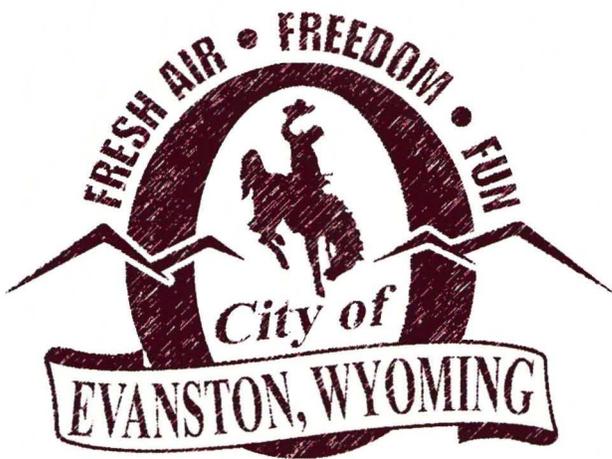


# CITY OF EVANSTON

## Comprehensive Annual Financial Report

*Fiscal Year Ending June 30, 2012*



**CITY OF EVANSTON, WYOMING**

**FINANCIAL REPORT**

**June 30, 2012**

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November 30, 2012

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, 2012.

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, 2012, 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, 2012, 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 City of Evanston did not require a federally mandated "Single Audit." We had several grants but did not exceed the standards governing the Single Audit requirement. The independent audit requires reporting not only on the fair presentation of the financial statements, but also on the internal controls and compliance with legal requirements involving the administration of federal awards.

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 a population growth as evident by the 2010 census figures which were released recently. Evanston's 2010 population is 12,359 which reflect a 7.4 percent increase from the 2000 census. Uinta County's population is 21,118 and also reflects a 7.0 percent increase during the past decade. The City of Evanston's percentage to total county population did change a little at 58.5 percent, thus the formula used to calculate the sales tax distribution for Evanston changed from the previous year. 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 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, 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 impacts on the economy of Evanston this last year. 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 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.

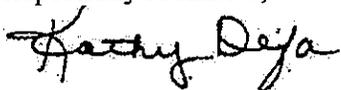
**Pension and other post-employment benefits:** The City of Evanston participates in several single-employer defined benefit pension plans for its employees. The City became involved with the Wyoming Retirement System to help secure employee's retirement. Our health premiums have increased by 50% due 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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## 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, 2012, 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 previously 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, 2012, and the respective changes in financial position and, where applicable, cash flows 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 November 30, 2012 on our consideration of the City of Evanston's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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.

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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 46 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The budgetary information has been subjected to the auditing procedures applied during the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 other supplementary information on pages 53 through 69 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

November 30, 2012

# CITY OF EVANSTON, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

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As management of the City of Evanston, Wyoming, we offer readers of the City of Evanston, Wyoming's financial statements this narrative overview and analysis of the financial activities of the City of Evanston, Wyoming's for the fiscal year ended June 30, 2012.

### ***Financial Highlights***

- The assets of the City of Evanston, Wyoming exceeded its liabilities at the close of the most recent fiscal year by \$105,859,803 (*net assets*). Of this amount, \$36,219,990 (*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 \$336,257.
- As of the close of the current fiscal year, the City of Evanston, Wyoming's governmental funds reported combined ending fund balances of \$10,098,704.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$8,656,513.

### ***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 12-15 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, 2012

(Unaudited)

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Evanston, Wyoming maintains 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 16-19 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 20-29 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 30-45 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 46-50 of this report.

**CITY OF EVANSTON, WYOMING**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2012

(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 Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Current assets	\$ 10,651,075	\$ 11,071,602	\$ 26,689,812	\$ 27,644,528	\$ 37,340,887	\$ 38,716,130
Capital assets Net Accum. Dep	36,326,505	36,125,486	33,850,575	32,936,456	70,177,080	69,061,942
Non Current Assets	-	-	-	-	-	-
Total assets	46,977,580	47,197,088	60,540,387	60,580,984	107,517,967	107,778,072
Current Liabilities	592,778	546,843	302,214	295,742	894,992	842,585
Total Non-Current liabilities	783,176	696,055	316,253	379,627	1,099,429	1,075,682
Total Liabilities	1,375,954	1,242,898	618,467	675,369	1,994,421	1,918,267
Net assets:						
Invested in capital assets, net of related debt	36,326,505	36,125,486	33,668,201	32,785,682	69,994,706	68,911,168
Restricted	205,847	205,847	465,433	522,798	671,280	728,645
Unrestricted	9,069,274	9,622,855	25,788,286	26,597,135	34,857,560	36,219,990
Total net assets	\$ 45,601,626	\$ 45,954,188	\$ 59,921,920	\$ 59,905,615	\$ 105,523,546	\$ 105,859,803

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* \$36,219,990 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, 2012

(Unaudited)

**Governmental activities.** Governmental 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	
	2011	2012	2011	2012	2011	2012
Revenues:						
Program revenues:						
Charges for services	\$ 488,557	\$ 496,259	\$ 4,383,665	\$ 4,435,352	\$ 4,872,222	\$ 4,931,611
Operating grants and contributions	2,352,031	1,276,065	-	-	2,352,031	1,276,065
General revenues:						
Property taxes	865,092	960,110	-	-	865,092	960,110
Other taxes	5,743,439	6,170,054	6,283	81	5,749,722	6,170,135
Grants and contributions not restricted to specific programs	2,432,952	2,482,602	-	-	2,432,952	2,482,602
Unrestricted Investment Earnings	166,473	129,512	167,892	106,456	334,365	235,968
Miscellaneous Revenue	132,680	279,966	(978)	(56)	131,702	279,910
Transfers	(811,375)	(699,000)	811,375	699,000	-	-
Total revenues	11,369,849	11,095,568	5,368,237	5,240,833	16,738,086	16,336,401
Expenses:						
General government	4,253,402	4,891,961	-	-	4,253,402	4,891,961
Public safety	2,866,679	2,867,968	-	-	2,866,679	2,867,968
Public Works	1,234,499	1,465,117	-	-	1,234,499	1,465,117
Recreation	1,531,946	1,512,239	-	-	1,531,946	1,512,239
Interest on long-term debt	8,675	5,721	-	-	8,675	5,721
Water	-	-	2,315,592	2,595,872	2,315,592	2,595,872
Sewer	-	-	767,526	762,166	767,526	762,166
Golf	-	-	1,066,751	1,111,701	1,066,751	1,111,701
Sanitation	-	-	800,576	786,359	800,576	786,359
Other Non Major Enterprise Funds	-	-	2,500	1,040	2,500	1,040
Total expenses	9,895,201	10,743,006	4,952,945	5,257,138	14,848,146	16,000,144
Increase in net assets before transfers						
Change in net assets	1,474,648	352,562	415,292	(16,305)	1,889,940	336,257
Net assets – 6/30/11	44,126,978	45,601,626	59,506,628	59,921,920	102,554,222	102,554,222
Net assets – 6/30/12	\$ 45,601,626	\$ 45,954,188	\$ 59,921,920	\$ 59,905,615	\$ 104,444,162	\$ 102,890,479

# CITY OF EVANSTON, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012  
(Unaudited)

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The City of Evanston, Wyoming is very active in searching and obtaining grants to maintain the level of service and living conditions for our residents. We have received Homeland Security grants along with Alcohol and Tobacco Grants.

Other awarded grants, to the City of Evanston, Wyoming furnished resources to support functions such as the Underpass Restoration, Roundhouse Turntable Restoration and the Strand Theater Restoration. The City of Evanston, Wyoming continues to aggressively undertaken 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 the divisions to better analyze our expenses. Therefore, the City of Evanston, Wyoming can review the cost of specific services to provide a more fiscal responsibility.

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

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 \$8,656,513 while total fund balance reached \$10,098,704. 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 increased by \$140,553, during the current fiscal year.

- Sales tax rate increased tax revenues by \$434,260.
- Property tax increased by \$95,018.
- Transfer of funds to Golf and Cemetery Fund of \$699,000.
- Grants and contributions increased by \$49,650.
- Investment earnings were reduced by \$36,961.
- Charges for Services increased by \$7,702

# CITY OF EVANSTON, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

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The long-term liability (\$696,055) including accrued compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

**Proprietary funds.** The City of Evanston, Wyoming's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water, Sewer, Sanitation and other Enterprise Funds at the end of the year amounted to \$26,597,135. The total growth in unrestricted net assets for these funds was \$808,849. 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 \$661,149 increase in appropriations. The governing body increased the original budgets for a one-time bonus for all city employees. It has been several years that no cost of living increases or wage increases have been given and felt the need to award employees with the one-time bonus. A brief summary follows:

- \$307,265 capital outlay for grants and proposed capital projects.
- \$353,884 one-time bonus for all employees because of not receiving any pay increases for several years.

