

City of Evans

Contents

	<u>Page(s)</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-13
<u>Basic Financial Statements:</u>	
<u>Government-wide Financial Statements:</u>	
Statement of Net Position	14
Statement of Activities	15-16
<u>Fund Financial Statements:</u>	
Balance Sheet - Governmental Funds	17-18
Reconciliation of the Governmental Funds Balance Sheet with the Government-wide Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20-21
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the Government-Wide Statement of Activities	22
Statement of Net Position - Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25
Statement of Fiduciary Net Position - Cemetery Endowment Fund	26
Statement of Changes in Fiduciary Net Position - Cemetery Endowment Fund	27
Notes to Financial Statements	28-47
<u>Required Supplementary Information:</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual) - General Fund	48
Schedule of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual) - Evans Redevelopment Agency	49
<u>Other Supplementary Information:</u>	
<u>Combining and Individual Nonmajor Fund Statements and Schedules:</u>	
Combining Balance Sheet - Nonmajor Governmental Funds	50-51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	52-53
<u>Budgetary Comparison Schedules - Governmental Funds:</u>	
Parks Impact Fund	54

City of Evans

Contents

	<u>Page(s)</u>
<u>FINANCIAL SECTION (Continued)</u>	
<u>Budgetary Comparison Schedules - Governmental Funds (Continued):</u>	
Conservation Trust Fund	55
Fire Impact Fund	56
Refuse Collection Fund	57
Street Impact Fund	58
Cemetery Perpetual Care Fund	59
G.O. Debt Service Fund	60
Street Construction Fund	61
Parks Construction Fund	62
<u>Budgetary Comparison Schedules - Enterprise Funds:</u>	
Water Fund	63
Wastewater Fund	64
Storm Drainage Fund	65
<u>Budgetary Comparison Schedule - Fiduciary Fund:</u>	
Cemetery Endowment Fund	66
<u>SUPPLEMENTAL SECTION</u>	
<u>State Compliance Section:</u>	
Local Highway Finance Report	67-68
<u>Reports to Governmental Agencies</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	69-70
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by OMB Circular A-133	71-72
Schedule of Findings and Questioned Costs	73
Schedule of Expenditures of Federal Awards	74
Notes to Schedule of Expenditures of Federal Awards	75



June 2, 2015

To the Honorable Mayor, City Council, and Citizens of the City of Evans:

State Law requires that all general-purpose local governments publish within 240 days of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (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 Evans for the fiscal year ended December 31, 2014.

This report consists of management's representations concerning the finances of the City of Evans. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Evans financial statements have been audited by Anton Collins Mitchell, LLP, 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 Evans for the fiscal year ended December 31, 2014, are free of material misstatement. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Evans' financial statements for the fiscal year ended December 31, 2014 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The City of Evans MD&A can be found immediately following the report of the independent auditors.

Respectfully submitted,

A blue ink signature of Aden Hogan, Jr. is written over a horizontal line.

Aden Hogan, Jr.
City Manager

A blue ink signature of Jessica Gonifas, CPA is written over a horizontal line.

Jessica Gonifas, CPA
Deputy City Manager

**City of Evans, 1100 37TH Street, Evans Community Complex, Evans, Colorado 80620,
Phone - 970.475.1101, Fax - 970.330.3472, Website - www.cityofevans.org**



Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Evans, Colorado

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 Evans, Colorado (the "City"), as of and for the year ended December 31, 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 of 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.

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 Evans as of December 31, 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 on pages 3 through 13 and the budgetary comparison information on pages 48 and 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Local Highway Finance Report, and schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Local Highway Finance Report, and schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated June 2, 2015 on our consideration of the City of Evans' 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 Evans' internal control over financial reporting and compliance.

Anton Collins Mitchell LLP

Greeley, Colorado
June 2, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

To serve the citizens of the City of Evans (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2014. Please read the information presented here in conjunction with the City's financial statements beginning on page 14.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of 2014 by \$111.4 million (net position). Of this amount, \$17.5 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. Of the remaining balance, \$91.2 million is investments in capital assets and 2.7 million is restricted for other purposes.
- The City's total net position increased by \$6.0 million. The governmental activities drove this change with an increase of \$5.9 million due to an increase in revenue.
- Sales and use tax collections increased by \$1.6 million, a 20 percent increase over the prior year. Economic condition improvements contributed to this increase.
- At the end of 2014, the City's governmental funds reported combined ending fund balances of \$15.7 million, an increase of \$1.3 million in comparison to the ending balances of 2013. Of this total amount, \$7.8 million, or 49 percent, is available for spending at the City's discretion (unassigned fund balance).
- At the end of 2014, the unassigned fund balance for the general fund was \$7.8 million, which was 50 percent of total general fund 2014 expenditures. In addition, the City Charter requires the Emergency Contingency Fund to maintain a balance of 25 percent of the preceding fiscal year's (2013) audited General Fund expenditures, not to exceed \$1,000,000. The resulting 2014 fund balance related to the Emergency Contingency Fund (shown as combined with the General Fund) amounts to \$1 million in reserve for emergencies. Fund balances at 2014 year end for the General Fund, including the Emergency Contingency Fund, amount to \$9.2 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements – Reporting the City of Evans as a Whole

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

The ***statement of net position*** presents information on all of the City of Evans' assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these categories 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 is improving or deteriorating.

The ***statement of activities*** presents information showing how the City'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 these government-wide financial statements distinguish functions of the City 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 include general government administration, City Council support and elections, public safety, maintenance and new construction of highways and streets, planning and zoning, maintenance of City facilities, buildings and land improvements, debt service, community development, engineering, and culture, parks and recreation activities. The business-type activities of the City include the City's water, wastewater, and storm drainage utility enterprise functions.

The government-wide financial statements include solely the operations of the City itself. The activity for the Evans Redevelopment Agency ("ERA") is reported as a blended component unit of the City. Separate financial statements are not issued for the ERA. The government-wide financial statements can be found on Pages 14-16 of this report.

