

CITY OF EVANSTON, WYOMING

FINANCIAL REPORT

June 30, 2014

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December 05, 2014

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, 2014.

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, CPAs, 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, 2014, 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, 2014, 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, wastewater, environmental service, and community development.

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 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.

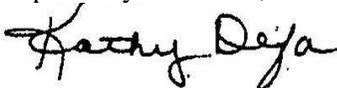
Pension and other post-employment benefits: The City of Evanston participates in several single-employer defined benefit pension plans for its employees. The City became involved with the Wyoming Retirement System to help secure employee's retirement. Our health premiums have increased by 50% due to 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

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Evanston, Wyoming (“City”), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Evanston, Wyoming, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to 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.

Other Supplementary Information

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 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and 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 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 05, 2014 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* in considering the City of Evanston's internal control over financial reporting and compliance.



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming
December 05, 2014

CITY OF EVANSTON, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

As management of the City of Evanston, Wyoming, we offer readers of the City of Evanston, Wyoming's financial statements this narrative overview and analysis of the financial activities of the City of Evanston, Wyoming's for the fiscal year ended June 30, 2014.

Financial Highlights

- The assets of the City of Evanston, Wyoming exceeded its liabilities at the close of the most recent fiscal year by \$107,306,411 (*net position*). Of this amount, \$36,787,665 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$6,888,378.
- As of the close of the current fiscal year, the City of Evanston, Wyoming's governmental funds reported combined ending fund balances of \$9,355,687.
- At the end of the current fiscal year, fund balance for the general fund was \$7,574,159.

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

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

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

The government-wide financial statements can be found on pages 13-16 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, 2014

(Unaudited)

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

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

The City of Evanston, Wyoming maintains 2 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, both of which are considered to be major funds, data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Evanston, Wyoming adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-20 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, Sewer and Environmental Service operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Evanston, Wyoming's various functions. The City of Evanston, Wyoming uses an internal service fund to account for its fleet of vehicles. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Environmental Service 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 21-30 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 31-48 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 49-53 of this report.

CITY OF EVANSTON, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

The combining statements for non-major governmental funds and internal service funds can be found on pages 54-62 of this report.

Government-wide Financial Analysis

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

City of Evanston, Wyoming Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Current assets	\$ 10,295,957	\$ 11,333,532	\$ 28,713,461	\$ 29,638,648	\$ 39,009,418	\$ 40,972,180
Capital assets Net Accum. Dep	37,177,145	38,487,026	31,779,040	31,254,944	68,956,185	69,741,970
Total assets	47,473,102	49,820,558	60,492,501	60,893,592	107,965,603	110,714,150
Current Liabilities	564,033	1,236,782	316,200	526,848	880,233	1,763,630
Total Non-Current Liabilities	693,280	632,292	298,127	369,457	991,407	1,001,749
Total Liabilities	1,257,313	1,869,074	614,327	896,305	1,871,640	2,765,379
Deferred property taxes	-	642,360	-	-	-	642,360
Total deferred inflows of resources	-	642,360	-	-	-	642,360
Invested in capital assets, net of related debt	37,177,145	38,487,026	31,654,277	31,171,925	68,831,422	69,658,951
Restricted	205,847	205,847	583,713	653,948	789,560	859,795
Unrestricted	8,680,518	8,616,251	27,640,184	28,171,414	36,320,702	36,787,665
Total net position	\$ 46,063,510	\$ 47,309,124	\$ 59,878,174	\$ 59,997,287	\$ 105,941,684	\$ 107,306,411

An additional portion of the City of Evanston, Wyoming's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$36,787,665 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Evanston, Wyoming is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

CITY OF EVANSTON, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(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 Position

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Revenues:						
Program revenues:						
Charges for services	\$ 392,764	\$ 390,451	\$ 4,640,803	\$ 4,605,956	\$ 5,033,567	\$ 4,996,407
Operating grants and contributions	2,202,285	2,386,618	-	-	2,202,285	2,386,618
General revenues:						
Property taxes	654,511	871,456	-	-	654,511	871,456
Other taxes	5,521,244	5,166,424	-	-	5,521,244	5,166,424
Grants and contributions not restricted to specific programs	2,256,462	2,791,078	-	-	2,256,462	2,791,078
Unrestricted Investment Earnings	(194,150)	239,895	53,621	57,929	(140,529)	297,824
Miscellaneous Revenue	143,248	195,141	-	-	143,248	195,141
Transfers	(381,024)	(632,600)	379,000	632,600	(2,024)	-
Total revenues	10,595,340	11,408,463	5,073,424	5,296,485	15,668,764	16,704,948
Expenses:						
General government	4,649,980	4,847,287	-	-	4,649,980	4,847,287
Public safety	2,801,389	2,927,354	-	-	2,801,389	2,927,354
Public Works	1,491,289	1,322,342	-	-	1,491,289	1,322,342
Recreation	1,541,513	1,616,708	-	-	1,541,513	1,616,708
Interest on long-term debt	1,847	4,009	-	-	1,847	4,009
Water	-	-	2,532,569	2,498,716	2,532,569	2,498,716
Sewer	-	-	804,743	791,096	804,743	791,096
Golf	-	-	956,494	943,565	956,494	943,565
Sanitation	-	-	807,059	943,995	807,059	943,995
Other Non Major Enterprise Funds	-	-	-	-	-	-
Total expenses	10,486,018	10,717,700	5,100,865	5,177,372	15,586,883	15,895,072
Increase in net position before transfers						
Change in net position	109,322	690,763	(27,441)	119,113	81,881	809,876
Net position – 6/30/13	45,954,188	46,063,510	59,905,615	59,878,174	105,859,803	105,859,803
Prior period adjustment	-	554,851	-	-	-	554,851
Net position – 6/30/14	\$ 46,063,510	\$ 47,309,124	\$ 59,878,174	\$ 59,997,287	\$ 105,941,684	\$ 106,669,679

CITY OF EVANSTON, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

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

Other awarded grants, to the City of Evanston, Wyoming furnished resources to support functions such as the Medical Spec Building, Pioneer Oil Land Purchase, Safe Routes to School and the Strand Theater Restoration. The City of Evanston, Wyoming continues to aggressively undertake an endeavor for the youth of our community through the installment of a Youth Drug and Alcohol Court that is funded by the State of Wyoming grant.

Expenses and Program Revenues – Governmental Activities

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

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

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

To monitor the expense of services to the community, The City of Evanston, Wyoming has structured 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 \$7,574,160 while total fund balance reached \$9,355,688. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The general fund balance of the City of Evanston, Wyoming decreased by \$312,676 during the current fiscal year.

- Sales tax rate decreased tax revenues by \$366,530.
- Property tax increased by \$216,945.
- Transfer of funds to Golf and Cemetery Fund of \$797,600.
- Investments were increased by \$158,050.
- Charges for Services increased by \$2,313.

CITY OF EVANSTON, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

The long-term liability (\$665,571) 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 position of the Water, Sewer, Sanitation and other Enterprise Funds at the end of the year amounted to \$28,171,414. The total growth in unrestricted net position for these funds was \$531,230. 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 \$67,013 increase in appropriations. There were a few unexpected expenditures or grants that were approved during the fiscal year and a brief summary follows:

- \$47,013 capital outlay for grants and proposed capital projects.
- \$20,000 department budgets for miscellaneous expenses during the fiscal year.
- \$60,000 general government adjustments for Boys and Girls Club and Treasurer Department.
- \$86,068 for Police Department Grants.
- \$20,000 for Housing Authority Capital Projects.
- \$47,013 for capital improvement adjustments.

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, 2014 amounts to \$69,741,970 (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:

- Airport Planning Grant
- Bear River Rehabilitation
- Medical Spec Building Utilities
- Pioneer Oil Land Purchase
- Safe Route to School
- Anderson Park Irrigation Improvement
- Water Treatment Plant Upgrades
- Waste Water Treatment Plant Upgrades
- Building Security System for City Hall, Police and Animal Control
- Community Garden
- Bear River Greenway Trail Improvements

CITY OF EVANSTON, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

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

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Land	\$ 11,329,898	\$ 11,329,898	\$ 733,694	\$ 733,694	\$ 12,063,592	\$ 12,063,592
Construction in Progress	153,259	2,682,645	111,008	291,945	264,267	2,974,590
Buildings and system	40,183,125	40,289,062	65,691,228	66,135,209	105,874,353	106,424,271
Machinery and Equipment	5,215,167	4,963,597	2,703,796	2,615,375	7,918,963	7,578,972
Infrastructure	17,588,070	17,588,070	-	-	17,588,070	17,588,070
Total Accum. Depreciation	(37,292,374)	(38,366,246)	(37,460,686)	(38,521,279)	(74,753,060)	(76,887,525)

Additional information on the City of Evanston, Wyoming's capital assets can be found in Note 3 on pages 40-42 of this report.