### **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, 2012 amounts to \$69,061,942 (net of accumulated depreciation). This investment in capital assets included land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

- Underpass Reconstruction
- Roundhouse Turntable
- City Hall Retrofit – Heating/Air System
- Machine Shop Energy Efficiency
- Strand Theater
- Rec Center Retrofit – Heating/Air System
- Water Treatment Plant Upgrades
- Waste Water Treatment Plant Upgrades

**CITY OF EVANSTON, WYOMING**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2012

(Unaudited)

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2011	2012	2011	2012	2011	2012
Land	\$ 20,067,992	\$ 20,067,992	\$ 733,694	\$ 733,694	\$ 20,801,686	\$ 20,801,686
Construction in Progress	555,967	10,700	-	27,741	555,967	38,441
Buildings and system	27,795,288	29,229,583	65,335,143	65,456,701	93,130,431	94,686,284
Machinery and Equipment	4,992,097	5,186,515	2,297,481	2,694,736	7,289,578	7,881,251
Infrastructure	17,588,070	17,588,070	-	-	17,588,070	17,588,070
Total Accum. Depreciation	(34,672,909)	(35,957,374)	(34,515,743)	(35,976,416)	(69,188,652)	(71,933,790)
<b>Total</b>	<b>\$ 36,326,505</b>	<b>\$ 36,125,486</b>	<b>\$ 33,850,575</b>	<b>\$ 32,936,456</b>	<b>\$ 70,177,080</b>	<b>\$ 69,061,942</b>

Additional information on the City of Evanston, Wyoming's capital assets can be found in Note 3 on pages 39-41 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Evanston, Wyoming had total bonded debt outstanding of \$1,075,682.

**City of Evanston's Outstanding Debt  
General Obligation and Revenue Bonds**

	Governmental		Business-type		Total	
	2011	2012	2011	2012	2011	2012
Governmental Activities Long Term	\$ 799,159	\$ 696,055	\$ -	\$ -	\$ 799,159	\$ 696,055
Accrued Compensated Absences	-	-	173,802	228,853	173,802	228,853
Lease Purchase Obligation	-	-	182,375	150,774	182,375	150,774
<b>Total</b>	<b>\$ 799,159</b>	<b>\$ 696,055</b>	<b>\$ 356,177</b>	<b>\$ 379,627</b>	<b>\$ 1,155,336</b>	<b>\$ 1,075,682</b>

The City of Evanston, Wyoming's total debt is \$1,075,682 for the current fiscal year. Additional information on the City of Evanston, Wyoming's long-term debt can be found in Note 3 on pages 41-42 of this report.

## CITY OF EVANSTON, WYOMING

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

(Unaudited)

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

- The unemployment rate for the City of Evanston, Wyoming is currently 5.7 percent, which is a decrease from a rate of 6.5 percent a year ago. This compares to the state's average unemployment rate of 5.8 percent and the national average rate of 8.3 percent.

Wyoming's employment added 1,400 jobs this last year with the largest job losses occurring in the 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 2012 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.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF EVANSTON, WYOMING**

**STATEMENT OF NET ASSETS**  
June 30, 2012

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 1,625,545	\$ 2,077,225	\$ 3,702,770
Investments at fair value	33,696,371	7,660	33,704,031
Receivables (net of allowance for uncollectibles)			
Accounts receivable	640,553	532,989	1,173,542
Accrued interest	35,387	-	35,387
Property taxes	43,513	-	43,513
Internal balances	(24,975,533)	24,975,533	-
Inventory	5,766	51,121	56,887
Total current assets	<u>11,071,602</u>	<u>27,644,528</u>	<u>38,716,130</u>
Capital assets			
Capital assets not being depreciated			
Land	20,067,992	733,694	20,801,686
Construction in progress	10,700	27,741	38,441
Capital assets being depreciated			
Buildings and systems	29,229,583	65,456,701	94,686,284
Machinery and equipment	5,186,515	2,694,736	7,881,251
Infrastructure	17,588,070	-	17,588,070
	<u>72,082,860</u>	<u>68,912,872</u>	<u>140,995,732</u>
Less accumulated depreciation	<u>(35,957,374)</u>	<u>(35,976,416)</u>	<u>(71,933,790)</u>
Total capital assets (net of accumulated depreciation)	<u>36,125,486</u>	<u>32,936,456</u>	<u>69,061,942</u>
Total assets	<u>47,197,088</u>	<u>60,580,984</u>	<u>107,778,072</u>

(Continued)

See accompanying notes to the financial statements

**CITY OF EVANSTON, WYOMING**

STATEMENT OF NET ASSETS (CONTINUED)

June 30, 2012

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 148,323	\$ 194,796	\$ 343,119
Accrued payroll	145,216	44,381	189,597
Accrued liabilities	241,654	-	241,654
Court bonds payable	11,650	-	11,650
Deposits payable	-	56,565	56,565
Total current liabilities	<u>546,843</u>	<u>295,742</u>	<u>842,585</u>
Noncurrent liabilities			
Due in one year	34,803	50,824	85,627
Due in more than one year	661,252	328,803	990,055
Total noncurrent liabilities	<u>696,055</u>	<u>379,627</u>	<u>1,075,682</u>
Total liabilities	<u>1,242,898</u>	<u>675,369</u>	<u>1,918,267</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	36,125,486	32,785,682	68,911,168
Restricted for			
Landfill maintenance	-	522,798	522,798
Perpetual fund			
Expendable	105,847	-	105,847
Nonexpendable	100,000	-	100,000
Unrestricted	9,622,855	26,597,135	36,219,990
Total net assets	<u>\$ 45,954,188</u>	<u>\$ 59,905,615</u>	<u>\$ 105,859,803</u>

See accompanying notes to the financial statements

**CITY OF EVANSTON, WYOMING**

**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2012

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 4,891,961	\$ 107,168	\$ 1,276,065	\$ -
Public safety	2,867,968	334,966	-	-
Public works	1,465,117	-	-	-
Culture and recreation	1,512,239	54,125	-	-
Interest on long-term debt	5,721	-	-	-
<b>Total governmental activities</b>	<b>10,743,006</b>	<b>496,259</b>	<b>1,276,065</b>	<b>-</b>
<b>Business-type activities:</b>				
Water	2,595,872	2,121,684	-	-
Sewer	762,166	1,048,644	-	-
Golf	1,111,701	452,721	-	-
Sanitation	786,359	779,997	-	-
Other nonmajor enterprise funds	1,040	32,306	-	-
<b>Total business-type activities</b>	<b>5,257,138</b>	<b>4,435,352</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 16,000,144</b>	<b>\$ 4,931,611</b>	<b>\$ 1,276,065</b>	<b>\$ -</b>

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
\$ (3,508,728)	\$ -	\$ (3,508,728)
(2,533,002)	-	(2,533,002)
(1,465,117)	-	(1,465,117)
(1,458,114)	-	(1,458,114)
(5,721)	-	(5,721)
<u>(8,970,682)</u>	<u>-</u>	<u>(8,970,682)</u>
-	(474,188)	(474,188)
-	286,478	286,478
-	(658,980)	(658,980)
-	(6,362)	(6,362)
-	31,266	31,266
<u>-</u>	<u>(821,786)</u>	<u>(821,786)</u>
<u>(8,970,682)</u>	<u>(821,786)</u>	<u>(9,792,468)</u>
960,110	-	960,110
5,720,296	-	5,720,296
184,873	-	184,873
264,885	-	264,885
-	81	81
2,482,602	-	2,482,602
129,512	106,456	235,968
279,966	(56)	279,910
(699,000)	699,000	-
<u>9,323,244</u>	<u>805,481</u>	<u>10,128,725</u>
352,562	(16,305)	336,257
<u>45,601,626</u>	<u>59,921,920</u>	<u>105,523,546</u>
<u>\$ 45,954,188</u>	<u>\$ 59,905,615</u>	<u>\$ 105,859,803</u>

**CITY OF EVANSTON, WYOMING**

**BALANCE SHEET  
Governmental Funds  
June 30, 2012**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 1,517,126	\$ 1,517,126
Investments at fair value	33,696,371	-	33,696,371
Receivables (net of allowance for uncollectibles)			
Accounts receivable	601,628	38,304	639,932
Accrued interest	35,387	-	35,387
Property taxes	43,513	-	43,513
	<u>\$ 34,376,899</u>	<u>\$ 1,555,430</u>	<u>\$ 35,932,329</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Current liabilities			
Accounts payable	\$ 134,852	\$ 13,239	\$ 148,091
Accrued payroll	145,216	-	145,216
Accrued liabilities	241,654	-	241,654
Court bonds payable	11,650	-	11,650
Deferred revenues	211,481	-	211,481
Due to other funds	23,255,033	-	23,255,033
Current portion of advance payable to water fund	238,096	-	238,096
	<u>24,237,982</u>	<u>13,239</u>	<u>24,251,221</u>
Noncurrent liabilities			
Noncurrent portion of advance payable to water fund	1,482,404	-	1,482,404
	<u>1,482,404</u>	<u>-</u>	<u>1,482,404</u>
	<u>25,720,386</u>	<u>13,239</u>	<u>25,733,625</u>
Fund balances			
Nonspendable			
Permanent fund principal	-	100,000	100,000
Restricted, cemetery perpetual care	-	105,847	105,847
Assigned, emergency repairs	5,500,000	-	5,500,000
Unassigned	3,156,513	1,336,344	4,492,857
	<u>8,656,513</u>	<u>1,542,191</u>	<u>10,198,704</u>
	<u>\$ 34,376,899</u>	<u>\$ 1,555,430</u>	<u>\$ 35,932,329</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, 2012