Fund Financial Statements – Reporting the City of Evans' Most Significant Funds

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, or as required by legal enabling legislation. The City, 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 can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds - Governmental funds are used to account for 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 upcoming inflows and outflows of resources, as well as on

balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's upcoming 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 the different statements.

The City maintains ten individual governmental funds, including the blended component unit of the Evans Redevelopment Agency. 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, street construction fund and Evans Redevelopment Agency, which are major funds. Data from the remaining seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements included in other supplementary information.

The City adopts an annual budget for all of its funds. To demonstrate compliance, a budgetary comparison is provided for each of the funds.

The basic governmental fund financial statements are found on Pages 17-22 of this report.

Proprietary funds - The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater and storm drainage utility functions.

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 on the City's water, wastewater and storm drainage funds.

The basic proprietary fund financial statements can be found on Pages 23-25 of this report.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Pages 26-27 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 are found on Pages 28-47 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City. Required and other supplementary information can be found on Pages 48-75 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – City of Evans as a Whole

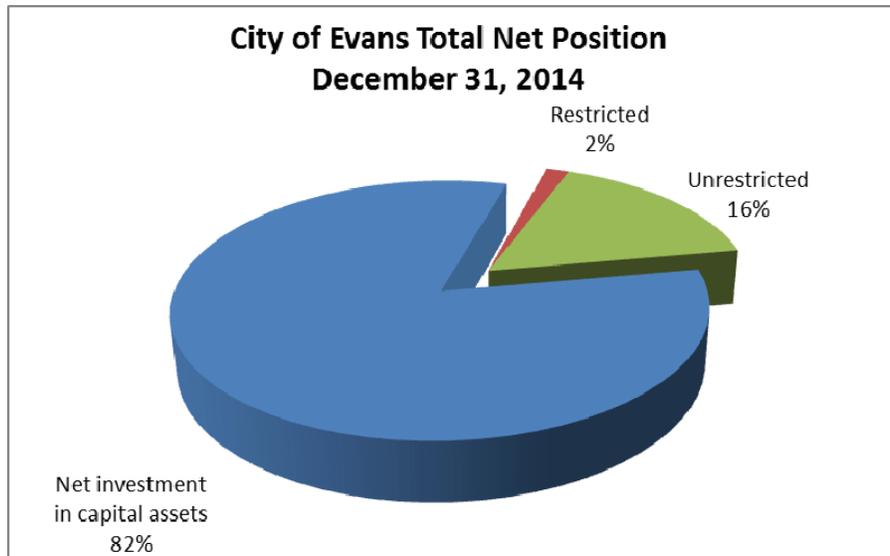
As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$111.4 million at the close of 2014.

By far the largest portion (82 percent) of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in 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.

An additional portion of the City's net position (2 percent) represents resources that are subjected to external and internal restrictions on how they may be used. The remaining balance of unrestricted net position (\$17.5 million) may be used to meet the City's ongoing obligations to citizens and creditors. Table 1 provides a summary of the City's net position for 2014 as compared to 2013.

Table 1
City of Evans
Net Position (\$000's)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and other assets	\$ 17,601	\$ 16,700	\$ 5,217	\$ 4,852	\$ 22,818	\$ 21,552
Capital assets	28,715	24,317	66,686	67,071	95,401	91,388
Total assets	<u>46,316</u>	<u>41,017</u>	<u>71,903</u>	<u>71,923</u>	<u>118,219</u>	<u>112,940</u>
Liabilities:						
Current liabilities	1,450	1,869	471	468	1,921	2,337
Long-term liabilities	2,636	2,830	1,897	2,082	4,533	4,912
Total liabilities	<u>4,086</u>	<u>4,699</u>	<u>2,368</u>	<u>2,560</u>	<u>6,454</u>	<u>7,249</u>
Deferred inflows of resources						
Unearned revenue – property taxes	379	392	-	-	379	392
Net Position:						
Net investment in capital assets	26,370	21,742	64,873	66,578	91,243	88,320
Restricted	1,513	3,341	1,144	269	2,657	3,610
Unrestricted	13,968	10,843	3,518	2,526	17,486	13,369
Total net position	<u>\$ 41,851</u>	<u>\$ 35,926</u>	<u>\$69,535</u>	<u>\$69,373</u>	<u>\$111,386</u>	<u>\$105,299</u>



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

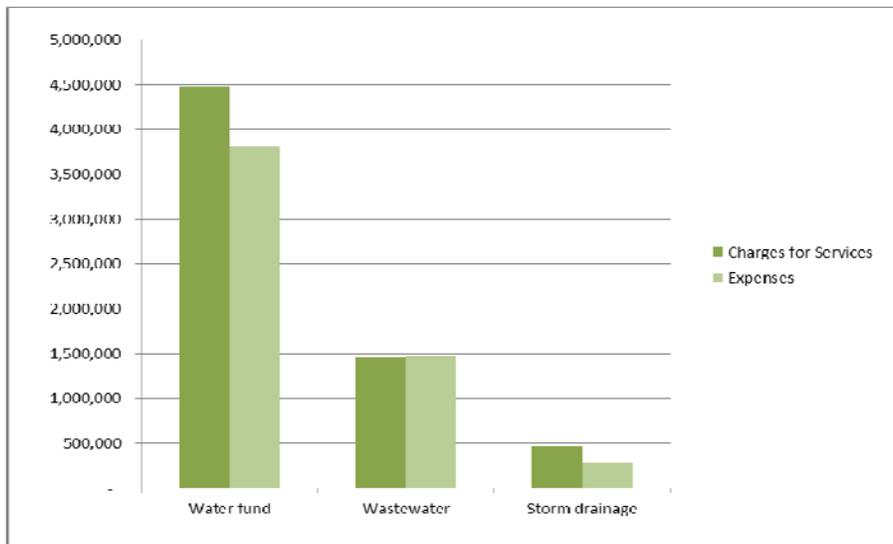
Table 2 shows the changes in net position for the fiscal year 2014 compared to the fiscal year 2013.