Long-term debt. At the end of the current fiscal year, the City of Evanston, Wyoming had total debt outstanding of \$1,175,712.

City of Evanston's Outstanding Debt

	Governmental		Business-type		Total	
	2013	2014	2013	2014	2013	2014
Governmental Activities Long Term	\$ 729,768	\$ 665,571	\$ -	\$ -	\$ 729,768	\$ 665,571
Accrued Compensated Absences	-	-	231,399	238,695	231,399	238,695
Lease Purchase Obligation	-	-	117,679	271,446	117,679	271,446

The City of Evanston, Wyoming's total debt is \$1,175,712 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 42-43 of this report.

CITY OF EVANSTON, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Evanston, Wyoming is currently 4.5 percent, which is a decrease from a rate of 5.1 percent a year ago. This compares to the state's average unemployment rate of 4.1 percent and the national average rate of 6.3 percent.

Across Wyoming, county unemployment rates followed a seasonal pattern and fell slightly or were unchanged. The unemployment rate fell by one percentage point in Uinta County. 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 2014 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 POSITION

June 30, 2014

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 1,851,707	\$ 3,308,856	\$ 5,160,563
Investments at fair value	33,531,516	3,952	33,535,468
Receivables (net of allowance for uncollectibles)			
Accounts receivable	1,041,689	476,227	1,517,916
Accrued interest	21,102	-	21,102
Property taxes	676,942	-	676,942
Internal balances	(25,797,486)	25,797,486	-
Inventory	8,062	52,127	60,189
Capital assets not being depreciated			
Land	11,329,898	733,694	12,063,592
Construction in progress	2,682,645	291,945	2,974,590
Capital assets being depreciated			
Buildings and systems	40,289,062	66,135,209	106,424,271
Machinery and equipment	4,963,597	2,615,375	7,578,972
Infrastructure	17,588,070	-	17,588,070
	<u>76,853,272</u>	<u>69,776,223</u>	<u>146,629,495</u>
Less accumulated depreciation	<u>(38,366,246)</u>	<u>(38,521,279)</u>	<u>(76,887,525)</u>
Total capital assets (net of accumulated depreciation)	<u>38,487,026</u>	<u>31,254,944</u>	<u>69,741,970</u>
Total assets	<u>49,820,558</u>	<u>60,893,592</u>	<u>110,714,150</u>

See accompanying notes to the financial statements

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	\$ 573,156	\$ 282,445	\$ 855,601
Accrued payroll	139,833	49,994	189,827
Accrued liabilities	321,434	-	321,434
Court bonds payable	13,475	-	13,475
Unearned rent revenue	17,647	-	17,647
Unearned - cash in lieu of land development	137,958	-	137,958
Deposits payable	-	53,725	53,725
Long-term liabilities			
Due in one year	33,279	140,684	173,963
Due in more than one year	632,292	369,457	1,001,749
Total liabilities	<u>1,869,074</u>	<u>896,305</u>	<u>2,765,379</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	<u>642,360</u>	-	<u>642,360</u>
Total deferred inflows of resources	<u>642,360</u>	-	<u>642,360</u>
NET POSITION			
Invested in capital assets, net of related debt	38,487,026	31,171,925	69,658,951
Restricted for			
Landfill maintenance	-	653,948	653,948
Perpetual fund			
Expendable	105,847	-	105,847
Nonexpendable	100,000	-	100,000
Unrestricted	<u>8,616,251</u>	<u>28,171,414</u>	<u>36,787,665</u>
Total net position	<u>\$ 47,309,124</u>	<u>\$ 59,997,287</u>	<u>\$ 107,306,411</u>

CITY OF EVANSTON, WYOMING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,847,287	\$ 108,727	\$ 2,386,618	\$ -
Public safety	2,927,354	234,909	-	-
Public works	1,322,342	-	-	-
Culture and recreation	1,616,708	46,815	-	-
Interest on long-term debt	4,009	-	-	-
Total governmental activities	10,717,700	390,451	2,386,618	-
Business-type activities:				
Water	2,498,716	2,249,285	-	-
Sewer	791,096	1,019,547	-	-
Golf	943,565	381,270	-	-
Environmental service	943,995	955,854	-	-
Total business-type activities	5,177,372	4,605,956	-	-
Total primary government	\$ 15,895,072	\$ 4,996,407	\$ 2,386,618	\$ -

General revenues

Property taxes and other taxes

Sales tax

Franchise taxes

Motor vehicle taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous revenue

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year, as previously reported

Prior period adjustment

Net position - beginning of year, as restated

Net position - end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,351,942)	\$ -	\$ (2,351,942)
(2,692,445)	-	(2,692,445)
(1,322,342)	-	(1,322,342)
(1,569,893)	-	(1,569,893)
(4,009)	-	(4,009)
(7,940,631)	-	(7,940,631)
-	(249,431)	(249,431)
-	228,451	228,451
-	(562,295)	(562,295)
-	11,859	11,859
-	(571,416)	(571,416)
(7,940,631)	(571,416)	(8,512,047)
871,456	-	871,456
4,704,285	-	4,704,285
186,294	-	186,294
275,845	-	275,845
2,791,078	-	2,791,078
239,895	57,929	297,824
195,141	-	195,141
(632,600)	632,600	-
8,631,394	690,529	9,321,923
690,763	119,113	809,876
46,063,510	59,878,174	105,941,684
554,851	-	554,851
46,618,361	59,878,174	106,496,535
<u>\$ 47,309,124</u>	<u>\$ 59,997,287</u>	<u>\$ 107,306,411</u>

CITY OF EVANSTON, WYOMING

BALANCE SHEET
Governmental Funds
June 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,742,083	\$ 1,742,083
Investments at fair value	33,531,516	-	33,531,516
Receivables (net of allowance for uncollectibles)			
Accounts receivable	983,563	58,006	1,041,569
Accrued interest	21,102	-	21,102
Property taxes	676,942	-	676,942
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 35,213,123</u>	<u>\$ 1,800,089</u>	<u>\$ 37,013,212</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 572,242	\$ 914	\$ 573,156
Accrued payroll	139,833	-	139,833
Accrued liabilities	321,434	-	321,434
Court bonds payable	13,475	-	13,475
Unearned rent revenue	-	17,647	17,647
Unearned - cash in lieu of land development	137,958	-	137,958
Due to other funds	24,185,845	-	24,185,845
Current portion of advance payable to water fund	246,085	-	246,085
	<u> </u>	<u> </u>	<u> </u>
Total current liabilities	25,616,872	18,561	25,635,433
Noncurrent portion of advance payable to water fund	1,365,556	-	1,365,556
	<u> </u>	<u> </u>	<u> </u>
Total noncurrent liabilities	1,365,556	-	1,365,556
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	26,982,428	18,561	27,000,989
Deferred inflows of resources			
Deferred property taxes	656,536	-	656,536
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	656,536	-	656,536
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	2,074,159	1,575,681	3,649,840
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	7,574,159	1,781,528	9,355,687
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 35,213,123</u>	<u>\$ 1,800,089</u>	<u>\$ 37,013,212</u>

See accompanying notes to the financial statements

CITY OF EVANSTON, WYOMING

**RECONCILIATION OF GOVERNMENTAL FUNDS
FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2014**

Total governmental fund balances	\$	9,355,687
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Amounts reported for governmental activities in the statement of net assets are different because:

Long-term liabilities, including accrued compensated absences, are not due and payable in the current period and therefore, are not reported in the funds:

Accrued compensated absences		(665,571)
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Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds

		38,487,026
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Deferred property taxes in governmental funds	\$	656,536	
Deferred property taxes in governmental activities		<u>(642,360)</u>	14,176