Total governmental fund balances		\$ 10,198,704
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Long-term liabilities, including accrued compensated absences, are not due and payable in the current period and therefore, are not reported in the funds.</p>		
Accrued compensated absences		(696,055)
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.</p>		
General government capital assets (net of accumulated depreciation)	\$ 35,678,040	
Permanent fund capital assets (net of accumulated depreciation)	<u>447,446</u>	36,125,486
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Deferred property taxes	14,291	
Deferred grant revenue	59,232	
Deferred - cash in lieu of land development	<u>137,958</u>	211,481
<p>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 amount of unrestricted net assets of the internal service funds.</p>		
<p>Motor Vehicle Fund</p>		
Current assets	114,807	
Current liabilities	<u>(235)</u>	<u>114,572</u>
Net assets of governmental activities		<u><u>\$ 45,954,188</u></u>

See accompanying notes to the financial statements

**CITY OF EVANSTON, WYOMING**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Governmental Funds

Year Ended June 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 6,814,504	\$ 266,988	\$ 7,081,492
Licenses and permits	121,291	-	121,291
Fines and forfeitures	283,836	-	283,836
Intergovernmental revenues	3,850,356	-	3,850,356
Charges for services	120,463	54,125	174,588
Interest and miscellaneous	152,677	81,658	234,335
<b>Total revenues</b>	<b>11,343,127</b>	<b>402,771</b>	<b>11,745,898</b>
<b>EXPENDITURES</b>			
Current			
General government	2,807,429	-	2,807,429
Public safety and transportation	2,865,702	-	2,865,702
Public works	1,513,242	-	1,513,242
Health, welfare and recreation	1,123,024	325,682	1,448,706
Intergovernmental expenditures	656,914	-	656,914
Capital outlay	1,349,263	-	1,349,263
<b>Total expenditures</b>	<b>10,315,574</b>	<b>325,682</b>	<b>10,641,256</b>
Excess of revenues over expenditures	1,027,553	77,089	1,104,642
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	183,000	183,000
Transfers out	(887,000)	-	(887,000)
<b>Total other financing sources (uses)</b>	<b>(887,000)</b>	<b>183,000</b>	<b>(704,000)</b>
<b>Net change in fund balances</b>	<b>140,553</b>	<b>260,089</b>	<b>400,642</b>
Fund balances - beginning of year	8,515,960	1,282,102	9,798,062
<b>Fund balances - end of year</b>	<b>\$ 8,656,513</b>	<b>\$ 1,542,191</b>	<b>\$ 10,198,704</b>

See accompanying notes to the financial statements

**CITY OF EVANSTON, WYOMING**

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2012

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

Net change in fund balances - total governmental funds	\$	400,642
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Governmental funds report capital outlays as expenditures.

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

General government

Capital outlay	\$ 1,770,003		
Additional construction in progress	10,700		
Less completed construction in progress	(555,967)		
Depreciation expense	<u>(1,420,993)</u>		(196,257)

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.

Disposal of capital assets (cost basis)	(141,290)		
Accumulated depreciation	<u>136,528</u>		(4,762)

Compensated absences 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.

Compensated absences as of June 30, 2011	799,159		
Compensated absences as of June 30, 2012	<u>(696,055)</u>		103,104

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

Internal service fund changes in net assets:

Motor Vehicle Fund			1,163
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Certain revenues are not recognized as current financial resources and, therefore, are not reported as revenues in governmental funds.

Deferred revenue as of June 30, 2011	(162,809)		
Deferred revenue as of June 30, 2012	<u>211,481</u>		<u>48,672</u>

Change in net assets of governmental activities	\$	<u><u>352,562</u></u>
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See accompanying notes to the financial statements

**CITY OF EVANSTON, WYOMING**

STATEMENT OF NET ASSETS  
Proprietary Funds  
June 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ -	\$ -	\$ 1,100,597
Investments, at fair value	7,660	-	-
Accounts receivable (net of allowance for uncollectibles)	345,282	113,576	-
Due from other funds	12,013,168	9,546,865	-
Inventory	-	-	51,121
Current portion of advance receivable from general fund	238,096	-	-
Total current assets	<u>12,604,206</u>	<u>9,660,441</u>	<u>1,151,718</u>
Noncurrent assets			
Long term portion of advance receivable from general fund	1,482,404	-	-
Total noncurrent assets	<u>1,482,404</u>	<u>-</u>	<u>-</u>
Capital assets			
Land	161,500	240,005	312,189
Buildings and systems	43,813,651	15,310,439	6,267,611
Machinery and equipment	431,047	383,208	640,693
	<u>44,433,939</u>	<u>15,933,652</u>	<u>7,220,493</u>
Less accumulated depreciation	<u>19,572,520</u>	<u>13,429,110</u>	<u>1,971,200</u>
Total capital assets (net of accumulated depreciation)	<u>24,861,419</u>	<u>2,504,542</u>	<u>5,249,293</u>
Total assets	<u>38,948,029</u>	<u>12,164,983</u>	<u>6,401,011</u>

See accompanying notes to the financial statements

Business-type Activities - Enterprise Funds

<u>Sanitation Fund</u>	<u>Other Enterprise Fund</u>	<u>Totals</u>	<u>Governmental Activities- Internal Service Fund</u>
\$ 776,142	\$ 200,486	\$ 2,077,225	\$ 108,419
-	-	7,660	-
71,951	2,180	532,989	622
1,695,000	-	23,255,033	-
-	-	51,121	5,766
-	-	238,096	-
<u>2,543,093</u>	<u>202,666</u>	<u>26,162,124</u>	<u>114,807</u>
-	-	1,482,404	-
-	-	1,482,404	-
20,000	-	733,694	-
65,000	-	65,456,701	278,623
<u>1,239,788</u>	<u>-</u>	<u>2,694,736</u>	<u>44,291</u>
1,324,788	-	68,912,872	322,914
<u>1,003,586</u>	<u>-</u>	<u>35,976,416</u>	<u>322,603</u>
<u>321,202</u>	<u>-</u>	<u>32,936,456</u>	<u>311</u>
<u>2,864,295</u>	<u>202,666</u>	<u>60,580,984</u>	<u>115,118</u>

(Continued)

**CITY OF EVANSTON, WYOMING**

STATEMENT OF NET ASSETS (CONTINUED)

Proprietary Funds

June 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 126,174	\$ 20,926	\$ 20,554
Accrued payroll	25,082	11,099	-
Deposits payable	56,565	-	-
Total current liabilities	<u>207,821</u>	<u>32,025</u>	<u>20,554</u>
Noncurrent liabilities			
Due within one year	119,825	52,765	111,393
Due in more than one year	6,307	2,777	39,381
Total noncurrent liabilities	<u>126,132</u>	<u>55,542</u>	<u>150,774</u>
Total liabilities	<u>333,953</u>	<u>87,567</u>	<u>171,328</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	24,861,419	2,504,542	5,098,519
Restricted for landfill maintenance	-	-	-
Unrestricted	<u>13,752,657</u>	<u>9,572,874</u>	<u>1,131,164</u>
Total net assets	<u>\$ 38,614,076</u>	<u>\$ 12,077,416</u>	<u>\$ 6,229,683</u>

See accompanying notes to the financial statements

Business-type Activities - Enterprise Funds

<u>Sanitation Fund</u>	<u>Other Enterprise Fund</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 27,142	\$ -	\$ 194,796	\$ 235
8,200	-	44,381	-
-	-	56,565	-
<u>35,342</u>	<u>-</u>	<u>295,742</u>	<u>235</u>
44,820	-	328,803	-
2,359	-	50,824	-
<u>47,179</u>	<u>-</u>	<u>379,627</u>	<u>-</u>
<u>82,521</u>	<u>-</u>	<u>675,369</u>	<u>235</u>
321,202	-	32,785,682	311
522,798	-	522,798	-
<u>1,937,774</u>	<u>202,666</u>	<u>26,597,135</u>	<u>114,572</u>
<u>\$ 2,781,774</u>	<u>\$ 202,666</u>	<u>\$ 59,905,615</u>	<u>\$ 114,883</u>