Table 2						
City of Evans						
Condensed Statement of Activities (\$000's)						
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
<i>Program revenues:</i>						
Charges for services	\$ 2,841	\$ 4,200	\$ 6,407	\$ 5,994	\$ 9,248	\$ 10,194
Operating grants and contributions	335	186	16	331	351	517
Capital grants and contributions	856	149	422	1,091	1,278	1,240
<i>General revenues:</i>						
Sales and use taxes	9,843	8,212	-	-	9,843	8,212
Property taxes	387	419	-	-	387	419
Specific Ownership	33	20	-	-	33	20
Franchise taxes	676	597	-	-	676	597
Other taxes	559	88	-	-	559	88
Intergovernmental	2,290	3,296	-	-	2,290	3,296
Unrestricted Investment	62	29	16	(8)	78	21
Earnings						
Other general revenue	248	201	15	-	263	201
Gain on extinguishment of debt	-	-	-	-	-	-
Gain (Loss) on disposition of capital assets	(8)	(178)	-	-	(8)	(178)
Total revenues	18,122	17,219	6,876	7,408	24,998	24,627
Expenses:						
General government	3,519	3,258	-	-	3,519	3,258
Public safety	4,029	4,114	-	-	4,029	4,114
Public works	2,706	2,797	-	-	2,706	2,797
Culture, parks and recreation	1,272	895	-	-	1,272	895
Community development	978	2,021	-	-	978	2,021
Flood Damage - Evans 2013 Flood	775	1,271	-	-	775	1,271
Water enterprise	-	-	3,815	3,785	3,815	3,785
Wastewater enterprise	-	-	1,474	1,687	1,474	1,687
Storm Drainage enterprises	-	-	284	280	284	280
Interest on Long Term Debt	59	91	-	-	59	91
Total expenses	13,338	14,447	5,573	5,752	18,911	20,199
Excess before transfers	4,784	2,772	1,303	1,656	6,089	4,428
Transfers in (out)	1,141	1,279	(1,141)	(1,260)	-	19
Special Item						
Transfer operations to EFPD	-	(1,513)	-	-	-	(1,513)
Increase (decrease) in net position	5,925	2,538	162	396	6,087	2,934
Net position – Beginning	35,926	33,388	69,373	68,977	105,299	102,365
Net position – Ending	\$ 41,851	\$ 35,926	\$ 69,535	\$ 69,373	\$ 111,386	\$ 105,299

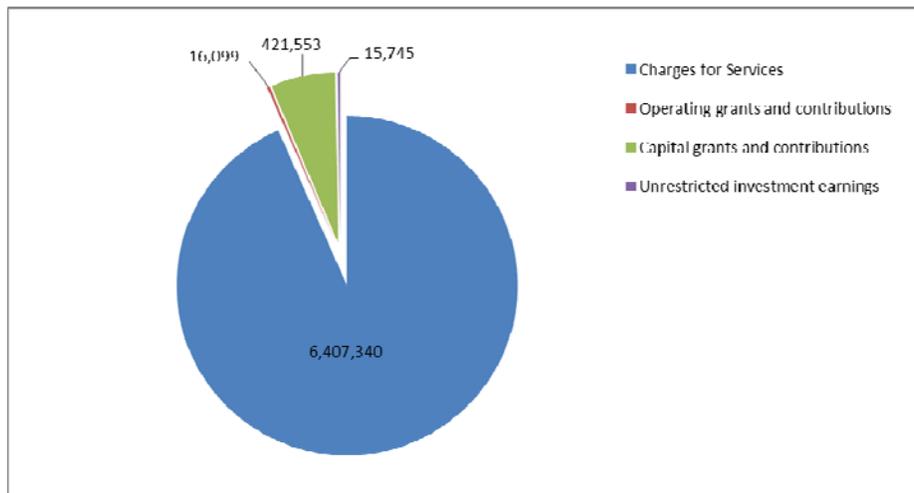
Governmental Activities - Governmental activities increased the City's net position by \$5.9 million, thereby accounting for substantially all of the total growth in the net position of the City as the enterprise funds recognized only a slight increase in net position. Contributing to this growth was both the City's increase in revenues and decrease in expenditures.

Business-type Activities - Business-type activities increased the City's net position by \$162 thousand.

Business-type Activities - Charges for Services and Expenses



Business-type Activities - Revenues by Source



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of the City'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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2014, the City's governmental funds reported ending fund balances of \$15.7 million, an increase of \$1.3 million from the prior year. Approximately 49 percent of this total amount (\$7.8 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$7.9 million), is reserved to indicate that it is not available for new spending because it has been restricted or committed to: 1) provide a reserve fund for the benefit of the holders of certain City debt instruments 2) provide an emergency reserve as required by the City Charter and the State Constitution (amendment to Article X, Section 20) and 3) fund balance which was accumulated due to revenues which were assigned to a specific function (for example, impact fee revenues).

The General Fund is the chief operating fund of the City. As of December 31, 2014, the unassigned fund balance of the general fund was \$7.8 million. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. Total unassigned fund balance represents 50 percent of total General Fund expenditures. The decrease in the fund balance of the General Fund was \$564 thousand during 2014. Contributing factors to the decrease were capital asset purchases by the Evans Redevelopment Agency.

In 2014, taxes are the General Fund's largest source of revenue at 72 percent, or \$11.5 million.

The Emergency Contingency Fund ended the 2014 fiscal year with a total fund balance of \$1.0 million, all of which is reserved for emergencies and not available for spending, except at the City Council's discretion in accordance with City Charter direction. For financial reporting purposes, this fund is reported within the General Fund.