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

Motor Vehicle Fund		
Unrestricted net position		<u>117,806</u>

Net position of governmental activities	\$	<u><u>47,309,124</u></u>
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CITY OF EVANSTON, WYOMING

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Governmental Funds

Year Ended June 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 5,797,769	\$ 241,050	\$ 6,038,819
Licenses and permits	158,586	-	158,586
Fines and forfeitures	146,678	-	146,678
Intergovernmental revenues	5,177,945	-	5,177,945
Charges for services	54,602	46,815	101,417
Interest and miscellaneous	284,808	133,859	418,667
	<hr/>	<hr/>	<hr/>
Total revenues	11,620,388	421,724	12,042,112
EXPENDITURES			
Current			
General government	2,647,142	-	2,647,142
Public safety and transportation	2,879,986	-	2,879,986
Public works	1,282,405	-	1,282,405
Health, welfare and recreation	1,191,120	431,491	1,622,611
Intergovernmental expenditures	780,123	-	780,123
Capital outlay	2,881,421	-	2,881,421
	<hr/>	<hr/>	<hr/>
Total expenditures	11,662,197	431,491	12,093,688
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(41,809)	(9,767)	(51,576)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	165,000	165,000
Transfers out	(797,600)	-	(797,600)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(797,600)	165,000	(632,600)
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(839,409)	155,233	(684,176)
	<hr/>	<hr/>	<hr/>
Fund balances - beginning of year, as previously reported	7,886,836	1,598,176	9,485,012
Prior period adjustment	526,732	28,119	554,851
	<hr/>	<hr/>	<hr/>
Fund balances - beginning of year, as restated	8,413,568	1,626,295	10,039,863
	<hr/>	<hr/>	<hr/>
Fund balances - end of year	\$ 7,574,159	\$ 1,781,528	\$ 9,355,687

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, 2014

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

Net change in fund balances - total governmental funds		\$ (684,176)
<p>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:</p>		
<p>General government</p>		
Additional capital assets	\$ 2,775,152	
Less completed construction in progress	(14,940)	
Depreciation expense	<u>(1,416,076)</u>	1,344,136
<p>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:</p>		
Disposal of capital assets (cost basis)	(409,704)	
Accumulated depreciation	<u>375,449</u>	(34,255)
<p>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:</p>		
Compensated absences as of June 30, 2013	729,768	
Compensated absences as of June 30, 2014	<u>(665,571)</u>	64,197
<p>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.</p>		
Internal service fund changes in net position		1,800
<p>Certain revenues are not recognized as current financial resources and, therefore, are not reported as revenues in governmental funds:</p>		
Deferred property taxes as of June 30, 2013	(15,115)	
Deferred property taxes in governmental funds as of June 30, 2014	656,536	
Deferred property taxes in governmental activities as of June 30, 2014	<u>(642,360)</u>	<u>(939)</u>
Change in net position of governmental activities		<u>\$ 690,763</u>

See accompanying notes to the financial statements

CITY OF EVANSTON, WYOMING

STATEMENT OF NET POSITION
Proprietary Funds
June 30, 2014

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ -	\$ -	\$ 535,594
Investments, at fair value	3,952	-	-
Accounts receivable (net of allowance for uncollectibles)	288,671	97,416	-
Due from other funds	13,071,924	10,071,619	1,042,302
Inventory	-	-	52,127
Current portion of advance receivable from general fund	246,085	-	-
Total current assets	<u>13,610,632</u>	<u>10,169,035</u>	<u>1,630,023</u>
Noncurrent assets			
Long term portion of advance receivable from general fund	1,365,556	-	-
Total noncurrent assets	<u>1,365,556</u>	<u>-</u>	<u>-</u>
Capital assets			
Land	161,500	240,005	312,189
Buildings and systems	44,207,946	15,574,053	6,267,611
Machinery and equipment	377,834	386,303	678,599
Construction in progress	291,945	-	-
	<u>45,039,225</u>	<u>16,200,361</u>	<u>7,258,399</u>
Less accumulated depreciation	<u>21,461,375</u>	<u>13,715,412</u>	<u>2,454,406</u>
Total capital assets (net of accumulated depreciation)	<u>23,577,850</u>	<u>2,484,949</u>	<u>4,803,993</u>
Total assets	<u>38,554,038</u>	<u>12,653,984</u>	<u>6,434,016</u>

See accompanying notes to the financial statements

Business-type Activities - Enterprise Funds

<u>Environmental Service Fund</u>	<u>Totals</u>	<u>Governmental Activities- Internal Service Fund</u>
\$ 2,773,262	\$ 3,308,856	\$ 109,624
-	3,952	-
90,140	476,227	120
-	24,185,845	-
-	52,127	8,062
-	246,085	-
<u>2,863,402</u>	<u>28,273,092</u>	<u>117,806</u>
-	1,365,556	-
-	<u>1,365,556</u>	-
20,000	733,694	-
85,599	66,135,209	278,623
1,172,639	2,615,375	29,661
-	291,945	-
<u>1,278,238</u>	<u>69,776,223</u>	<u>308,284</u>
<u>890,086</u>	<u>38,521,279</u>	<u>307,973</u>
<u>388,152</u>	<u>31,254,944</u>	<u>311</u>
<u>3,251,554</u>	<u>60,893,592</u>	<u>118,117</u>

(Continued)

CITY OF EVANSTON, WYOMING

STATEMENT OF NET POSITION (CONTINUED)

Proprietary Funds

June 30, 2014

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 253,619	\$ 10,479	\$ 13,778
Accrued payroll	27,448	11,760	-
Deposits payable	53,725	-	-
Total current liabilities	<u>334,792</u>	<u>22,239</u>	<u>13,778</u>
Noncurrent liabilities			
Due within one year	6,014	2,921	83,019
Due in more than one year	114,260	55,494	-
Total noncurrent liabilities	<u>120,274</u>	<u>58,415</u>	<u>83,019</u>
Total liabilities	<u>455,066</u>	<u>80,654</u>	<u>96,797</u>
NET POSITION			
Invested in capital assets, net of related debt	23,577,850	2,484,949	4,720,974
Restricted for landfill maintenance	-	-	-
Unrestricted	<u>14,521,122</u>	<u>10,088,381</u>	<u>1,616,245</u>
Total net position	<u>\$ 38,098,972</u>	<u>\$ 12,573,330</u>	<u>\$ 6,337,219</u>

See accompanying notes to the financial statements

Business-type Activities - Enterprise Funds

Environmental Service Fund	Totals	Governmental Activities - Internal Service Fund
\$ 4,569	\$ 282,445	\$ -
10,786	49,994	-
-	53,725	-
<u>15,355</u>	<u>386,164</u>	<u>-</u>
48,730	140,684	-
199,703	369,457	-
<u>248,433</u>	<u>510,141</u>	<u>-</u>
<u>263,788</u>	<u>896,305</u>	<u>-</u>
388,152	31,171,925	311
653,948	653,948	-
<u>1,945,666</u>	<u>28,171,414</u>	<u>117,806</u>
<u>\$ 2,987,766</u>	<u>\$ 59,997,287</u>	<u>\$ 118,117</u>

CITY OF EVANSTON, WYOMING

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

Proprietary Funds

Year Ended June 30, 2014

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>
Operating revenues			
Charges for services	\$ 2,225,290	\$ 1,017,564	\$ 381,270
Miscellaneous	23,995	1,983	-
Total operating revenues	<u>2,249,285</u>	<u>1,019,547</u>	<u>381,270</u>
Operating expenses			
Personnel services	845,276	379,019	-
Contractual services	61,193	-	379,313
Repairs and maintenance	157,200	68,876	171,371
Supplies	327,099	49,958	118,778
Interest expense	-	-	4,720
Miscellaneous	5,728	19,037	28,363
Capital outlay	-	60	-
Depreciation	972,245	162,471	241,020
Utilities	129,975	111,675	-
Total operating expenses	<u>2,498,716</u>	<u>791,096</u>	<u>943,565</u>
Operating income (loss)	<u>(249,431)</u>	<u>228,451</u>	<u>(562,295)</u>
Nonoperating revenues			
Interest income	31,600	20,822	-
Total nonoperating revenues	<u>31,600</u>	<u>20,822</u>	<u>-</u>
Income (loss) before transfers	<u>(217,831)</u>	<u>249,273</u>	<u>(562,295)</u>
Transfers in	-	-	632,600
Total transfers	<u>-</u>	<u>-</u>	<u>632,600</u>
Change in net position	(217,831)	249,273	70,305
Total net position - beginning of year	<u>38,316,803</u>	<u>12,324,057</u>	<u>6,266,914</u>
Total net position - end of year	<u>\$ 38,098,972</u>	<u>\$ 12,573,330</u>	<u>\$ 6,337,219</u>