**CITY OF EVANSTON, WYOMING**

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

Proprietary Funds  
Year Ended June 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>
Operating revenues			
Charges for services	\$ 2,079,472	\$ 1,040,649	\$ 437,321
Miscellaneous	42,212	7,995	15,400
Total operating revenues	<u>2,121,684</u>	<u>1,048,644</u>	<u>452,721</u>
Operating expenses			
Personnel services	917,590	389,090	-
Contractual services	54,219	-	410,637
Repairs and maintenance	106,805	43,608	287,972
Supplies	425,647	38,924	152,444
Interest expense	-	-	7,781
Miscellaneous	4,527	20,685	9,951
Capital outlay	-	17,163	-
Depreciation	974,132	146,302	242,916
Utilities	112,952	106,394	-
Total operating expenses	<u>2,595,872</u>	<u>762,166</u>	<u>1,111,701</u>
Operating income (loss)	<u>(474,188)</u>	<u>286,478</u>	<u>(658,980)</u>
Nonoperating revenues			
Interest income	60,608	36,333	-
Capital facility tax	81	-	-
Gain (loss) on sales of assets	(256)	-	200
Total nonoperating revenues	<u>60,433</u>	<u>36,333</u>	<u>200</u>
Income (loss) before transfers	<u>(413,755)</u>	<u>322,811</u>	<u>(658,780)</u>
Transfers in	-	-	699,000
Total transfers and contributions	<u>-</u>	<u>-</u>	<u>699,000</u>
Change in net assets	(413,755)	322,811	40,220
Total net assets - beginning of year	<u>39,027,831</u>	<u>11,754,605</u>	<u>6,189,463</u>
Total net assets - end of year	<u>\$ 38,614,076</u>	<u>\$ 12,077,416</u>	<u>\$ 6,229,683</u>

See accompanying notes to the financial statements

Business-type Activities - Enterprise Funds

<u>Sanitation Fund</u>	<u>Other Enterprise Fund</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Fund</u>
\$ 779,997	\$ 24,806	\$ 4,362,245	\$ 55,078
-	7,500	73,107	-
<u>779,997</u>	<u>32,306</u>	<u>4,435,352</u>	<u>55,078</u>
283,856	-	1,590,536	-
-	-	464,856	-
37,573	1,040	476,998	-
307,515	-	924,530	58,915
-	-	7,781	-
42,212	-	77,375	-
2,280	-	19,443	-
112,923	-	1,476,273	-
-	-	219,346	-
<u>786,359</u>	<u>1,040</u>	<u>5,257,138</u>	<u>58,915</u>
<u>(6,362)</u>	<u>31,266</u>	<u>(821,786)</u>	<u>(3,837)</u>
9,515	-	106,456	-
-	-	81	-
-	-	(56)	-
<u>9,515</u>	<u>-</u>	<u>106,481</u>	<u>-</u>
<u>3,153</u>	<u>31,266</u>	<u>(715,305)</u>	<u>(3,837)</u>
-	-	699,000	5,000
-	-	699,000	5,000
3,153	31,266	(16,305)	1,163
<u>2,778,621</u>	<u>171,400</u>	<u>59,921,920</u>	<u>113,720</u>
<u>\$ 2,781,774</u>	<u>\$ 202,666</u>	<u>\$ 59,905,615</u>	<u>\$ 114,883</u>

**CITY OF EVANSTON, WYOMING**

STATEMENT OF CASH FLOWS

Proprietary Funds

Year Ended June 30, 2012

	<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	\$ 1,980,779	\$ 1,043,139	\$ 452,721
Receipts from other funds	-	-	-
Payments to suppliers for services	(643,532)	(228,255)	(890,153)
Payments to employees for services	(879,743)	(362,643)	-
Settlement of interfund operating activities	(430,395)	(582,329)	-
Net cash and cash equivalents provided (used) by operating activities	<u>27,109</u>	<u>(130,088)</u>	<u>(437,432)</u>
Cash flows from noncapital financing activities			
Capital facility tax	81	-	-
Transfers from other funds	-	-	699,000
Net cash and cash equivalents provided by noncapital financing activities	<u>81</u>	<u>-</u>	<u>699,000</u>
Cash flows from capital and related financing activities			
Principal payments	-	-	(31,601)
Sales of property and equipment	-	-	200
Acquisitions of property and equipment	(134,387)	(197,609)	-
Net cash and cash equivalents used by capital and related financing activities	<u>(134,387)</u>	<u>(197,609)</u>	<u>(31,401)</u>
Cash flows from investing activities			
Interest on investments	64,197	36,331	-
Net cash and cash equivalents provided by investing activities	<u>107,197</u>	<u>36,331</u>	<u>-</u>
Net increase in cash and cash equivalents	-	(291,366)	230,167
Cash and cash equivalents - beginning of year	-	291,366	870,430
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,100,597</u>

See accompanying notes to the financial statements

Business-type Activities - Enterprise Funds

<u>Sanitation Fund</u>	<u>Other Enterprise Fund</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 781,012	\$ 24,905	\$ 4,282,556	\$ -
-	(1,040)	(1,040)	55,411
(392,734)	-	(2,154,674)	(57,363)
(281,466)	-	(1,523,852)	-
890,231	7,500	(114,993)	-
<u>997,043</u>	<u>31,365</u>	<u>487,997</u>	<u>(1,952)</u>
-	-	81	-
-	-	699,000	5,000
<u>-</u>	<u>-</u>	<u>699,081</u>	<u>5,000</u>
-	-	(31,601)	-
-	-	200	-
(230,416)	-	(562,412)	-
<u>(230,416)</u>	<u>-</u>	<u>(593,813)</u>	<u>-</u>
9,515	-	110,043	-
<u>9,515</u>	<u>-</u>	<u>153,043</u>	<u>-</u>
776,142	31,365	746,308	3,048
-	169,121	1,330,917	105,371
<u>\$ 776,142</u>	<u>\$ 200,486</u>	<u>\$ 2,077,225</u>	<u>\$ 108,419</u>

(Continued)

**CITY OF EVANSTON, WYOMING**

**STATEMENT OF CASH FLOWS (CONTINUED)**

Proprietary Funds

Year Ended June 30, 2012

	<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)	\$ (474,188)	\$ 286,478	\$ (658,980)
Adjustments to reconcile income to net cash and cash equivalents provided by operating activities			
Depreciation	974,132	146,302	242,916
Change in operating assets and liabilities			
Accounts receivable	(143,236)	(5,505)	-
Due from other funds	(430,395)	(582,329)	-
Inventory	-	-	15,128
Accounts payable	60,618	(1,481)	(36,496)
Accrued payroll	6,839	2,451	-
Accrued liabilities	31,008	23,996	-
Deposits payable	2,331	-	-
Net cash and cash equivalents provided (used) by operating activities	<u>\$ 27,109</u>	<u>\$ (130,088)</u>	<u>\$ (437,432)</u>
Supplemental Information			
Non-cash investing, capital and financing activities:			
Net decrease in the fair value of investments	<u>\$ 3,587</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
<u>Sanitation Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	
\$ (6,362)	\$ 31,266	\$ (821,786)	\$ (3,837)
112,923	-	1,476,273	-
1,015	99	(147,627)	333
890,231	-	(122,493)	-
-	-	15,128	4,463
(3,154)	-	19,487	(2,911)
2,390	-	11,680	-
-	-	55,004	-
-	-	2,331	-
<u>\$ 997,043</u>	<u>\$ 31,365</u>	<u>\$ 487,997</u>	<u>\$ (1,952)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,587</u>	<u>\$ -</u>

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**CITY OF EVANSTON, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012

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**Note 1. Summary of Significant Accounting Policies**

***Reporting Entity***

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

The City of Evanston is a municipal corporation governed by an elected mayor and six elected council members. The City serves as the nucleus for the reporting entity under the provisions of GASB Statement No. 14, as amended by GASB 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, 2012

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**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, 2012

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**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.

***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.

***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.

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, 2012, was 8 mills which mean that the City has levied to the maximum amount available.

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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

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

*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.

*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.

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

**CITY OF EVANSTON, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012

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

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

***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.

***Fund Equity***

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the City's council through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the City's council. Unassigned fund balance in the general fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

For the government-wide financial statements, net assets are reported as restricted when constraints placed on net assets are either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of the governments or (2) imposed by law through constitutional provision or enabling legislation.

***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. 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.

**CITY OF EVANSTON, WYOMING**

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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

***Budgets and Budgetary Accounting (Continued)***

4. At the request of the City Treasurer or upon its own motion after publication of notice, the City Council may by resolution transfer any unencumbered or unexpended appropriation balance or part thereof from one fund or department to another. Management may amend the budget at the object line item level without seeking Council approval provided the fund or department's total budget is not modified.
5. No officer or employee of the City shall make any expenditure or encumbrance in excess of the total appropriation for any department.
6. All appropriations excluding appropriations for capital projects shall lapse following the close of the budget year to the extent they are not expended.
7. The appropriated budget is prepared by fund, function, and department using the accrual basis of accounting. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration.