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

Net position of the Water, Wastewater and Storm Drainage funds as of December 31, 2014, amounted to \$50.6 million, \$9.7 million, and \$9.1 million, respectively. The total growth (decline) in net position for the three funds during 2014 was \$324 thousand, \$(270) thousand, and \$109 thousand, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the 2014 original budget and the final revised expenditure budget was \$8.8 million. The major appropriations approved during the year were:

- \$1.3 million transfer to the Evans Redevelopment Agency,
- \$3.1 million for one-time supplies, services, equipment and capital purchases from excess 2013 ending fund balance, and
- \$1.6 million for flood recovery expenses resulting from the Evans 2013 flood.

During the year, actual revenues were \$15.9 million, which exceeded final budgetary estimates by \$3.4 million. The additional revenues are primarily due to sales tax, state severance tax and federal mineral lease tax.

Actual expenditures and other financing uses totaled \$17.7 million which was \$2.2 million under actual expenditures and other financing sources. The fund balance as of December 31, 2014 was \$9.3 million. Of this amount, 1) \$198 thousand is nonspendable and related to 2015 expenditures prepaid in 2014, 2) \$1 million is restricted for emergencies, 3) \$269 thousand is committed for functions related to designated revenue, and 4) \$7.8 million is unassigned and available for appropriations as the City Council sees fit.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for its governmental and business-type activities as of December 31, 2014, amounted to \$95.4 million (net of accumulated depreciation). This investment includes the investment in Greeley water; land; buildings and system; improvements; machinery and equipment; park facilities; sidewalks; roads; highways and bridges; and water, wastewater and storm drainage installations and systems. The City's investment in capital assets was essentially unchanged (a slight increase for governmental activities and a slight decrease for business-type activities).

Major capital asset additions during the year included the following:

- Evans Redevelopment Agency land purchases (\$2,331,935)
- Construction of the Riverside Library & Cultural Center (\$2,498,023)

**City of Evans Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land and water shares	\$ 7,152	\$ 4,697	\$ 25,829	\$ 25,829	\$ 32,981	\$ 30,526
Landscaping	1,215	1,215	-	-	1,215	1,215
Construction in progress	4,045	1,812	3,390	2,537	7,435	4,349
Intangible assets	87	57	9	11	96	68
Land improvements	1,425	1,460	-	-	1,425	1,460
Building & improvements	5,514	5,720	377	331	5,891	6,051
System improvements	-	-	28,670	29,964	28,670	29,964
Machinery & equipment	189	223	241	219	430	442
Transportation equipment	425	344	-	-	425	344
Infrastructure	8,663	8,789	368	378	9,031	9,167
Total	\$ 28,715	\$ 24,317	\$ 58,884	\$ 59,269	\$ 87,599	\$ 83,586

Additional information on the City's capital assets can be found in the notes to the financial statements on Pages 38-40 of this report.

Debt - As of December 31, 2014, the City had total capital lease obligations outstanding of \$2.3 million. In addition, the City has \$1.8 million in Colorado Water Resources and Power Development Authority ("CWRPDA") notes payable.

City of Evans Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water loans	-	-	1,409	1,500	1,409	1,500
Wastewater loans	-	-	404	493	404	493
Capital Leases	2,345	2,575	-	-	2,345	2,575
Compensated Absences	291	255	84	89	375	344
Total	\$ 2,636	\$ 2,830	\$ 1,897	\$ 2,082	\$ 4,533	\$ 4,912

The City's general obligation indebtedness may not, by Charter, exceed in aggregate dollars, 15% of the City's prior year's total assessed property valuation. A requirement exists to have an affirmative vote of the citizens to authorize general obligation debt issuance. Business-type funds do not have any limitations on the amount of debt that may be issued nor do they require an elector vote provided that the debt is supported by revenues of the utility enterprise. Issuance of business-type fund debt must be approved by an affirmative vote of the Council by ordinance. Advanced refunding of all debt must be approved by ordinance by the Council.

Additional information on the City's long-term debt can be found in the notes to the financial statements on Pages 40-41 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The 2015 revenue picture (from both a sales tax and development fee perspective) was improved from 2014. This was due to recessionary recovery resulting in positive economic conditions and an increase in development.
- Population has remained relatively unchanged over the past several years with a 2013 estimate of 20,153.
- The City's sales tax collections increased by 23 percent in 2014, in large part due to an increase in revenue from the industrial sector and motor vehicle use taxes of the City. The industrial category of taxes is considered volatile and the majority of revenues received is treated as "one-time" revenues and are not added to the long-term revenue projections. With the industrial category conservatively projected, sales tax revenues are still projected to increase 22 percent for 2015.
- Building use tax decreased by 58 percent from 2013 to 2014, although this revenue source ended the year 51 percent ahead of 2014 revised budget projections. This is anticipated to increase by 24 percent over the 2014 budget.
- Property tax decreased by 6 percent in 2014 and is projected to decrease by 7 percent for 2015. The decrease is due in part to tax abatements filed with Weld County, which will decrease the City's distributions.

All of these factors were considered in preparing the City's budget for the 2015 fiscal year.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Evans Finance Department, 1100 37th Street, Evans, Colorado 80620, (970) 475-1101.

Basic Financial Statements

City of Evans
Statement of Net Position

December 31, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash, cash equivalents, and investments	\$ 13,603,275	\$ 2,377,574	\$ 15,980,849
Receivables	2,800,168	762,171	3,562,339
Prepaid items	197,651	12,039	209,690
Restricted assets:			
Cash, cash equivalents, and investments	1,000,000	1,144,068	2,144,068
Loan proceeds receivable	-	921,358	921,358
Investment in Greeley water	-	7,802,013	7,802,013
Capital assets, not being depreciated	12,411,786	29,219,047	41,630,833
Capital assets, being depreciated, net	16,303,230	29,664,668	45,967,898
Total assets	46,316,110	71,902,938	118,219,048
Liabilities			
Accounts payable	1,071,379	374,786	1,446,165
Accrued payroll	46,231	13,488	59,719
Deposits and escrows	43,381	74,959	118,340
Unearned revenue	18,850	-	18,850
Other liabilities	270,514	7,183	277,697
Noncurrent liabilities:			
Accrued compensated absences	290,738	84,266	375,004
Due within one year	235,000	246,667	481,667
Due in more than one year	2,110,000	1,566,481	3,676,481
Total liabilities	4,086,093	2,367,830	6,453,923
Deferred inflows of resources			
Unearned revenue - property taxes	378,633	-	378,633
Deferred inflows of resources	378,633	-	378,633
Net Position			
Net investment in capital assets	26,370,016	64,872,580	91,242,596
Restricted for:			
Emergencies	1,000,000	-	1,000,000
Debt service	-	1,144,068	1,144,068
Parks and recreation	513,606	-	513,606
Unrestricted	13,967,762	3,518,460	17,486,222
Total net position	\$ 41,851,384	\$ 69,535,108	\$111,386,492

The accompanying notes are an integral part of these financial statements.