See accompanying notes to the financial statements

Business-type Activities - Enterprise Funds

Environmental Service Fund	Totals	Governmental Activities Internal Service Fund
\$ 952,089	\$ 4,576,213	\$ 53,891
3,765	29,743	-
<u>955,854</u>	<u>4,605,956</u>	<u>53,891</u>
525,581	1,749,876	-
-	440,506	-
63,110	460,557	-
269,404	765,239	52,091
457	5,177	-
15,241	68,369	-
-	60	-
70,202	1,445,938	-
-	241,650	-
<u>943,995</u>	<u>5,177,372</u>	<u>52,091</u>
<u>11,859</u>	<u>(571,416)</u>	<u>1,800</u>
<u>5,507</u>	<u>57,929</u>	<u>-</u>
<u>5,507</u>	<u>57,929</u>	<u>-</u>
<u>17,366</u>	<u>(513,487)</u>	<u>1,800</u>
-	632,600	-
-	632,600	-
17,366	119,113	1,800
<u>2,970,400</u>	<u>59,878,174</u>	<u>116,317</u>
<u>\$ 2,987,766</u>	<u>\$ 59,997,287</u>	<u>\$ 118,117</u>

CITY OF EVANSTON, WYOMING

STATEMENT OF CASH FLOWS
Proprietary Funds
Year Ended June 30, 2014

	<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	\$ 2,265,128	\$ 1,024,061	\$ 381,270
Receipts from other funds	-	-	-
Payments to suppliers for services	(496,941)	(289,668)	(709,513)
Payments to employees for services	(842,563)	(377,724)	-
Settlement of interfund operating activities	(498,523)	(226,627)	287,773
Net cash and cash equivalents provided (used) by operating activities	<u>427,101</u>	<u>130,042</u>	<u>(40,470)</u>
Cash flows from noncapital financing activities			
Transfers from other funds	-	-	632,600
Net cash and cash equivalents provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>632,600</u>
Cash flows from capital and related financing activities			
Principal payments	-	-	(34,661)
Acquisitions of property and equipment	(498,184)	(150,862)	(21,875)
Net cash and cash equivalents used by capital and related financing activities	<u>(498,184)</u>	<u>(150,862)</u>	<u>(56,536)</u>
Cash flows from investing activities			
Interest on investments	32,092	20,820	-
Net cash and cash equivalents provided by investing activities	<u>71,083</u>	<u>20,820</u>	<u>-</u>
Net increase in cash and cash equivalents	-	-	535,594
Cash and cash equivalents - beginning of year	-	-	-
Cash and cash equivalents - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 535,594</u></u>

See accompanying notes to the financial statements

Business-type Activities - Enterprise Funds

<u>Environmental Service Fund</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 936,358	\$ 4,606,817	\$ -
-	-	55,968
(363,271)	(1,859,393)	(52,954)
(328,199)	(1,548,486)	-
40,733	(396,644)	-
<u>285,621</u>	<u>802,294</u>	<u>3,014</u>
<u>-</u>	<u>632,600</u>	<u>-</u>
<u>-</u>	<u>632,600</u>	<u>-</u>
-	(34,661)	-
(258,006)	(928,927)	-
<u>(258,006)</u>	<u>(963,588)</u>	<u>-</u>
<u>5,507</u>	<u>58,419</u>	<u>-</u>
<u>5,507</u>	<u>97,410</u>	<u>-</u>
33,122	568,716	3,014
2,740,140	2,740,140	106,610
<u>\$ 2,773,262</u>	<u>\$ 3,308,856</u>	<u>\$ 109,624</u>

(Continued)

CITY OF EVANSTON, WYOMING

STATEMENT OF CASH FLOWS (CONTINUED)

Proprietary Funds

Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Golf Fund
Reconciliation of operating income (loss) to net cash and cash equivalents provided (used) by operating activities			
Operating income (loss)	\$ (249,431)	\$ 228,451	\$ (562,295)
Adjustments to reconcile operating income (loss) to net cash and cash equivalents provided by operating activities			
Depreciation	972,245	162,471	241,020
Change in operating assets and liabilities			
Accounts receivable	17,668	4,514	-
Due from other funds	(498,523)	(226,627)	287,773
Inventory	-	-	(1,992)
Accounts payable	184,254	(40,062)	(4,976)
Accrued payroll	2,704	467	-
Accrued liabilities	9	828	-
Deposits payable	(1,825)	-	-
Net cash and cash equivalents provided (used) by operating activities	\$ 427,101	\$ 130,042	\$ (40,470)
Supplemental Information			
Non-cash investing, capital and financing activities:			
Net increase in the fair value of investments	\$ 490	\$ -	\$ -

See accompanying notes to the financial statements

Business-type Activities - Enterprise Funds

<u>Environmental Service Fund</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 11,859	\$ (571,416)	\$ 1,800
70,202	1,445,938	-
(19,496)	2,686	2,077
40,733	(396,644)	-
-	(1,992)	(863)
(15,059)	124,157	-
197,382	200,553	-
-	837	-
-	(1,825)	-
<u>\$ 285,621</u>	<u>\$ 802,294</u>	<u>\$ 3,014</u>
<u>\$ -</u>	<u>\$ 490</u>	<u>\$ -</u>

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies

Reporting Entity

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

The City of Evanston is a municipal corporation governed by an elected mayor and six elected council members. The City serves as the nucleus for the reporting entity under the provisions of GASB Statement No. 14, as amended by GASB Statements No. 39 and No. 61, for its basic financial statements. 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 Housing Authority of the City of Evanston, Airport Joint Powers Board, and the City of Evanston- Uinta County Human Services Building Joint Powers Board are all related organization to which the City appoints board members but for which the City has no significant financial accountability. All transactions with each of these organizations are conducted in the ordinary course of business. Further financial information is available from each organization.

The accounting policies of the City of Evanston conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Property taxes, 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 *environmental service fund* accounts for the activities of the City's sanitation and storm water.

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.

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.

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Assets, Liabilities, Deferred Inflows of Resources, and Net Position 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 types of investments in which the City may invest. Among these authorized investments are certificates of deposit, money market funds, commercial paper, obligations of the U.S. Treasury, agencies and instrumentalities of the U.S. Government, mortgage backed securities, guaranteed investment contracts, mutual funds and repurchase agreements with banks with the underlying securities being obligations of the U.S. Treasury or agencies and instrumentalities of the U.S. Government.

Investments for the City are reported at fair value. Fair value is determined using the latest bid price or by the closing exchange price at the statement of net position date. A significant portion of the City's investment activity is conducted in a pooled investment account with the State of Wyoming, State Treasurer's office. The WYO-STAR investment pools were established on or after July 1, 1996 according to the Wyoming Statutory Trust Act. Shares of the fund are offered exclusively to Wyoming governmental entities. Separate accounts are maintained for each entity. These pools invest in obligations of the U.S. Treasury and other investments as authorized by the Wyoming Statutes. The reported value of the pool is the same as the fair value of the pool shares.

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.

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

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

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on or about August 1 and payable in two installments on September 1 and March 1. Uinta County bills and collects its own property taxes and also the taxes for all municipalities and political subdivisions within the County, including the City. City property tax revenues are recognized when levied to the extent that they result in current receivables, which means when collected within the current period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period.

The City is permitted by Wyoming Statutes to levy taxes up to 8 mills of assessed valuation for all purposes, exclusive of state revenue, except for the payment of public debt and interest thereon. The combined tax rate to finance general government services other than the payment of principal and interest on long-term debt for the year ended June 30, 2014, was 8 mills which mean that the City has levied to the maximum amount available.