**Note 3. Detailed Notes on all Funds**

***Deposits and Investments***

As of June 30, 2012, 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	\$ 55,281	5.50-9.50%	\$ -	\$ -	\$ 9,254	\$ 46,489	Not Rated
FHLB	10,235,548	1.50-2.04%	-	-	10,250,548	-	AAA/Aaa *
Certificates of deposit	187,694	4.00-5.00%	-	187,694	-	-	Not Rated
State Treasurer's investment pool (WYO-STAR)	23,225,508		23,225,508	-	-	-	Not Rated
	<u>\$33,704,031</u>		<u>\$ 23,225,508</u>	<u>\$ 187,694</u>	<u>\$ 10,259,802</u>	<u>\$ 46,489</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, 2012

**Note 3. Detailed Notes on all Funds (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, 2012, the State Treasurer's Investment Pool (WYO-STAR) did not have a quality service credit rating.

**Deposits and Investments (Continued)**

**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. The composition of the investment portfolio of City at June 30, 2012 is as follows:

Deposit and Investment Types	Fair Value	Percent of Portfolio
GNMA	\$ 55,281	0.21%
FHLB	10,235,548	28.83%
Certificate of deposits	187,694	1.16%
WYO-STAR Investment Pool	23,225,508	69.79%
	\$ 33,704,031	100%

**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, 2012, 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.

**CITY OF EVANSTON, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012

**Note 3. Detailed Notes on all Funds (Continued)**

***Equity in Pooled Cash and Investments - Internal Balances (Continued)***

The following is a detailed reconciliation of the City's individual fund level financial statement balances for the year ended June 30, 2012, 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				
General fund	\$ -	\$24,975,533	\$ -	\$ -
Business-type activities				
Enterprise funds	24,975,533	-	-	-
Water fund	-	-	12,013,168	-
Sewer fund	-	-	9,546,865	-
Sanitation fund	-	-	1,695,000	-
	<u>\$24,975,533</u>	<u>\$24,975,533</u>	<u>\$23,255,033</u>	<u>\$23,255,033</u>
Advances to/from other funds				
Governmental activities				
General fund	\$ -	\$ -	\$ -	\$ 1,720,500
Business-type activities				
Water fund	-	-	1,720,500	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,720,500</u>	<u>\$ 1,720,500</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
2013	\$ 250,000	\$ 5,581
2014	250,000	4,910
2015	250,000	4,099
2016	250,000	3,288
2017	250,000	2,477
2018-2020	470,500	2,521
	<u>\$ 1,720,500</u>	<u>\$ 22,876</u>

**CITY OF EVANSTON, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012

**Note 3. Detailed Notes on all Funds (Continued)**

***Receivables***

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

	General	Water Fund	Sewer Fund	Sanitation Fund	Nonmajor and Other Funds	Total
Receivables						
Customer	\$ -	\$ 345,282	\$ 113,576	\$ 71,951	\$ 2,180	\$ 532,989
Grants	82,588	-	-	-	-	82,588
Franchise fees	42,508	-	-	-	-	42,508
Sales and use tax	425,585	-	-	-	-	425,585
Municipal court	334,245	-	-	-	-	334,245
Miscellaneous	-	-	-	-	38,304	38,304
Allowance for bad debts	(283,298)	-	-	-	-	(283,298)
	<u>\$601,628</u>	<u>\$345,282</u>	<u>\$113,576</u>	<u>\$ 71,951</u>	<u>\$ 40,484</u>	<u>\$1,172,921</u>

***Interfund Transfers***

The following is a detailed reconciliation of the City's interfund transfers for the year ended June 30, 2012.

	Transfers In	Transfers Out
Governmental Activities:		
General Fund	\$ -	\$ 887,000
Internal Service Fund		
Motor Vehicle Fund	5,000	-
Permanent Fund		
Cemetery Fund	183,000	-
Internal Service Funds		
Motor Vehicle Fund	-	-
Total governmental activities	<u>188,000</u>	<u>887,000</u>
Business-type Activities:		
Golf Fund	699,000	-
Total business-type activities	<u>699,000</u>	-
Total governmental wide	<u>\$ 887,000</u>	<u>\$ 887,000</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.

**CITY OF EVANSTON, WYOMING**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2012

**Note 3. Detailed Notes on all Funds (Continued)**

**Capital Assets**

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$20,067,992	\$ -	\$ -	\$20,067,992
Construction in progress	555,967	10,700	555,967	10,700
Total capital assets not being depreciated	20,623,959	10,700	555,967	20,078,692
Capital assets being depreciated				
Buildings and systems	27,795,286	1,434,297	-	29,229,583
Machinery and equipment	4,992,099	335,706	141,290	5,186,515
Infrastructure	17,588,070	-	-	17,588,070
Total capital assets being depreciated	50,375,455	1,770,003	141,290	52,004,168
Less accumulated depreciation for				
Buildings and systems	13,245,476	1,163,495	-	14,408,971
Machinery and equipment	4,393,080	187,042	136,528	4,443,594
Infrastructure	17,034,353	70,456	-	17,104,809
Total accumulated depreciation	34,672,909	1,420,993	136,528	35,957,374
Total capital assets, being depreciated, net	15,702,546	349,010	4,762	16,046,794
Governmental activities capital assets, net	\$36,326,505	\$ 359,710	\$560,729	\$36,125,486

**CITY OF EVANSTON, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012

**Note 3. Detailed Notes on All Funds (Continued)**

***Capital Assets (Continued)***

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 733,694	\$ -	\$ -	\$ 733,694
Construction in progress	-	27,741	-	27,741
Total capital assets not being depreciated	<u>733,694</u>	<u>27,741</u>	<u>-</u>	<u>761,435</u>
Capital assets being depreciated				
Buildings and systems	65,335,143	121,558	-	65,456,701
Machinery and equipment	2,297,481	412,855	15,844	2,694,736
Total capital assets being depreciated	<u>67,632,624</u>	<u>534,413</u>	<u>15,844</u>	<u>68,151,437</u>
Less accumulated depreciation for				
Buildings and systems	32,747,687	1,282,307	-	34,029,994
Machinery and equipment	1,768,056	193,966	15,844	1,946,422
Total accumulated depreciation	<u>34,515,743</u>	<u>1,476,273</u>	<u>15,844</u>	<u>35,976,416</u>
Total capital assets, being depreciated, net	<u>33,116,881</u>	<u>(941,860)</u>	<u>-</u>	<u>32,175,021</u>
Business-type activities capital assets, net	<u>\$ 33,850,575</u>	<u>\$ (914,119)</u>	<u>\$ -</u>	<u>\$ 32,936,456</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 \$187,500 with accumulated depreciation of \$40,582 and the current year depreciation expense of \$37,500 was expensed in business-type activities.

**CITY OF EVANSTON, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012

**Note 3. 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	\$ 1,170,037
Public safety	94,637
Public works, including depreciation of general infrastructure assets	118,027
Capital assets held in the permanent fund	<u>38,292</u>
Total depreciation expense for governmental activities	<u><u>\$ 1,420,993</u></u>

*Business-type activities*

Water fund	\$ 974,132
Sewer fund	146,302
Golf fund	242,916
Sanitation fund	<u>112,923</u>
Total depreciation expense for business-type activities	<u><u>\$ 1,476,273</u></u>

***Long-Term Debt***

The changes on long-term debt for the year ended June 30, 2012 were as follows:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Governmental activities					
Compensated absences	<u>\$ 799,159</u>	<u>\$ -</u>	<u>\$ 103,104</u>	<u>\$ 696,055</u>	<u>\$ 34,803</u>
Governmental activities long-term liabilities	<u><u>\$ 799,159</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 103,104</u></u>	<u><u>\$ 696,055</u></u>	<u><u>\$ 34,803</u></u>
For the governmental activities, compensated absences are generally liquidated by the general fund.					
Business-type activities					
Compensated absences	<u>\$ 173,802</u>	<u>\$ 55,051</u>	<u>\$ -</u>	<u>\$ 228,853</u>	<u>\$ 11,443</u>
Lease purchase obligation	<u>182,375</u>	<u>-</u>	<u>31,601</u>	<u>150,774</u>	<u>39,381</u>
Business-type activities long-term liabilities	<u><u>\$ 356,177</u></u>	<u><u>\$ 55,051</u></u>	<u><u>\$ 31,601</u></u>	<u><u>\$ 379,627</u></u>	<u><u>\$ 50,824</u></u>

**CITY OF EVANSTON, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012

**Note 3. Detailed Notes on All Funds (Continued)**

***Long-Term Debt (Continued)***

Debt outstanding, (excluding accrued compensated absences) at June 30, 2012 is comprised of the following issue:

\$187,500 lease purchase obligation, interest rate 4.792%, payable monthly, principal and interest payments of \$3,282 through June 2015, serviced by the Golf Fund.	<u>\$ 150,774</u>
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Future minimum lease payments under all debt except compensated absences outstanding as of June 30, 2012 are as follows:

Year ending June 30,		
2013	\$	39,381
2014		39,381
2015		<u>85,907</u>
		<u>164,669</u>
Less amount representing interest		(13,895)
Net present value of minimum lease payment	\$	<u>150,774</u>

***Assigned Fund Balances***

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, 2012 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>\$ 5,500,000</u>

**CITY OF EVANSTON, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012

**Note 3. Detailed Notes on All Funds (Continued)**

***Construction Commitments***

The City has several outstanding construction projects as of June 30, 2012. 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			
Safe Route to Schools	\$ 200,000	\$ 10,700	\$ 189,300
Total governmental activities	<u>200,000</u>	<u>10,700</u>	<u>189,300</u>
Business-type activities			
Water Fund			
Water Plant Fence	57,000	27,741	29,259
Total business-type activities	<u>57,000</u>	<u>27,741</u>	<u>29,259</u>
Total primary government	<u>\$ 257,000</u>	<u>\$ 38,441</u>	<u>\$ 218,559</u>

***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, 2012 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 7.00% of their annual covered salary and the City is required to contribute 7.12% 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 11.44% of the required total contributions and the employees contribute the remaining portion, 2.68% 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, 2012, 2011, and 2010, were \$254,552 and \$256,644 and \$232,464 respectively and the employees' contributions were \$59,634 and \$56,278 and \$29,058, respectively, equal to the required contribution for the year.

**CITY OF EVANSTON, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012

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**Note 3. Detailed Notes on all Funds (Continued)**

***Retirement Plans (Continued)***

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, 2012 the percentages to be contributed on compensation were 8.60% for the employees and the same for the City. The City currently pays 11.44% of the required total contributions and the police officers contribute the remaining portion, 5.76% of the required total contribution.

For the years ended June 30, 2012, 2011, and 2010 the contributions to the Police Pension Plan were \$232,524, \$241,990 and \$241,991 respectively. The City's portion of these contributions were \$154,655, \$157,868 and \$140,692 respectively and the employees' contributions were \$77,869, \$84,123 and \$101,299, respectively, equal to the required contributions for each year.

**Note 4. Operating Lease – Lessor**

The City leased a building to a tenant at the rate of \$8,000 per month under a month to month agreement. The cost of the leased property is \$3,617,843 with accumulated depreciation of \$362,032. Rental income from this lease was \$80,000 for the year ending June 30, 2012.

**Note 5. Subsequent Events**

On August 2, 2012, a lawsuit was filed against the City of Evanston. The case is currently in discovery and the City of Evanston intends to contest the case. Attorneys for the City believe there is a good likelihood of a favorable outcome. It is too soon to estimate any potential loss to the City in the event of an unfavorable outcome.

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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, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget Positive (Negative)
<b>PROPERTY TAXES AND OTHER TAXES</b>				
Property taxes	\$ 445,000	\$ 445,000	\$ 644,450	\$ 199,450
Motor vehicle tax	225,000	225,000	264,519	39,519
Sales and use taxes	4,299,000	4,299,000	5,720,296	1,421,296
Franchise fees	138,500	138,500	184,873	46,373
Car company tax	200	200	366	166
	<u>5,107,700</u>	<u>5,107,700</u>	<u>6,814,504</u>	<u>1,706,638</u>
<b>LICENSES AND PERMITS</b>	<u>77,600</u>	<u>77,600</u>	<u>121,291</u>	<u>43,691</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
State gasoline tax	270,000	270,000	329,096	59,096
Severance tax	450,000	450,000	453,539	3,539
Cigarette tax	100,000	100,000	115,807	15,807
State funding	913,510	913,510	913,510	-
Grants	1,153,849	1,400,659	1,367,754	(32,905)
Mineral royalties	675,000	675,000	670,650	(4,350)
	<u>3,562,359</u>	<u>3,809,169</u>	<u>3,850,356</u>	<u>41,187</u>
<b>CHARGES FOR SERVICES</b>				
Public safety fees	20,000	20,000	32,192	12,192
Permits and fees	8,900	8,900	88,271	79,371
	<u>28,900</u>	<u>28,900</u>	<u>120,463</u>	<u>91,563</u>
<b>FINES AND FORFEITURES</b>	<u>209,000</u>	<u>209,000</u>	<u>283,836</u>	<u>74,836</u>
<b>MISCELLANEOUS REVENUES</b>				
Interest earnings	259,000	259,000	127,854	(131,146)
Leases	15,300	15,300	19,475	4,175
Gain on sale of fixed assets	1,000	1,000	5,348	4,348
	<u>275,300</u>	<u>275,300</u>	<u>152,677</u>	<u>(122,623)</u>
<b>Total revenues</b>	<u>9,260,859</u>	<u>9,507,669</u>	<u>11,343,127</u>	<u>1,835,292</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, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT</b>				
City Council				
Salaries and benefits	\$ 134,379	\$ 136,440	\$ 105,980	\$ 30,460
Contractual	90,554	90,554	63,891	26,663
	<u>224,933</u>	<u>226,994</u>	<u>169,871</u>	<u>57,123</u>
Attorney				
Contractual	157,000	157,000	141,624	15,376
	<u>157,000</u>	<u>157,000</u>	<u>141,624</u>	<u>15,376</u>
Judicial				
Salaries and benefits	56,133	61,053	63,544	(2,491)
Contractual	74,827	74,827	52,992	21,835
	<u>130,960</u>	<u>135,880</u>	<u>116,536</u>	<u>19,344</u>
Mayor				
Contractual	6,100	6,100	200	5,900
	<u>6,100</u>	<u>6,100</u>	<u>200</u>	<u>5,900</u>
Community Development				
Salaries and benefits	245,829	256,619	231,247	25,372
Contractual	55,554	55,554	23,363	32,191
	<u>301,383</u>	<u>312,173</u>	<u>254,610</u>	<u>57,563</u>
Administrative				
Salaries and benefits	135,210	140,179	132,156	8,023
Contractual	113,906	113,906	45,884	68,022
	<u>249,116</u>	<u>254,085</u>	<u>178,040</u>	<u>76,045</u>
Treasury				
Salaries and benefits	227,511	237,576	233,694	3,882
Contractual	107,325	107,325	73,727	33,598
	<u>334,836</u>	<u>344,901</u>	<u>307,421</u>	<u>37,480</u>
Clerk				
Salaries and benefits	205,549	215,544	211,040	4,504
Contractual	80,084	80,084	35,159	44,925
	<u>285,633</u>	<u>295,628</u>	<u>246,199</u>	<u>49,429</u>
Emergency Reserve				
Contractual	225,000	225,000	37,072	187,928
	<u>225,000</u>	<u>225,000</u>	<u>37,072</u>	<u>187,928</u>
Urban Renewal				
Salaries and benefits	61,449	64,219	61,489	2,730
Contractual	43,735	43,735	12,518	31,217
	<u>105,184</u>	<u>107,954</u>	<u>74,007</u>	<u>33,947</u>
Economic Development				
Contractual	21,250	21,250	13,907	7,343
	<u>21,250</u>	<u>21,250</u>	<u>13,907</u>	<u>7,343</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>GENERAL GOVERNMENT (Continued)</b>				
Youth Services - Summer Youth Program				
Salaries and benefits	\$ 34,348	\$ 34,348	\$ 8,139	\$ 26,209
Contractual	750	750	311	439
	<u>35,098</u>	<u>35,098</u>	<u>8,450</u>	<u>26,648</u>
Youth Services				
Salaries and benefits	231,807	248,942	214,130	34,812
Contractual	104,016	104,016	86,692	17,324
	<u>335,823</u>	<u>352,958</u>	<u>300,822</u>	<u>52,136</u>
YDAC Grant				
Salaries and benefits	102,634	103,382	105,423	(2,041)
Contractual	26,747	25,999	22,567	3,432
	<u>129,381</u>	<u>129,381</u>	<u>127,990</u>	<u>1,391</u>
General Services				
Salaries and benefits	473,463	510,563	451,422	59,141
Contractual	433,513	433,513	379,258	54,255
	<u>906,976</u>	<u>944,076</u>	<u>830,680</u>	<u>113,396</u>
Total general government	<u>3,448,673</u>	<u>3,548,478</u>	<u>2,807,429</u>	<u>741,049</u>
<b>PUBLIC SAFETY AND TRANSPORTATION</b>				
Police Administrative				
Salaries and benefits	245,376	219,086	200,227	18,859
Contractual	266,834	266,834	200,533	66,301
	<u>512,210</u>	<u>485,920</u>	<u>400,760</u>	<u>85,160</u>
Police Detective				
Salaries and benefits	521,643	628,109	522,670	105,439
Contractual	32,810	32,810	16,173	16,637
	<u>554,453</u>	<u>660,919</u>	<u>538,843</u>	<u>122,076</u>
Police Patrol				
Salaries and benefits	1,430,182	1,481,728	1,335,846	145,882
Contractual	97,200	97,200	96,369	831
	<u>1,527,382</u>	<u>1,578,928</u>	<u>1,432,215</u>	<u>146,713</u>
Support				
Salaries and benefits	405,720	424,230	396,092	28,138
Contractual	22,358	22,358	14,577	7,781
	<u>428,078</u>	<u>446,588</u>	<u>410,669</u>	<u>35,919</u>
Police Grants				
Salaries and benefits	42,481	42,481	42,308	173
Contractual	77,988	102,533	40,907	61,626
	<u>120,469</u>	<u>145,014</u>	<u>83,215</u>	<u>61,799</u>
Total public safety and transportation	<u>3,142,592</u>	<u>3,317,369</u>	<u>2,865,702</u>	<u>451,667</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>PARKS AND RECREATION</b>				
Administrative				
Contractual	\$ 1,137,488	\$ 1,163,888	\$ 1,123,024	\$ 40,864
	<u>1,137,488</u>	<u>1,163,888</u>	<u>1,123,024</u>	<u>40,864</u>
Total parks and recreation	<u>1,137,488</u>	<u>1,163,888</u>	<u>1,123,024</u>	<u>40,864</u>
<b>PUBLIC WORKS</b>				
Administrative				
Salaries and benefits	181,129	189,199	173,206	15,993
Contractual	53,266	53,266	22,660	30,606
	<u>234,395</u>	<u>242,465</u>	<u>195,866</u>	<u>46,599</u>
Engineering				
Salaries and benefits	66,465	68,912	54,855	14,057
Contractual	37,717	37,717	11,734	25,983
	<u>104,182</u>	<u>106,629</u>	<u>66,589</u>	<u>40,040</u>
Streets				
Salaries and benefits	546,514	568,899	435,015	133,884
Contractual	1,148,163	1,148,163	815,772	332,391
	<u>1,694,677</u>	<u>1,717,062</u>	<u>1,250,787</u>	<u>466,275</u>
Total public works	<u>2,033,254</u>	<u>2,066,156</u>	<u>1,513,242</u>	<u>552,914</u>
<b>INTERGOVERNMENTAL EXPENDITURES</b>	<u>865,106</u>	<u>885,106</u>	<u>656,914</u>	<u>228,192</u>
<b>CAPITAL OUTLAY</b>	<u>1,395,250</u>	<u>1,702,515</u>	<u>1,349,263</u>	<u>353,252</u>
Total expenditures	<u>12,022,363</u>	<u>12,683,512</u>	<u>10,315,574</u>	<u>2,367,938</u>
Excess (deficiency) of revenues over expenditures	<u>(2,761,504)</u>	<u>(3,175,843)</u>	<u>1,027,553</u>	<u>4,203,396</u>
Other financing (uses)				
Transfers (out)	<u>(1,080,520)</u>	<u>(1,080,520)</u>	<u>(887,000)</u>	<u>193,520</u>
Total other financing (uses)	<u>(1,080,520)</u>	<u>(1,080,520)</u>	<u>(887,000)</u>	<u>193,520</u>
Net change in fund balance	<u>(3,842,024)</u>	<u>(4,256,363)</u>	<u>140,553</u>	<u>4,396,916</u>
Fund balance - beginning of year	<u>8,515,960</u>	<u>8,515,960</u>	<u>8,515,960</u>	<u>-</u>
Fund balance - end of year	<u>\$ 4,673,936</u>	<u>\$ 4,259,597</u>	<u>\$ 8,656,513</u>	<u>\$ 4,396,916</u>