City of Evans
Statement of Activities

Year Ended December 31, 2014

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,519,379	\$ 1,697,641	\$ 47,136	\$ 755,302
Public safety	4,029,100	491,903	-	-
Public works	2,706,258	129,366	-	63,687
Culture, parks and recreation	1,271,615	521,857	-	36,795
Community development	978,300	-	-	-
Flood recovery	774,987	-	287,482	-
Interest on long term-debt	59,040	-	-	-
Total governmental activities	13,338,679	2,840,767	334,618	855,784
Business-type activities:				
Water	3,814,703	4,483,974	1,578	263,759
Wastewater	1,473,646	1,456,664	-	125,363
Storm drainage	284,344	466,702	14,521	32,431
Total business-type activities	5,572,693	6,407,340	16,099	421,553
Total primary government	\$18,911,372	\$ 9,248,107	\$ 350,717	\$ 1,277,337
General revenues				
Taxes:				
Property taxes				
Specific ownership taxes				
Sales and use taxes				
Franchise taxes				
Other taxes				
Intergovernmental				
Earnings on investments				
Other revenues				
Loss on disposal of capital assets				
Subtotal general revenues				
Transfers in (out)				
Total general revenues and transfers				
Changes in net position				
Net position at beginning of year				
Net position at end of year				

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (1,019,300)	\$ -	\$ (1,019,300)
(3,537,197)	-	(3,537,197)
(2,513,205)	-	(2,513,205)
(712,963)	-	(712,963)
(978,300)	-	(978,300)
(487,505)	-	(487,505)
(59,040)	-	(59,040)
(9,307,510)	-	(9,307,510)
-	934,608	934,608
-	108,381	108,381
-	229,310	229,310
-	1,272,299	1,272,299
(9,307,510)	1,272,299	(8,035,211)
387,755	-	387,755
32,775	-	32,775
9,843,543	-	9,843,543
675,995	-	675,995
559,245	-	559,245
2,290,740	-	2,290,740
62,427	15,745	78,172
247,939	14,673	262,612
(7,943)	-	(7,943)
14,092,476	30,418	14,122,894
1,140,612	(1,140,612)	-
15,233,088	(1,110,194)	14,122,894
5,925,578	162,105	6,087,683
35,925,806	69,373,003	105,298,809
\$41,851,384	\$69,535,108	\$111,386,492

The accompanying notes are an integral part of these financial statements.

City of Evans
Balance Sheet
Governmental Funds
December 31, 2014

	General	Street Construction	Evans Redevelopment Agency
Assets			
Equity in pooled cash, cash equivalents and investments	\$ 6,901,605	\$ 1,541,725	\$ 138,908
Restricted cash, cash equivalents and investments	1,000,000	-	-
Receivables	2,503,737	194,262	4,225
Prepaid items	197,651	-	-
Total assets	\$ 10,602,993	\$ 1,735,987	\$ 143,133
Liabilities, deferred inflows of resources and fund balances			
Liabilities			
Accounts payable	\$ 804,494	\$ 85,454	\$ 39,213
Unearned revenue	18,450	-	-
Accrued payroll	46,231	-	-
Deposits and escrows	43,381	-	-
Other liabilities	44,156	115,844	-
Total liabilities	956,712	201,298	39,213
Deferred inflows of resources			
Unearned revenue - property taxes	378,633	-	-
Total deferred inflows of resources	378,633	-	-
Fund balances			
Nonspendable	197,651	-	-
Restricted	1,000,000	-	-
Committed	268,815	-	-
Assigned	-	1,534,689	103,920
Unassigned	7,801,182	-	-
Total fund balances	9,267,648	1,534,689	103,920
Total liabilities, deferred inflows of resources and fund balances	\$ 10,602,993	\$ 1,735,987	\$ 143,133

Other Governmental Funds	Total Governmental Funds
\$ 5,021,037	\$ 13,603,275
-	1,000,000
97,944	2,800,168
-	197,651
<u>\$ 5,118,981</u>	<u>\$ 17,601,094</u>

\$ 142,218	\$ 1,071,379
400	18,850
-	46,231
-	43,381
106,000	266,000
<u>248,618</u>	<u>1,445,841</u>

-	378,633
<u>-</u>	<u>378,633</u>

-	197,651
513,606	1,513,606
40,795	309,610
4,315,962	5,954,571
-	7,801,182
<u>4,870,363</u>	<u>15,776,620</u>

<u>\$ 5,118,981</u>	<u>\$ 17,601,094</u>
---------------------	----------------------

The accompanying notes are an integral part of these financial statements.

City of Evans
Reconciliation of the Governmental Funds
Balance Sheet with the Government-wide Statement of Net Position
December 31, 2014

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

Total fund balance - governmental funds	\$ 15,776,620
---	---------------

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements.

Capital assets	\$ 39,524,183	
Less: accumulated depreciation	<u>(10,809,167)</u>	28,715,016

Long-term liabilities are not due and payable from current financial resources and, therefore, are not reported as liabilities on the fund financial statements. Long-term liabilities and related accounts at December 31, 2014 consist of:

Capital lease obligation	\$ (2,345,000)	
Compensated absences	(290,738)	
Accrued interest payable	(4,514)	(2,640,252)
Total net position - governmental activities		\$ 41,851,384

The accompanying notes are an integral part of these financial statements.