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

Capital Assets

Capital assets, which include property, 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 the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (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 City 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 City values these capital assets at the estimated fair value of the item at the date of its donation.

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Continued)

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has one item that qualifies for reporting in the category. Unavailable revenue is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and grants. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available. In the government-wide statement of net position, only property taxes are reported as a deferred inflow of resources. Property taxes are recognized as in inflow of resources in the year they are levied.

Long-Term Obligations

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

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 are 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.

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Equity (Continued)

For the government-wide financial statements, net position are reported as restricted when constraints placed on net position 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.
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.

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Detailed Notes on all Funds

Deposits and Investments

As of June 30, 2014, 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	\$ 26,355	5.50-9.50%	\$ -	\$ 549	\$ -	\$ 25,806	Not Rated
FHLB	9,529,757	1.00-1.05%	-	5,893,800	3,635,957	-	AAA/Aaa *
Certificates of deposit	668,657	.55-.75%	-	668,657	-	-	Not Rated
Money market	307	0.01%	307	-	-	-	Not Rated
State Treasurer's investment pool (WYO-STAR)	23,310,392		23,310,392	-	-	-	Not Rated
	<u>\$33,535,468</u>		<u>\$ 23,310,699</u>	<u>\$6,563,006</u>	<u>\$ 3,635,957</u>	<u>\$ 25,806</u>	

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

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, 2014, the State Treasurer's Investment Pool (WYO-STAR) did not have a quality service credit rating.

Concentration of credit risk. The City does not have a formal policy that mandates or limits an investment in any one issuer as a specified percentage of the City's total investments. The composition of the investment portfolio of City at June 30, 2014 is as follows:

Deposit and Investment Types	Fair Value	Percent of Portfolio
GNMA	\$ 26,355	0.08%
FHLB	9,529,757	28.42%
Certificate of deposits	668,657	1.99%
Money market	307	0.00%
WYO-STAR Investment Pool	23,310,392	69.51%
	<u>\$ 33,535,468</u>	<u>100.00%</u>

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Detailed Notes on all Funds (Continued)

Deposits and Investments (Continued)

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, 2014, the City’s deposits were not fully insured or collateralized as required by statutes by \$15,101.

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.

Interfund Balances

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.”

The following is a detailed reconciliation of the City’s individual fund level financial statement balances for the year ended June 30, 2014, 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	\$ -	\$ 25,797,486	\$ -	\$ -
General fund	-	-	-	24,185,845
Business-type activities	25,797,486	-	-	-
Water fund	-	-	13,071,924	-
Sewer fund	-	-	10,071,619	-
Golf fund	-	-	1,042,302	-
	\$ 25,797,486	\$ 25,797,486	\$ 24,185,845	\$ 24,185,845
Advances to/from other funds				
Governmental activities				
General fund	\$ -	\$ -	\$ -	\$ 1,611,641
Business-type activities				
Water fund	-	-	1,611,641	-
	\$ -	\$ -	\$ 1,611,641	\$ 1,611,641

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Detailed Notes on all Funds (Continued)

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

During 2009, the water fund advanced \$2,000,000 to the general fund for the purpose of paying the construction costs incurred for the Restoration of Section One of the Roundhouse Project. Interest was calculated on the outstanding balance at the rate of .2429%, which was the rate of return on WYO-STAR at June 30, 2014.

Year ending June 30,	Advance Payable Water Fund	
	Principal	Interest
2015	\$ 246,085	\$ 3,915
2016	246,683	3,317
2017	247,282	2,718
2018	247,883	2,117
2019	248,485	1,515
2020	375,223	1,217
	<u>\$ 1,611,641</u>	<u>\$ 14,799</u>

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	Environmental Service Fund	Nonmajor and Other Funds	Total
Receivables						
Customer	\$ -	\$ 288,671	\$ 97,416	\$ 90,140	\$ -	\$ 476,227
Grants	98,368	-	-	-	-	98,368
Franchise fees	39,986	-	-	-	-	39,986
Sales and use tax	806,097	-	-	-	-	806,097
Municipal court	135,873	-	-	-	-	135,873
Miscellaneous	-	-	-	-	58,006	58,006
Allowance for bad debts	(96,761)	-	-	-	-	(96,761)
Internal service	120	-	-	-	-	120
	<u>\$983,563</u>	<u>\$ 288,671</u>	<u>\$ 97,416</u>	<u>\$ 90,140</u>	<u>\$ 58,006</u>	<u>\$1,517,916</u>

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Detailed Notes on all Funds (Continued)

Interfund Transfers

The following is a detailed reconciliation of the City's interfund transfers for the year ended June 30, 2014.

	Transfers In	Transfers Out
Governmental Activities:		
General Fund	\$ -	\$ 797,600
Permanent Fund		
Cemetery Fund	165,000	-
Total governmental activities	<u>165,000</u>	<u>797,600</u>
Business-type Activities:		
Golf Fund	632,600	-
Total business-type activities	<u>632,600</u>	<u>-</u>
Total governmental wide	<u>\$ 797,600</u>	<u>\$ 797,600</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.

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CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Detailed Notes on all Funds (Continued)

Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Deletions	Transfer	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 11,329,898	\$ -	\$ -	\$ -	\$ 11,329,898
Construction in progress	153,258	2,544,327	14,940	-	2,682,645
Total capital assets not being depreciated	11,483,156	2,544,327	14,940	-	14,012,543
Capital assets being depreciated					
Buildings and systems	40,183,125	105,937	-	-	40,289,062
Machinery and equipment	5,215,166	124,888	409,704	33,247	4,963,597
Infrastructure	17,588,070	-	-	-	17,588,070
Total capital assets being depreciated	62,986,361	230,825	409,704	33,247	62,840,729
Less accumulated depreciation for					
Buildings and systems	15,600,180	1,197,392	-	-	16,797,572
Machinery and equipment	4,537,723	169,023	375,449	33,247	4,364,544
Infrastructure	17,154,469	49,661	-	-	17,204,130
Total accumulated depreciation	37,292,372	1,416,076	375,449	33,247	38,366,246
Total capital assets, being depreciated, net	25,693,989	(1,185,251)	34,255	-	24,474,483
Governmental activities capital assets, net	\$ 37,177,145	\$ 1,359,076	\$ 49,195	\$ -	\$ 38,487,026

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CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Detailed Notes on All Funds (Continued)

Capital Assets (Continued)

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfer</u>	<u>Balance</u>
Business-type activities					
Capital assets not being depreciated					
Land	\$ 733,694	\$ -	\$ -	\$ -	\$ 733,694
Construction in progress	111,008	291,945	111,008	-	291,945
Total capital assets not being depreciated	<u>844,702</u>	<u>291,945</u>	<u>111,008</u>	<u>-</u>	<u>1,025,639</u>
Capital assets being depreciated					
Buildings and systems	65,691,228	443,981	-	-	66,135,209
Machinery and equipment	2,703,796	296,948	352,122	(33,247)	2,615,375
Total capital assets being depreciated	<u>68,395,024</u>	<u>740,929</u>	<u>352,122</u>	<u>(33,247)</u>	<u>68,750,584</u>
Less accumulated depreciation for					
Buildings and systems	35,308,822	1,765,546	484,357	-	36,590,011
Machinery and equipment	2,151,863	164,751	352,099	(33,247)	1,931,268
Total accumulated depreciation	<u>37,460,685</u>	<u>1,930,297</u>	<u>836,456</u>	<u>(33,247)</u>	<u>38,521,279</u>
Total capital assets, being depreciated, net	<u>30,934,339</u>	<u>(1,189,368)</u>	<u>(484,334)</u>	<u>-</u>	<u>30,229,305</u>
Business-type activities capital assets, net	<u>\$ 31,779,041</u>	<u>\$ (897,423)</u>	<u>\$ (373,326)</u>	<u>\$ -</u>	<u>\$ 31,254,944</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 \$424,930 with accumulated depreciation of \$115,582 and the current year depreciation expense of \$50,250 was expensed in business-type activities.