**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 InsulTech, LLC and Wyoming Northstar Incorporated 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, 2012

	<u>Special Revenue</u>			<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Lodging Tax Fund</u>	<u>Economic Development Fund</u>	<u>Total</u>	<u>Cemetery Fund</u>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 760,790	\$ 294,507	\$ 1,055,297	\$ 461,829	\$ 1,517,126
Accounts receivable	20,234	8,000	28,234	10,070	38,304
<b>Total assets</b>	<u>\$ 781,024</u>	<u>\$ 302,507</u>	<u>\$ 1,083,531</u>	<u>\$ 471,899</u>	<u>\$ 1,555,430</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 11,777	\$ -	\$ 11,777	\$ 1,462	\$ 13,239
<b>Total liabilities</b>	<u>11,777</u>	<u>-</u>	<u>11,777</u>	<u>1,462</u>	<u>13,239</u>
<b>FUND BALANCES</b>					
Nonspendable					
Permanent fund principal	-	-	-	100,000	100,000
Restricted	-	-	-	105,847	105,847
Unassigned	769,247	302,507	1,071,754	264,590	1,336,344
<b>Total fund balances</b>	<u>769,247</u>	<u>302,507</u>	<u>1,071,754</u>	<u>470,437</u>	<u>1,542,191</u>
<b>Total liabilities and fund balances</b>	<u>\$ 781,024</u>	<u>\$ 302,507</u>	<u>\$ 1,083,531</u>	<u>\$ 471,899</u>	<u>\$ 1,555,430</u>

**CITY OF EVANSTON, WYOMING**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
Nonmajor Governmental Funds  
Year Ended June 30, 2012**

	Special Revenue			Permanent Fund	Total Nonmajor Governmental Funds
	Lodging Tax Fund	Economic Development Fund	Total	Cemetery Fund	
<b>Revenues</b>					
Taxes	\$ 266,988	\$ -	\$ 266,988	\$ -	\$ 266,988
Charges for services	-	-	-	54,125	54,125
Rental income	-	80,000	80,000	-	80,000
Interest and miscellaneous	132	-	132	1,526	1,658
<b>Total revenues</b>	<b>267,120</b>	<b>80,000</b>	<b>347,120</b>	<b>55,651</b>	<b>402,771</b>
<b>Expenditures</b>					
Current					
Health, welfare and recreation	144,406	-	144,406	181,276	325,682
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>144,406</b>	<b>-</b>	<b>144,406</b>	<b>181,276</b>	<b>325,682</b>
Excess (deficiency) of revenues over expenditures	122,714	80,000	202,714	(125,625)	77,089
<b>Other Financing Sources</b>					
Transfers in	-	-	-	183,000	183,000
Total other financing sources	-	-	-	183,000	183,000
Net change in fund balances	122,714	80,000	202,714	57,375	260,089
Fund balances - beginning of year	646,533	222,507	869,040	413,062	1,282,102
Fund balances - end of year	\$ 769,247	\$ 302,507	\$ 1,071,754	\$ 470,437	\$ 1,542,191

**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, 2012**

	Budgeted Amounts		Actual	Variance with final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Lodging tax	\$ 200,000	\$ 230,000	\$ 266,988	\$ 36,988
Interest	50	50	132	82
Total revenues	<u>200,050</u>	<u>230,050</u>	<u>267,120</u>	<u>37,070</u>
<b>Expenditures</b>				
General expenses	650	650	333	317
Marketing and promotion	159,900	189,900	115,099	74,801
Matching fund/grants	22,000	22,000	11,474	10,526
Contractual services	17,500	17,500	17,500	-
Total expenditures	<u>200,050</u>	<u>230,050</u>	<u>144,406</u>	<u>85,644</u>
Excess of revenues over expenditures	-	-	122,714	122,714
Fund balance - beginning of year	<u>646,533</u>	<u>646,533</u>	<u>646,533</u>	<u>124,182</u>
Fund balance - end of year	<u>\$ 646,533</u>	<u>\$ 646,533</u>	<u>\$ 769,247</u>	<u>\$ 122,714</u>

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### **NONMAJOR 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 an enterprise fund used to account for the maintenance of the City's Storm Water system.