City of Evans
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2014

	General	Street Construction	Evans Redevelopment Agency
Revenues			
Taxes	\$ 11,499,313	\$ -	\$ -
Licenses and permits	1,037,886	-	-
Intergovernmental	1,422,776	680,666	-
Grants and contributions			
Grants - flood	172,275	81,432	-
Other	802,438	63,687	-
Charges for services	399,019	-	-
Fines and forfeitures	446,731	-	-
Earnings on investments	43,642	3,422	-
Assessments	-	-	-
Miscellaneous	152,109	-	92,690
Total revenues	15,976,189	829,207	92,690
Expenditures			
General government	3,049,160	-	-
Public safety	3,914,185	-	-
Public works	1,354,940	194,551	-
Culture, parks and recreation	1,256,374	-	-
Community development	648,299	-	293,481
Flood recovery	608,415	-	-
Debt service			
Principal	230,000	-	-
Interest	59,483	-	-
Capital outlay	2,831,994	397,409	2,331,935
Total expenditures	13,952,850	591,960	2,625,416
Excess (deficiency) of revenues over expenditures	2,023,339	237,247	(2,532,726)
Other financing sources (uses)			
Transfers in	1,173,367	757,100	1,684,114
Transfers out	(3,760,688)	-	-
Total other financing sources (uses)	(2,587,321)	757,100	1,684,114
Net changes in fund balances	(563,982)	994,347	(848,612)
Fund balance at beginning of year	9,831,630	540,342	952,532
Fund balance at end of year	\$ 9,267,648	\$ 1,534,689	\$ 103,920

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 11,499,313
800	1,038,686
187,298	2,290,740
33,775	287,482
36,795	902,920
654,700	1,053,719
-	446,731
15,363	62,427
301,631	301,631
3,140	247,939
<u>1,233,502</u>	<u>18,131,588</u>
-	3,049,160
-	3,914,185
604,409	2,153,900
-	1,256,374
-	941,780
164,893	773,308
-	230,000
-	59,483
-	5,561,338
<u>769,302</u>	<u>17,939,528</u>
464,200	192,060
1,319,474	4,934,055
(32,755)	(3,793,443)
<u>1,286,719</u>	<u>1,140,612</u>
1,750,919	1,332,672
3,119,444	14,443,948
<u>\$ 4,870,363</u>	<u>\$ 15,776,620</u>

The accompanying notes are an integral part of these financial statements.

City of Evans
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances with the Government-wide Statement of Activities
Year Ended December 31, 2014

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

Net change in fund balance - total governmental funds \$ 1,332,672

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities:

Capital outlay	\$ 5,561,338	
Depreciation expense	<u>(1,155,141)</u>	4,406,197

Proceeds from sale of capital assets are shown as an other financing source, but are reduced by the book value of the asset to calculate the loss on sale of capital assets on the statement of activities. This is the net book value of the capital assets sold. (7,943)

The repayment of the principal of long-term debt consumes current financial resources of governmental funds. 230,000

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

Change in accrued compensated absences	(35,791)	
Change in accrued interest payable	443	(35,348)

Change in net position of governmental activities		\$ 5,925,578
--	--	---------------------

The accompanying notes are an integral part of these financial statements.

City of Evans
Statement of Net Position
Proprietary Funds
December 31, 2014

	Water	Wastewater	Storm Drainage	Total
Assets				
Current assets				
Equity in pooled cash, cash equivalents, and investments	\$ 405,860	\$ 679,182	\$ 1,292,532	\$ 2,377,574
Receivables	445,335	270,089	46,747	762,171
Prepaid items	12,039	-	-	12,039
Total current assets	863,234	949,271	1,339,279	3,151,784
Noncurrent assets				
Restricted cash, cash equivalents, and investments	864,323	279,745	-	1,144,068
Loan proceeds receivable	921,358	-	-	921,358
Investment in Greeley water	7,802,013	-	-	7,802,013
Capital assets, not being depreciated	28,403,103	356,134	459,810	29,219,047
Capital assets, being depreciated, net	13,519,412	8,790,479	7,354,777	29,664,668
Total noncurrent assets	51,510,209	9,426,358	7,814,587	68,751,154
Total assets	52,373,443	10,375,629	9,153,866	71,902,938
Liabilities				
Current liabilities				
Accounts payable	256,160	117,787	839	374,786
Accrued expenses	4,620	16,051	-	20,671
Deposits and escrows	33,603	36,205	5,151	74,959
Current portion of note payable	156,579	90,088	-	246,667
Total current liabilities	450,962	260,131	5,990	717,083
Noncurrent liabilities				
Accrued compensated absences	41,367	37,059	5,840	84,266
Note payable	1,252,632	313,849	-	1,566,481
Total noncurrent liabilities	1,293,999	350,908	5,840	1,650,747
Total liabilities	1,744,961	611,039	11,830	2,367,830
Net position				
Net investment in capital assets	48,315,317	8,742,676	7,814,587	64,872,580
Restricted	864,323	279,745	-	1,144,068
Unrestricted	1,448,842	742,169	1,327,449	3,518,460
Total net position	\$ 50,628,482	\$ 9,764,590	\$ 9,142,036	\$ 69,535,108

The accompanying notes are an integral part of these financial statements.