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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	\$ 1,195,422
Public safety	93,443
Public works, including depreciation of general infrastructure assets	95,279
Capital assets held in the permanent fund	31,932
Total depreciation expense for governmental activities	\$ 1,416,076

Long-Term Debt

The changes on long-term debt for the year ended June 30, 2014 were as follows:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Governmental activities					
Compensated absences	\$ 729,769	\$ -	\$ 64,198	\$ 665,571	\$ 33,279
Governmental activities long-term liabilities	\$ 729,769	\$ -	\$ 64,198	\$ 665,571	\$ 33,279
For the governmental activities, compensated absences are generally liquidated by the general fund.					
Business-type activities					
Compensated absences	\$ 231,399	\$ 7,296	\$ -	\$ 238,695	\$ 11,936
Lease purchase obligation	117,680	237,430	83,664	271,446	128,748
Business-type activities long-term liabilities	\$ 349,079	\$ 244,726	\$ 83,664	\$ 510,141	\$ 140,684

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Detailed Notes on All Funds (Continued)

Long-Term Debt (Continued)

Debt outstanding, (excluding accrued compensated absences) at June 30, 2014 is comprised of the following issues:

Proprietary Funds:

\$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. \$ 83,019

\$237,430 lease purchase obligation, interest rate 1.98%, payable annually, principal and interest payments of \$49,461 through February 2018, serviced by the Environmental Service Fund. 188,427

\$ 271,446

Future minimum lease payments under all debt except compensated absences outstanding as of June 30, 2014 are as follows:

Year ending June 30,	
2015	\$ 135,368
2016	49,461
2017	49,461
2018	49,461
	<u>283,751</u>
Less amount representing interest	<u>(12,305)</u>
Net present value of minimum lease payment	<u>\$ 271,446</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, 2014 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, 2014

Note 3. Detailed Notes on All Funds (Continued)

Construction Commitments

The City has several outstanding construction projects as of June 30, 2014. 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			
Cultural Center - Strand	\$ 1,146,464	\$ 548,291	\$ 598,173
Medical Spec Building	2,116,615	2,116,615	-
Urban Systems Street Overlay	1,850,000	17,739	1,832,261
Total governmental activities	<u>5,113,079</u>	<u>2,682,645</u>	<u>2,430,434</u>
Business-type activities			
Water Fund			
E Hill Water Tank Replacement	1,400,000	291,945	1,108,055
Total business-type activities	<u>1,400,000</u>	<u>291,945</u>	<u>1,108,055</u>
Total primary government	<u>\$ 6,513,079</u>	<u>\$ 2,974,590</u>	<u>\$ 3,538,489</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, 2014 the City contracted with various insurance companies for property insurance (including boiler and machinery), general liability insurance, professional insurance and vehicle insurance. Settlements have not exceeded coverage in any of the past three fiscal years. The government has had no significant reductions in insurance coverage from coverage in the prior years.

The City also participates in two other risk management programs: Workers' Compensation Act and Unemployment Compensation Act.

Wyoming Statute 27-14-101 created the Wyoming Workers' Compensation Act, which is administered as an enterprise fund by the State of Wyoming. All employers within the State of Wyoming are participants of this plan unless the employer elects not to be covered under the plan. This Act requires the City to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. This Act provides general protection from suits filed by employees against the City. The City makes monthly payments to the Department of Employment, State of Wyoming. This amount is based on salaries and a split rate between hazardous and non-hazardous positions. Amounts paid by the City to the State for Workers' Compensation during fiscal year 2014 were approximately \$128,166.

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Detailed Notes on All Funds (Continued)

Risk Management (Continued)

Wyoming Statute 27-3-101 created the Unemployment Compensation Act. This Act requires the City to pay the cost of actual claims incurred. Changes in the balances of claims liabilities during fiscal year 2014 and 2013 were as follows for the City's participation in the Unemployment Compensation Act Program:

	Fiscal Year Ended 2014	Fiscal Year Ended 2013
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	1,663	1,564
Claim payments	(1,663)	(1,564)
Unpaid claims, end of year	\$ -	\$ -

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 7.50% 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, 3.18% 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, 2014, 2013, and 2012, were \$245,762 and \$239,740 and \$254,552 respectively and the employees’ contributions were \$66,330 and \$55,568 and \$59,634, respectively, equal to the required contribution for the year.

The City’s police officers also participate in the Wyoming Retirement System. The Police Pension Plan is funded by amounts withheld from participating employees’ salaries and by contributions from the City. These contributions are determined by state statutes and as of June 30, 2014 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, 2014, 2013, and 2012 the contributions to the Police Pension Plan were \$229,649, \$219,395 and \$232,524 respectively. The City’s portion of these contributions were \$152,716, \$145,923 and \$154,655, respectively, and the employees’ contributions were \$76,933, \$73,472 and \$77,869, respectively, equal to the required contributions for each year.

Operating Lease – Lessor

Under a month to month agreement, the City leased a building to a tenant at the rate of \$8,000 per month for the first year and increasing \$1,000 per month for each subsequent year. As of June 30, 2014, the monthly rate was \$10,000 per month. The cost of the leased property is \$3,617,843 with accumulated depreciation of \$542,924. Rental income from this lease was \$110,000 for the year ending June 30, 2014.

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Detailed Notes on All Funds (Continued)

During 2014, the City entered into an agreement with a non-profit organization to lease certain real estate to the entity for one dollar per square foot (\$7,647 per month) for a term of five years at which time the organization has the option to purchase the property for its fair market value. The fair market value is to be modified by reducing the price by \$1,000,000 which the non-profit paid as an investment towards the construction of the subject property and by the rental payments made through the date the purchase option is executed. Since the non-profit organization currently provides out-patient mental health services pursuant to an annual contract awarded by the State of Wyoming, Department of Health, and their ability to continue operations without the State contract would be difficult, the non-profit organization has the right to terminate the lease should the State discontinue its funding. In the event the lease is terminated due to the lack of funding from the State, the City must return the organization's initial investment of \$1,000,000 by making four payments of \$250,000 each, with the first payment due 120 days after the date of termination of the lease and the subsequent payments due every 120 days thereafter until the entire amount is paid in full.

The City received \$22,941 for rent in the current fiscal year under the terms of the lease.

Note 4. Prior Period Adjustments

Change in Accounting Estimate

Derived tax revenues are recognized when the related exchange transaction has occurred as defined by enabling legislation. Governmental Accounting Standards Board Statement (GASB) No. 33 and 36 require that derived tax revenues be recorded in the same period in which the exchange transaction that generates the tax revenue occurs. However the City receives these revenues through the State of Wyoming through a continuing appropriation and the State does not provide periodic notification of the accrual-basis information. GASB 36 allows the City to use a reasonable estimate of the amount to be accrued. Traditionally, the City has estimated these amounts by using the subsequent cash remittances received from the State in July, as their best estimate of the additional modified accrual-basis revenue for their fiscal year. There is technically a time lag of two months from the time the taxable transaction occurred to the time the State remits the City's share of the revenue (i.e., the City should consider both July and August subsequent collections as additional modified accrual based revenues).

The City's change in estimating derived tax revenue resulted in the following changes:

General Fund	\$ 526,732
Lodging Tax Fund	<u>28,119</u>
Total prior period adjustment	<u>\$ 554,851</u>

CITY OF EVANSTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. Accounting Standards Issued, But Not Implemented

As of June 30, 2014, the Governmental Accounting Standards Board has issued the following standards which the City may implement in its next fiscal year.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* was issued to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Governmental Account Standards Board Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measure Date (an amendment of GASB Statement No. 68)*, amends Statement 68 related to transition provisions for certain pension contributions made to defined benefit pension plans prior to implementation of Statement 68 by employers and non-employer contributing entities.