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**CITY OF EVANSTON, WYOMING**

STATEMENT OF NET ASSETS  
 Nonmajor Proprietary Fund  
 June 30, 2012

	Business-type Activities - Enterprise Funds	
	Storm Water Maintenance Fund	Total Other Enterprise Fund
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 200,486	\$ 200,486
Accounts receivable (net of allowance for uncollectibles)	2,180	2,180
Total current assets	202,666	202,666
Capital assets		
Total capital assets (net of accumulated depreciation)	-	-
Total assets	202,666	202,666
<b>LIABILITIES</b>		
Current liabilities		
Total current liabilities	-	-
Total liabilities	-	-
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	-	-
Unassigned	202,666	202,666
Total net assets	\$ 202,666	\$ 202,666

**CITY OF EVANSTON, WYOMING**

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

Nonmajor Proprietary Fund

Year Ended June 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Storm Water Maintenance Fund</u>	<u>Total Other Enterprise Fund</u>
Operating revenues		
Charges for services	\$ 24,806	\$ 24,806
Miscellaneous	7,500	7,500
	<u>32,306</u>	<u>32,306</u>
Total operating revenues		
Operating expenses		
Repairs and maintenance	1,040	1,040
	<u>1,040</u>	<u>1,040</u>
Total operating expenses		
Operating income	<u>31,266</u>	<u>31,266</u>
Nonoperating revenues		
Total nonoperating revenues	<u>-</u>	<u>-</u>
Change in net assets	31,266	31,266
Total net assets - beginning of year	<u>171,400</u>	<u>171,400</u>
Total net assets - end of year	<u>\$ 202,666</u>	<u>\$ 202,666</u>

**CITY OF EVANSTON, WYOMING**

**STATEMENT OF CASH FLOWS**  
**Nonmajor Proprietary Fund**  
**Year Ended June 30, 2012**

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Storm Water Maintenance Fund</b>	<b>Total Other Enterprise Fund</b>
Cash flows from operating activities:		
Cash received from customers	\$ 24,905	\$ 24,905
Cash payments to suppliers for services	(1,040)	(1,040)
Other operating activities	7,500	7,500
Net cash operating activities	31,365	31,365
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	31,365	31,365
Cash and cash equivalents - beginning of year	169,121	169,121
Cash and cash equivalents - end of year	\$ 200,486	\$ 200,486
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ 31,266	\$ 31,266
Adjustments to reconcile income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	99	99
Net cash operating activities	\$ 31,365	\$ 31,365

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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, 2012

	<u>Motor Vehicle Fund</u>	<u>Total</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 108,419	\$ 108,419
Accounts receivable	622	622
Inventory	<u>5,766</u>	<u>5,766</u>
Total current assets	<u>114,807</u>	<u>114,807</u>
Capital assets		
Building and systems	278,623	278,623
Machinery and equipment	<u>44,291</u>	<u>44,291</u>
	322,914	322,914
Less accumulated depreciation	<u>322,603</u>	<u>322,603</u>
Total capital assets (net of accumulated depreciation)	<u>311</u>	<u>311</u>
Total assets	<u>115,118</u>	<u>115,118</u>
<b>LIABILITIES</b>		
Accounts payable	<u>235</u>	<u>235</u>
Total liabilities	<u>235</u>	<u>235</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	311	311
Unrestricted	<u>114,572</u>	<u>114,572</u>
Total net assets	<u>\$ 114,883</u>	<u>\$ 114,883</u>

**CITY OF EVANSTON, WYOMING**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**Internal Service Fund**  
**Year Ended June 30, 2012**

	Motor Vehicle Fund	Total
Operating revenues		
Charges for services	\$ 55,078	\$ 55,078
Total operating revenues	55,078	55,078
Operating expenses		
Reproduction	11,345	11,345
Supplies	47,570	47,570
Total operating expenses	58,915	58,915
Operating loss	(3,837)	(3,837)
Non operating revenues		
Transfer in	5,000	5,000
Change in net assets	1,163	1,163
Net assets - beginning of year	113,720	113,720
Net assets - end of year	\$ 114,883	\$ 114,883

**CITY OF EVANSTON, WYOMING**

**STATEMENT OF CASH FLOWS**

Internal Service Fund

Year Ended June 30, 2012

	Motor Vehicle Fund	Total
Cash flows from operating activities		
Cash received from other funds	\$ 55,411	\$ 55,411
Cash payments to suppliers for services	(57,363)	(57,363)
Net cash provided by operating activities	(1,952)	(1,952)
Cash flows from noncapital financing activities	5,000	5,000
Cash flows from capital and related financing activities	-	-
Cash flows from investing activities	-	-
Net increase in cash and cash equivalents	3,048	3,048
Cash and cash equivalents - beginning of year	105,371	105,371
Cash and cash equivalents - end of year	\$ 108,419	\$ 108,419
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ (3,837)	\$ (3,837)
Accounts receivable	333	333
Inventory	4,463	4,463
Accounts payable	(2,911)	(2,911)
Net cash provided by operating activities	\$ (1,952)	\$ (1,952)

CITY OF EVANSTON, WYOMING

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
Youth Drug and Alcohol Court  
Year Ended June 30, 2012

Receipts	
Cash match	\$ 48,003
Participant fees	247
State grants	129,382
Total received	<u>177,632</u>
Disbursements	
Salaries	78,423
Employee benefits	34,524
Professional services contract	15,518
Office expense	9,100
Education and training	694
Awards	181
Drug Court contract	9,323
Detention	5,880
Medical health	22,329
Total disbursements	<u>175,972</u>
Excess receipts over disbursements	1,660
Cash available - beginning of year	<u>6,073</u>
Cash - end of year	<u>\$ 7,733</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, 2012

Governmental funds capital assets	
Land	\$ 20,067,992
Building	28,950,960
Machinery and equipment	5,142,224
Infrastructure	17,588,070
Construction in progress	<u>10,700</u>
 Total governmental funds capital assets	 <u><u>\$ 71,759,946</u></u>
 Investments in governmental funds capital assets by source	
General fund	<u>\$ 71,759,946</u>
 Total governmental funds capital assets	 <u><u>\$ 71,759,946</u></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, 2012

Function and Activity	Land	Building and Improvements	Machinery and Equipment
<b>General Government</b>			
General services	\$ 20,067,992	\$ 28,876,149	\$ 708,519
Council	-	-	55,734
Engineering	-	-	89,242
Judicial	-	-	4,433
Economic development	-	-	6,900
Executive	-	-	30,048
Treasurer	-	-	43,899
Clerk	-	-	3,062
Youth services	-	-	81,740
Purchasing	-	-	5,318
Community development	-	-	142,564
Total general government	<u>20,067,992</u>	<u>28,876,149</u>	<u>1,171,459</u>
<b>Public Safety</b>			
Police department	-	-	1,150,283
Total safety	<u>-</u>	<u>-</u>	<u>1,150,283</u>
<b>Highway, Streets and Recreation</b>			
Public works	-	-	70,996
Streets	-	-	2,124,436
Parks and recreation	-	74,811	625,050
Total highway, streets and recreation	<u>-</u>	<u>74,811</u>	<u>2,820,482</u>
Total governmental funds capital assets	<u>\$ 20,067,992</u>	<u>\$ 28,950,960</u>	<u>\$ 5,142,224</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
\$ -	\$ 10,700	\$ 49,663,360
-	-	55,734
-	-	89,242
-	-	4,433
-	-	6,900
-	-	30,048
-	-	43,899
-	-	3,062
-	-	81,740
-	-	5,318
-	-	142,564
-	10,700	50,126,300
-	-	1,150,283
-	-	1,150,283
-	-	70,996
17,588,070	-	19,712,506
-	-	699,861
17,588,070	-	20,483,363
<u>\$ 17,588,070</u>	<u>\$ 10,700</u>	<u>\$ 71,759,946</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, 2012**

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2012</u>
<b>General Government</b>				
General services	\$ 48,181,199	\$ 1,434,295	\$ (37,166)	\$ 49,652,660
Council	65,226	-	9,492	55,734
Engineering	89,642	-	400	89,242
Judicial	4,433	-	-	4,433
Economic development	6,900	-	-	6,900
Executive	30,925	-	877	30,048
Treasurer	43,899	-	-	43,899
Clerk	3,062	-	-	3,062
Youth services	81,740	-	-	81,740
Purchasing	5,318	-	-	5,318
Community development	145,271	-	2,707	142,564
<b>Total general government</b>	<b>48,657,615</b>	<b>1,434,295</b>	<b>(23,690)</b>	<b>50,115,600</b>
<b>Public Safety</b>				
Police department	1,080,134	194,687	124,538	1,150,283
<b>Total safety</b>	<b>1,080,134</b>	<b>194,687</b>	<b>124,538</b>	<b>1,150,283</b>
<b>Highway, Streets and Recreation</b>				
Public works	62,117	8,879	-	70,996
Streets	2,028,714	120,386	24,664	2,124,436
Streets - infrastructure	17,588,070	-	-	17,588,070
Parks and recreation	703,813	3,200	7,152	699,861
<b>Total highway,     Streets and recreation</b>	<b>20,382,714</b>	<b>132,465</b>	<b>31,816</b>	<b>20,483,363</b>
<b>Construction in progress</b>	<b>555,967</b>	<b>-</b>	<b>545,267</b>	<b>10,700</b>
<b>Total general fixed assets</b>	<b>\$ 70,676,430</b>	<b>\$ 1,761,447</b>	<b>\$ 677,931</b>	<b>\$ 71,759,946</b>

\* 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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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, 2012, which collectively comprise the City of Evanston's basic financial statements and have issued our report thereon dated November 30, 2012. 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***

Management of the City of Evanston is responsible for establishing and maintaining effective 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 entity'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.

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

***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

November 30, 2012