City of Evans
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2014

	Water	Wastewater	Storm Drainage	Total
Operating revenues				
Water/sewer/storm drainage sales	\$ 4,296,934	\$ 1,456,664	\$ 466,702	\$ 6,220,300
Non-potable water sales	145,763	-	-	145,763
Water meters	22,532	-	-	22,532
Other sales	18,745	-	-	18,745
Total operating revenues	4,483,974	1,456,664	466,702	6,407,340
Operating expenses				
Water supply and administrative	3,052,218	-	-	3,052,218
Wastewater and administrative	-	702,800	-	702,800
Storm drainage and administrative	-	-	18,815	18,815
Depreciation expense	709,422	483,926	263,676	1,457,024
Flood recovery	53,063	268,399	1,853	323,315
Total operating expenses	3,814,703	1,455,125	284,344	5,554,172
Operating income (loss)	669,271	1,539	182,358	853,168
Nonoperating revenues (expenses)				
Grants and contributions - flood	1,578	-	14,521	16,099
Earnings on investments	5,451	4,507	5,787	15,745
Other nonoperating revenue	-	14,673	-	14,673
Interest expense	-	(18,521)	-	(18,521)
Total nonoperating revenues (expenses)	7,029	659	20,308	27,996
Income before transfers and contributions				
	676,300	2,198	202,666	881,164
Transfers out	(616,285)	(398,040)	(126,287)	(1,140,612)
Plant investment fees and cash in lieu of fees	263,759	125,363	32,431	421,553
Change in net position	323,774	(270,479)	108,810	162,105
Net position at beginning of year	50,304,708	10,035,069	9,033,226	69,373,003
Net position at end of year	\$ 50,628,482	\$ 9,764,590	\$ 9,142,036	\$ 69,535,108

The accompanying notes are an integral part of these financial statements.

City of Evans
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2014

	Water	Wastewater	Storm Drainage	Total
Cash flows from operating activities				
Cash received from customers	\$ 4,443,748	\$ 1,390,606	\$ 467,826	\$ 6,302,180
Cash payments to suppliers	(2,953,789)	(603,072)	(54,287)	(3,611,148)
Cash payments to employees	(174,105)	(298,323)	-	(472,428)
Net cash flows from operating activities	1,315,854	489,211	413,539	2,218,604
Cash flows from non-capital financing activities				
Transfers to other funds	(616,285)	(398,040)	(126,287)	(1,140,612)
Other nonoperating revenue	-	14,673	-	14,673
Grants and contributions	1,578	146,697	14,521	162,796
Net cash flows from non-capital financing activities	(614,707)	(236,670)	(111,766)	(963,143)
Cash flows from capital and related financing activities				
Plant investment fees and cash in lieu of fees	263,759	125,363	32,431	421,553
Principal paid on debt	(90,789)	(88,992)	-	(179,781)
Interest paid on debt	-	(33,997)	-	(33,997)
Change in restricted cash	(864,323)	(10,810)	-	(875,133)
Receipts of loan proceeds receivable	578,642	-	-	578,642
Acquisition of capital assets	(877,022)	(189,473)	(5,051)	(1,071,546)
Net cash flows from capital and related financing activities	(989,733)	(197,909)	27,380	(1,160,262)
Cash flows from investing activities				
Proceeds from sale of investments	190,224	195,060	30,693	415,977
Purchases of investments	(107,922)	(180,601)	(343,697)	(632,220)
Earnings on investments	4,059	3,947	4,722	12,728
Net cash flows from investing activities	86,361	18,406	(308,282)	(203,515)
Net change in cash and cash equivalents	(202,225)	73,038	20,871	(108,316)
Cash and cash equivalents at beginning of year	370,186	208,035	514,032	1,092,253
Cash and cash equivalents at end of year	\$ 167,961	\$ 281,073	\$ 534,903	\$ 983,937
Cash and cash equivalents at end of year	\$ 167,961	\$ 281,073	\$ 534,903	\$ 983,937
Investments	237,899	398,109	757,629	1,393,637
Cash, cash equivalents, and investments at end of year	\$ 405,860	\$ 679,182	\$ 1,292,532	\$ 2,377,574
Reconciliation of operating income to net cash flows from operating activities:				
Operating income	\$ 669,271	\$ 1,539	\$ 182,358	\$ 853,168
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation expense	709,422	483,926	263,676	1,457,024
Changes in operating assets and liabilities:				
Receivables	(40,226)	(66,058)	1,125	(105,159)
Accounts payable and accrued expenses	(22,613)	69,804	(33,620)	13,571
Net cash flows from operating activities	\$ 1,315,854	\$ 489,211	\$ 413,539	\$ 2,218,604

The accompanying notes are an integral part of these financial statements.

City of Evans
Statement of Fiduciary Net Position
Cemetery Endowment Fund
December 31, 2014

Assets	
Restricted cash and investments	\$ 49,467
<hr/>	
Total assets	\$ 49,467
<hr/>	
Net position	
Restricted	\$ 49,467
<hr/>	
Total net position	\$ 49,467
<hr/>	

The accompanying notes are an integral part of these financial statements.

City of Evans
Statement of Changes in Fiduciary Net Position
Cemetery Endowment Fund
Year Ended December 31, 2014

Additions	
Earnings on investments	\$ 3,948
<hr/>	
Total additions	3,948
<hr/>	
Net change in net position	3,948
Net position at beginning of year	45,519
<hr/>	
Net position at end of year	\$ 49,467
<hr/>	

The accompanying notes are an integral part of these financial statements.

City of Evans
Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Evans, Colorado (the "City") was founded on November 22, 1869, as a statutory city. On April 30, 1973, the City adopted a home rule charter which provided for adoption of a Council-Manager Government. The City's major operations include general government; public safety; public works; culture, parks and recreation; and community development. The accompanying financial statements conform to accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board.

Based on the application of these criteria, the following component unit is included in the City's reporting entity.

Blended Component Unit

The Evans Urban Renewal Authority, known as the Evans Redevelopment Agency ("ERA") was created by the City of Evans in 2009 to assist in the redevelopment of blighted and run-down neighborhoods and districts that were attracting little or no private investment and stimulate the transformation into attractive, thriving areas. The City Council serves as the Urban Renewal Authority and is governed by Colorado State Statutes. The activity for the ERA is reported as a blended component unit of the City, a major fund shown as the Evans Redevelopment Agency. Separate financial statements are not issued for the ERA.

Government-wide and Fund Financial Statements

The government-wide financial statements 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 activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. 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 activity, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function

City of Evans
Notes to Financial Statements
December 31, 2014

or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized 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.