Management has not concluded its assessment of the effect of implementing this guidance.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EVANSTON, WYOMING

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

General Fund

Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
PROPERTY TAXES AND OTHER TAXES				
Property taxes	\$ 518,000	\$ 518,000	\$ 631,346	\$ 113,346
Motor vehicle tax	240,000	240,000	275,247	35,247
Sales and use taxes	4,475,000	4,475,000	4,704,285	229,285
Franchise fees	144,000	144,000	186,294	42,294
Car company tax	300	300	597	297
	<u>5,377,300</u>	<u>5,377,300</u>	<u>5,797,769</u>	<u>420,172</u>
LICENSES AND PERMITS	<u>94,600</u>	<u>94,600</u>	<u>158,586</u>	<u>63,986</u>
INTERGOVERNMENTAL REVENUES				
State gasoline tax	275,000	275,000	526,944	251,944
Severance tax	460,300	460,300	442,570	(17,730)
Cigarette tax	115,807	115,807	95,849	(19,958)
State funding	1,033,501	1,033,501	1,077,129	43,628
Grants	5,330,013	5,407,079	2,386,868	(3,020,211)
Mineral royalties	658,477	658,477	648,585	(9,892)
	<u>7,873,098</u>	<u>7,950,164</u>	<u>5,177,945</u>	<u>(2,772,219)</u>
CHARGES FOR SERVICES				
Public safety fees	20,650	20,650	32,604	11,954
Permits and fees	10,700	10,700	21,998	11,298
	<u>31,350</u>	<u>31,350</u>	<u>54,602</u>	<u>23,252</u>
FINES AND FORFEITURES	<u>184,000</u>	<u>184,000</u>	<u>146,678</u>	<u>(37,322)</u>
MISCELLANEOUS REVENUES				
Interest earnings	195,000	195,000	238,977	43,977
Leases	17,300	17,300	32,967	15,667
Gain on sale of fixed assets	1,000	1,000	12,864	11,864
	<u>213,300</u>	<u>213,300</u>	<u>284,808</u>	<u>71,508</u>
Total revenues	<u>13,773,648</u>	<u>13,850,714</u>	<u>11,620,388</u>	<u>(2,230,623)</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT				
City Council				
Salaries and benefits	\$ 117,526	\$ 117,526	\$ 116,358	\$ 1,168
Contractual	90,653	90,653	88,297	2,356
	<u>208,179</u>	<u>208,179</u>	<u>204,655</u>	<u>3,524</u>
Attorney				
Contractual	157,000	157,000	115,324	41,676
	<u>157,000</u>	<u>157,000</u>	<u>115,324</u>	<u>41,676</u>
Judicial				
Salaries and benefits	61,846	61,846	59,599	2,247
Contractual	74,827	74,827	53,749	21,078
	<u>136,673</u>	<u>136,673</u>	<u>113,348</u>	<u>23,325</u>
Mayor				
Contractual	6,100	6,100	1,969	4,131
	<u>6,100</u>	<u>6,100</u>	<u>1,969</u>	<u>4,131</u>
Community Development				
Salaries and benefits	240,135	240,135	229,033	11,102
Contractual	55,554	55,554	43,819	11,735
	<u>295,689</u>	<u>295,689</u>	<u>272,852</u>	<u>22,837</u>
Administrative				
Salaries and benefits	133,313	133,313	125,395	7,918
Contractual	138,906	138,906	101,850	37,056
	<u>272,219</u>	<u>272,219</u>	<u>227,245</u>	<u>44,974</u>
Treasury				
Salaries and benefits	235,980	235,980	228,911	7,069
Contractual	107,325	117,325	108,009	9,316
	<u>343,305</u>	<u>353,305</u>	<u>336,920</u>	<u>16,385</u>
Clerk				
Salaries and benefits	304,836	304,836	267,098	37,738
Contractual	80,084	80,084	47,778	32,306
	<u>384,920</u>	<u>384,920</u>	<u>314,876</u>	<u>70,044</u>
Emergency Reserve				
Contractual	93,000	93,000	11,439	81,561
	<u>93,000</u>	<u>93,000</u>	<u>11,439</u>	<u>81,561</u>
Urban Renewal				
Salaries and benefits	63,193	63,193	61,686	1,507
Contractual	43,735	43,735	20,492	23,243
	<u>106,928</u>	<u>106,928</u>	<u>82,178</u>	<u>24,750</u>
Economic Development				
Contractual	21,250	21,250	8,498	12,752
	<u>21,250</u>	<u>21,250</u>	<u>8,498</u>	<u>12,752</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT (Continued)				
Youth Services - Summer Youth Program				
Salaries and benefits	\$ -	\$ -	\$ (292)	\$ 292
	-	-	(289)	289
Youth Services				
Salaries and benefits	-	-	8,230	(8,230)
Contractual	25,000	75,000	63,586	11,414
	25,000	75,000	71,816	3,184
YDAC Grant				
Salaries and benefits	36,459	36,459	32,153	4,306
Contractual	95,993	95,993	12,827	83,166
	132,452	132,452	44,980	87,472
General Services				
Salaries and benefits	496,273	496,273	453,105	43,168
Contractual	443,513	443,513	388,226	55,287
	939,786	939,786	841,331	98,455
Total general government	3,122,501	3,182,501	2,647,142	535,359
PUBLIC SAFETY AND TRANSPORTATION				
Police Administrative				
Salaries and benefits	115,675	115,675	109,469	6,206
Contractual	296,834	296,834	218,728	78,106
	412,509	412,509	328,197	84,312
Police Detective				
Salaries and benefits	727,666	727,666	505,443	222,223
Contractual	32,810	32,810	24,446	8,364
	760,476	760,476	529,889	230,587
Police Patrol				
Salaries and benefits	1,386,700	1,386,700	1,336,961	49,739
Contractual	97,200	97,200	90,980	6,220
	1,483,900	1,483,900	1,427,941	55,959
Support				
Salaries and benefits	425,163	425,163	387,527	37,636
Contractual	22,358	22,358	15,837	6,521
	447,521	447,521	403,364	44,157
Police Grants				
Salaries and benefits	42,481	42,481	58,096	(15,615)
Contractual	67,761	153,829	132,499	21,330
	110,242	196,310	190,595	5,715
Total public safety and transportation	3,214,648	3,300,716	2,879,986	420,730

(Continued)

CITY OF EVANSTON, WYOMING

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

General Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
PARKS AND RECREATION				
Administrative				
Contractual	\$ 1,212,173	\$ 1,212,173	\$ 1,191,120	\$ 21,053
	<u>1,212,173</u>	<u>1,212,173</u>	<u>1,191,120</u>	<u>21,053</u>
Total parks and recreation	<u>1,212,173</u>	<u>1,212,173</u>	<u>1,191,120</u>	<u>21,053</u>
PUBLIC WORKS				
Administrative				
Salaries and benefits	121,058	121,058	151,348	(30,290)
Contractual	53,266	53,266	28,292	24,974
	<u>174,324</u>	<u>174,324</u>	<u>179,640</u>	<u>(5,316)</u>
Engineering				
Salaries and benefits	59,519	59,519	53,482	6,037
Contractual	37,717	37,717	11,093	26,624
	<u>97,236</u>	<u>97,236</u>	<u>64,575</u>	<u>32,661</u>
Streets				
Salaries and benefits	457,891	457,891	230,791	227,100
Contractual	1,148,163	1,148,163	807,399	340,764
	<u>1,606,054</u>	<u>1,606,054</u>	<u>1,038,190</u>	<u>567,864</u>
Total public works	<u>1,877,614</u>	<u>1,877,614</u>	<u>1,282,405</u>	<u>595,209</u>
INTERGOVERNMENTAL EXPENDITURES	<u>878,960</u>	<u>898,960</u>	<u>780,123</u>	<u>118,837</u>
CAPITAL OUTLAY	<u>5,460,769</u>	<u>5,507,782</u>	<u>2,881,421</u>	<u>2,626,361</u>
Total expenditures	<u>15,766,665</u>	<u>15,979,746</u>	<u>11,662,197</u>	<u>4,317,549</u>
Excess (deficiency) of revenues over expenditures	<u>(1,993,017)</u>	<u>(2,129,032)</u>	<u>(41,809)</u>	<u>2,087,223</u>
Other financing (uses)				
Transfers (out)	<u>(1,051,024)</u>	<u>(1,051,024)</u>	<u>(797,600)</u>	<u>253,424</u>
Total other financing (uses)	<u>(1,051,024)</u>	<u>(1,051,024)</u>	<u>(797,600)</u>	<u>253,424</u>
Net change in fund balance	<u>(3,044,041)</u>	<u>(3,180,056)</u>	<u>(839,409)</u>	<u>2,340,647</u>
Fund balance - beginning of year, as previously reported	7,886,836	7,886,836	7,886,836	-
Prior period adjustment	<u>526,732</u>	<u>526,732</u>	<u>526,732</u>	<u>-</u>
Fund balance - beginning of year, as restated	8,413,568	8,413,568	8,413,568	-
Fund balance - end of year	<u>\$ 5,369,527</u>	<u>\$ 5,233,512</u>	<u>\$ 7,574,159</u>	<u>\$ 2,340,647</u>

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

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 Clean Energy 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.

