028	\$ 502,003
Council	-	-	65,676
Engineering	-	-	93,524
Judicial	-	-	17,736
Economic development	-	-	6,900
Executive	-	-	30,925
Treasurer	-	-	45,393
Clerk	-	-	3,062
Youth services	-	-	81,740
Purchasing	-	-	34,795
Community development	-	-	145,271
Total general government	<u>16,037,256</u>	<u>26,501,028</u>	<u>1,027,025</u>
Public Safety			
Police department	-	-	1,007,847
Total safety	<u>-</u>	<u>-</u>	<u>1,007,847</u>
Highway, Streets and Recreation			
Public works	-	-	63,456
Streets	-	-	2,403,795
Parks and recreation	-	74,811	640,425
Total highway, streets and recreation	<u>-</u>	<u>74,811</u>	<u>3,107,676</u>
Total governmental funds capital assets	<u>\$ 16,037,256</u>	<u>\$ 26,575,839</u>	<u>\$ 5,142,548</u>

*This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Infrastructure	Construction in Progress	Total
\$ -	\$ 1,480,667	\$ 44,520,954
-	-	65,676
-	-	93,524
-	-	17,736
-	-	6,900
-	-	30,925
-	-	45,393
-	-	3,062
-	-	81,740
-	-	34,795
-	-	145,271
-	1,480,667	45,045,976
-	-	1,007,847
-	-	1,007,847
-	-	63,456
17,588,070	-	19,991,865
-	-	715,236
17,588,070	-	20,770,557
<u>\$ 17,588,070</u>	<u>\$ 1,480,667</u>	<u>\$ 66,824,380</u>

CITY OF EVANSTON, WYOMING

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
Schedule of Changes by Function and Activity *
Year Ended June 30, 2010

Function and Activity	Governmental	Additions	Deductions	Governmental
	Funds Capital Assets			Funds Capital Assets
	June 30, 2009			June 30, 2010
General Government				
General services	\$ 36,158,798	\$ 6,881,909	\$ 420	\$ 43,040,287
Council	65,826	-	150	65,676
Engineering	100,738	-	7,214	93,524
Judicial	17,736	-	-	17,736
Economic development	-	6,900	-	6,900
Executive	30,925	-	-	30,925
Treasurer	78,560	-	33,167	45,393
Clerk	3,212	-	150	3,062
Youth services	62,169	19,571	-	81,740
Purchasing	57,104	-	22,309	34,795
Community development	149,535	-	4,264	145,271
Total general government	36,724,603	6,908,380	67,674	43,565,309
Public Safety				
Police department	1,017,230	8,780	18,163	1,007,847
Total safety	1,017,230	8,780	18,163	1,007,847
Highway, Streets and Recreation				
Public works	63,886	-	430	63,456
Streets	2,413,295	-	9,500	2,403,795
Streets - infrastructure	17,588,070	-	-	17,588,070
Parks and recreation	716,210	150	1,124	715,236
Total highway, Streets and recreation	20,781,461	150	11,054	20,770,557
Construction in progress	5,894,662	1,401,857	5,815,852	1,480,667
Total general fixed assets	\$ 64,417,956	\$ 8,319,167	\$ 5,912,743	\$ 66,824,380

* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

COMPLIANCE SECTION

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PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

123 West First Street Suite 800 P.O. Box 2759 Casper, Wyoming 82602 (307) 265-4311 Fax (307) 265-5180

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*

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

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, as of and for the year ended June 30, 2010, which collectively comprise the City of Evanston's basic financial statements and have issued our report thereon dated December 09, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Evanston, Wyoming's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Evanston, Wyoming's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Evanston, Wyoming's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Evanston, Wyoming's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Evanston, Wyoming's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, its oversight audit agency and other agencies granting funds to the City of Evanston, Wyoming and is not intended to be and should not be used by anyone other than these specified parties.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

December 09, 2010

SINGLE AUDIT SECTION

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CITY OF EVANSTON, WYOMING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2010