CITY OF EVANSTON, WYOMING

**COMBINING BALANCE SHEET
Nonmajor Governmental Funds
June 30, 2014**

	Special Revenue			Permanent Fund	Total Nonmajor Governmental Funds
	Lodging Tax Fund	Economic Development Fund	Total	Cemetery Fund	
ASSETS					
Cash and cash equivalents	\$ 875,147	\$ 341,335	\$ 1,216,482	\$ 525,601	\$ 1,742,083
Accounts receivable	50,468	-	50,468	7,538	58,006
Total assets	<u>\$ 925,615</u>	<u>\$ 341,335</u>	<u>\$ 1,266,950</u>	<u>\$ 533,139</u>	<u>\$ 1,800,089</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 914	\$ 914
Deferred rent revenue	-	17,647	17,647	-	17,647
Total liabilities	<u>-</u>	<u>17,647</u>	<u>17,647</u>	<u>914</u>	<u>18,561</u>
FUND BALANCES					
Nonspendable					
Permanent fund principal	-	-	-	100,000	100,000
Restricted	-	-	-	105,847	105,847
Unassigned	925,615	323,688	1,249,303	326,378	1,575,681
Total fund balances	<u>925,615</u>	<u>323,688</u>	<u>1,249,303</u>	<u>532,225</u>	<u>1,781,528</u>
Total liabilities and fund balances	<u>\$ 925,615</u>	<u>\$ 341,335</u>	<u>\$ 1,266,950</u>	<u>\$ 533,139</u>	<u>\$ 1,800,089</u>

CITY OF EVANSTON, WYOMING

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Nonmajor Governmental Funds
Year Ended June 30, 2014**

	Special Revenue			Permanent Fund	Total Nonmajor Governmental Funds
	Lodging Tax Fund	Economic Development Fund	Total	Cemetery Fund	
Revenues					
Lodging tax	\$ 241,050	\$ -	\$ 241,050	\$ -	\$ 241,050
Charges for services	-	-	-	46,815	46,815
Rental income	-	132,941	132,941	-	132,941
Interest and miscellaneous	76	-	76	842	918
Total revenues	241,126	132,941	374,067	47,657	421,724
Expenditures					
Current					
Health, welfare and recreation	191,103	57,043	248,146	183,345	431,491
Total expenditures	191,103	57,043	248,146	183,345	431,491
Excess (deficiency) of revenues over expenditures	50,023	75,898	125,921	(135,688)	(9,767)
Other Financing Sources					
Transfers in	-	-	-	165,000	165,000
Total other financing sources	-	-	-	165,000	165,000
Net change in fund balances	50,023	75,898	125,921	29,312	155,233
Fund balances - beginning of year as previously reported	847,473	247,790	1,095,263	502,913	1,598,176
Prior period adjustment	28,119	-	28,119	-	28,119
Fund balances - beginning of year as restated	875,592	247,790	1,123,382	502,913	1,626,295
Fund balances - end of year	\$ 925,615	\$ 323,688	\$ 1,249,303	\$ 532,225	\$ 1,781,528

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, 2014

	Budgeted Amounts		Actual	Variance with final Budget Positive (Negative)
	Original	Final		
Revenues				
Lodging tax	\$ 225,000	\$ 225,000	\$ 241,050	\$ 16,050
Interest	50	50	76	26
Total revenues	<u>225,050</u>	<u>225,050</u>	<u>241,126</u>	<u>16,076</u>
Expenditures				
General expenses	650	650	70	580
Marketing and promotion	183,350	183,350	160,215	23,135
Matching fund/grants	22,000	22,000	11,768	10,232
Contractual services	19,050	19,050	19,050	-
Total expenditures	<u>225,050</u>	<u>225,050</u>	<u>191,103</u>	<u>33,947</u>
Excess of revenues over expenditures	-	-	50,023	50,023
Fund balance - beginning of year, as previously reported	847,473	847,473	847,473	78,226
Prior period adjustment	<u>28,119</u>	<u>28,119</u>	<u>28,119</u>	
Fund balance - beginning of year, as restated	<u>875,592</u>	<u>875,592</u>	<u>875,592</u>	-
Fund balance - end of year	<u>\$ 875,592</u>	<u>\$ 875,592</u>	<u>\$ 925,615</u>	<u>\$ 50,023</u>

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.

CITY OF EVANSTON, WYOMING

STATEMENT OF NET POSITION
Internal Service Fund
June 30, 2014

	<u>Motor Vehicle Fund</u>	<u>Total</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 109,624	\$ 109,624
Accounts receivable	120	120
Inventory	<u>8,062</u>	<u>8,062</u>
Total current assets	<u>117,806</u>	<u>117,806</u>
Capital assets		
Building and systems	278,623	278,623
Machinery and equipment	<u>29,661</u>	<u>29,661</u>
	308,284	308,284
Less accumulated depreciation	<u>307,973</u>	<u>307,973</u>
Total capital assets (net of accumulated depreciation)	<u>311</u>	<u>311</u>
Total assets	<u>118,117</u>	<u>118,117</u>
LIABILITIES		
Total liabilities	<u>-</u>	<u>-</u>
NET POSITION		
Invested in capital assets, net of related debt	311	311
Unrestricted	<u>117,806</u>	<u>117,806</u>
Total net position	<u><u>\$ 118,117</u></u>	<u><u>\$ 118,117</u></u>

CITY OF EVANSTON, WYOMING

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

Internal Service Fund
Year Ended June 30, 2014

	<u>Motor Vehicle Fund</u>	<u>Total</u>
Operating revenues		
Charges for services	<u>\$ 53,891</u>	<u>\$ 53,891</u>
Total operating revenues	<u>53,891</u>	<u>53,891</u>
Operating expenses		
Reproduction	12,826	12,826
Supplies	<u>39,265</u>	<u>39,265</u>
Total operating expenses	<u>52,091</u>	<u>52,091</u>
Operating income	<u>1,800</u>	<u>1,800</u>
Change in net position	1,800	1,800
Net position - beginning of year	<u>116,317</u>	<u>116,317</u>
Net position - end of year	<u><u>\$ 118,117</u></u>	<u><u>\$ 118,117</u></u>

CITY OF EVANSTON, WYOMING

STATEMENT OF CASH FLOWS

Internal Service Fund
Year Ended June 30, 2014

	Motor Vehicle Fund	Total
Cash flows from operating activities		
Cash received from other funds	\$ 55,968	\$ 55,968
Cash payments to suppliers for services	(52,954)	(52,954)
Net cash provided by operating activities	3,014	3,014
Cash flows from noncapital financing activities	-	-
Cash flows from capital and related financing activities	-	-
Cash flows from investing activities	-	-
Net increase in cash and cash equivalents	3,014	3,014
Cash and cash equivalents - beginning of year	106,610	106,610
Cash and cash equivalents - end of year	\$ 109,624	\$ 109,624
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ 1,800	\$ 1,800
Adjustments to reconcile income to net cash provided by operating activities:		
Change in assets and liabilities:		
Accounts receivable	2,077	2,077
Inventory	(863)	(863)
Accounts payable	-	-
Net cash provided by operating activities	\$ 3,014	\$ 3,014

CITY OF EVANSTON, WYOMING

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Youth Drug and Alcohol Court

Year Ended June 30, 2014

Receipts	
Cash match	\$ 42,539
Participant fees	250
State grants	49,654
Total received	<u>92,443</u>
Disbursements	
Salaries	62,826
Professional services contract	20,678
Office expense	146
Education and training	784
Awards	294
Drug Court contract	900
Detention	1,890
Total disbursements	<u>87,518</u>
Excess of receipts over disbursements	4,925
Cash available - beginning of year	<u>(465)</u>
Cash - end of year	<u><u>\$ 4,460</u></u>

COMPLIANCE SECTION



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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Evanston, Wyoming, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Evanston's basic financial statements and have issued our report thereon dated December 05, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Evanston, Wyoming's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Evanston, Wyoming's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Evanston, Wyoming's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

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

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*.

Purpose of this Report

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



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming

December 05, 2014