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Current Year Expenditures
U.S. Department of Agriculture			
Passed Through State of Wyoming Forestry Division Cooperative Forestry Assistance	10.664	None	\$ 2,000
Total U. S. Department of Agriculture			<u>2,000</u>
U. S. Department of Housing and Urban Development			
Passed through Wyoming Business Council Authority Community Development Block Grants/State Program	14.228	None	<u>54,854</u>
Direct Program Economic Development Initiative- Special Projects, Neighborhood Initiative and Miscellaneous Grants	14.251	None	<u>380,000</u>
Total U. S. Department of Housing and Urban Development			<u>434,854</u>
U. S. Department of the Interior			
Passed through State of Wyoming Department of Parks and Cultural Resources State Historic Preservation Office	15.904	None	3,940
Historic Preservation Fund Grants-in Aid	15.904	None	<u>2,730</u>
Total U. S. Department of the Interior			<u>6,670</u>
U. S. Department of Justice			
Passed through the Wyoming Attorney General's Office - DCI Edward Byrne Memorial Formula Grant Program	16.579	None	<u>67,970</u>
Direct Programs Bullet Proof Vest Partnership Program	16.607	None	<u>1,713</u>
Passed through the Wyoming Association of Sheriffs and Chiefs of Police Community Enforcement Grant Enforcing Underage Drinking Laws Program	16.727	None	<u>1,615</u>
Passed through the Wyoming Attorney General's Office - DVS ARRA- State Victim Assistance Formula Grant Program, Recovery Act	16.801	2009-EF-S6-0044	<u>16,775</u>
Total U. S. Department of Justice			<u>88,073</u>
U. S. Department of Labor			
Passed through the Wyoming Department of Workforce Services Incentive Grants - WIA Section 503	17.267	None	<u>8,296</u>
Total U. S. Department of Labor			<u>8,296</u>

(Continued)

See note to the schedule of expenditures of federal awards

CITY OF EVANSTON, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year ended June 30, 2010

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Current Year Expenditures
U. S. Department of Transportation			
Passed through the Wyoming Department of Transportation			
Highway Planning and Construction	20.205	STP-E-EV-0.00 TL1007	\$ 8,196
State and Community Highway Safety	20.600	09-410-01R	7,289
State and Community Highway Safety	20.600	10-154AL22X	15,138
			<u>22,427</u>
Total U. S. Department of Transportation			<u>30,623</u>
U. S. Department of Energy			
Passed through the Wyoming Business Council Authority			
ARRA- Energy Efficiency Grant, Recovery Act	81.041	None	5,022
ARRA- Energy and Efficiency and Conservation Block Grant Program, Recovery Act	81.128	None	20,658
			<u>25,680</u>
Total U. S. Department of Energy			<u>25,680</u>
U. S. Department of Education			
Passed through Uinta County School District No. 1			
Twenty-First Century Community Learning Centers	84.287C	None	22,461
Total U. S. Department of Education			<u>22,461</u>
U.S. Department of Homeland Security			
Passed through Wyoming Department of Homeland Security			
Homeland Security Grant Program	97.067	09-GPD-EVT-LP-HLE9	3,750
Homeland Security Grant Program	97.067	07-ODP-EVA-LP-HLE7	20,078
			<u>23,828</u>
Total U. S. Department of Homeland Security			<u>23,828</u>
U. S. Department of Homeland Security			
Total Expenditures of Federal Awards			<u>\$ 642,485</u>

See note to the schedule of expenditures of federal awards

CITY OF EVANSTON, WYOMING

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2010

Note 1. Basis of Accounting

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

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

Compliance

We have audited the compliance of the City of Evanston, Wyoming with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City of Evanston, Wyoming's major federal program for the year ended June 30, 2010. The City of Evanston's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Evanston, Wyoming's management. Our responsibility is to express an opinion on the City of Evanston, Wyoming's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Evanston, Wyoming's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Evanston, Wyoming's compliance with those requirements.

In our opinion, the City of Evanston, Wyoming complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the ended June 30, 2010.

Internal Control Over Compliance

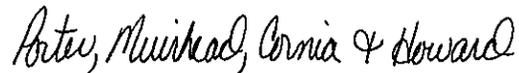
The management of the City of Evanston, Wyoming is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Evanston, Wyoming's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Evanston, Wyoming's internal control over compliance.

Honorable Mayor and Members of the City Council
City of Evanston, Wyoming
Page 2

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended for the information of management, its oversight audit agency and other agencies granting funds to the City of Evanston, Wyoming and is not intended to be and should not be used by anyone other than these specified parties.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

December 09, 2010

CITY OF EVANSTON, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified
that are not considered to be material
weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified
that are not considered to be material
weaknesses? No

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with section 510 (a)
of OMB Circular A-133? No

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

14.251

*U.S. Department of Housing and Urban Development
Economic Development Initiative-
Special Projects, Neighborhood
Initiative and Miscellaneous Grants*

Dollar threshold used to distinguish between
Type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? No

CITY OF EVANSTON, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2010

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

CITY OF EVANSTON, WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2010

Note 1. Summary Schedule of Prior Audit Findings

There were no audit findings reported for the year ended June 30, 2009.

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