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

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

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 City 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, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments and pollution remediation costs, are recorded only when payment is due.

Property taxes, when levied for; intergovernmental revenues, when eligibility requirements are met; charges for services; and interest associated with the current fiscal period, are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All others, primarily licenses, fees and permits, are measurable and available only when cash is received.

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. In addition, the Emergency Contingency Reserve Fund, used for funds accumulated for emergency contingencies established by the City Charter, is also reported in this fund.

Street Construction Fund - The Street Construction Fund is a capital projects fund. It is used to manage the City's major assets, such as roadways, alleys, and public rights-of-way, through the on-going maintenance and repair of existing assets and the construction of new assets.

City of Evans
Notes to Financial Statements
December 31, 2014

Evans Redevelopment Agency - The Evans Redevelopment Agency is a blended component unit, and reported as a special revenue fund. It reports the activities of the Evans Urban Renewal Authority.

Proprietary Funds - Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise and internal service funds include the cost of operations and maintenance and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the primary intent is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds include the Water, Wastewater, and Storm Drainage Funds.

Fiduciary Funds - Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City's trust fund is the Cemetery Endowment Fund.

Budgets

The City follows these procedures in establishing the budgetary data reflected in the supplementary information.

- By October 15, the City Manager submits to the City Council, a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the City Council through passage of an ordinance.
- The City legally adopts budgets for all of the funds. Budgets for the General, Special Revenue, Debt Service, Capital Projects and Fiduciary Funds are adopted on a basis consistent with GAAP. Budgetary comparisons presented for the Enterprise Funds are presented on a non-GAAP budgetary basis.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the City Council. All appropriations lapse at year end.

City of Evans
Notes to Financial Statements
December 31, 2014

The following table summarizes the individual fund budgeted expenditures, as originally adopted, and as revised:

	Original Budget	Total Revisions	Revised Budget
Governmental funds:			
General	\$ 11,098,396	\$ 8,886,654	\$ 19,985,050
Special revenue funds:			
Parks Impact	-	200,000	200,000
Conservation Trust	-	30,000	30,000
Refuse Collection	627,200	23,000	650,200
Street Impact	520,000	359,000	879,000
Fire Impact	-	-	-
Cemetery Perpetual Care	-	75,000	75,000
Evans Redevelopment Agency	408,710	2,340,000	2,748,710
Debt service fund:			
G.O. Debt Service	-	-	-
Capital projects fund:			
Street Construction	1,708,000	1,095,318	2,803,318
Parks Construction	-	270,000	270,000
Business-type funds:			
Water	4,458,055	1,493,192	5,951,247
Wastewater	1,542,778	1,698,741	3,241,519
Storm Drainage	395,392	740,500	1,135,892
Fiduciary fund:			
Cemetery Endowment	6,000	-	6,000
Total funds	\$ 20,764,531	\$ 17,211,405	\$ 37,975,936

Cash and Investments

Cash balances of the City's funds are pooled and invested in investments maturing within five years, in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pooled bank account is presented on the financial statements as "equity in pooled cash, cash equivalents, and investments." Overdrawn balances in the pooled cash accounts, if any, are treated by the City as interfund liabilities, payable to the fund deemed to have made the loan.

During 2014, the City had investments in commercial paper, corporate bonds, U.S. treasury obligations, U.S. instrumentality obligations, and local government investment pools.

Investments are reported at fair value which is based on quoted market prices.

For purpose of presentation in the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the City's cash and investment accounts at December 31, 2014, is provided in Note 2.

City of Evans
Notes to Financial Statements
December 31, 2014

Restricted Cash

The Emergency Contingency restricted cash, totaling \$1,000,000, as reported within the General Fund, is due to a reserve for unanticipated expenditures. The City, by Home Rule Charter, maintains a fund balance equal to 25% of the prior year's General Fund expenditures. The designation is to provide a fiscal cushion to absorb fluctuations in City operations due to economic downturns or emergencies. This designation encompasses the "emergency" reserve as defined in the TABOR amendment of the Colorado State Constitution. In the November 2012 election, the citizens of Evans approved a ballot initiative to provide for a ceiling of \$1 million in the Emergency Contingency Fund, allowing any amount exceeding this amount to be transferred to the General Fund. This ceiling was effective starting January 1, 2013.

The amount restricted in the Wastewater Fund, totaling \$279,745, is in compliance with the operation and maintenance reserve requirement of the loans from the Colorado Water Resource and Power Development Authority.

The amount restricted in the Water Fund, totaling \$864,323, is in compliance with the operation and maintenance reserve requirement of the loan from the Colorado Water Resource and Power Development Authority.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Because these assets do not represent current financial resources, these amounts are shown as nonspendable fund balance in governmental funds.

Bond Premiums, Discounts and Issuance Costs

In the governmental fund statements, bond premiums, discounts, and issuance costs are recognized as current period revenues and/or expenditures. Bond premiums and discounts in the government-wide and proprietary fund statements are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective-interest method. Issuance costs are expensed as incurred, while bond premiums and discounts are netted against the related debt.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., streets and roads, bridges, traffic signals, 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 \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Assets are depreciated using the straight-line method. Depreciation expense is included in program expense in the government-wide statement of activities.

City of Evans
Notes to Financial Statements
December 31, 2014

Estimated useful lives for asset types are as follows:

Intangible assets	10 years
Land improvements	5 - 50 years
Infrastructure	10 - 30 years
Buildings and improvements	5 - 50 years
Machinery and equipment	5 - 20 years
Transportation equipment	6 - 15 years
System Improvements	5 - 40 years

Compensated Absences

Employees of the City are allowed to accumulate unused vacation, sick and compensatory time depending on length of employment. Upon termination of employment from the City, an employee will be compensated for all accrued vacation and compensatory time at their current rate of pay; there is no payment for sick leave upon termination.

Accumulated unpaid vacation and compensatory time is accrued when earned. In the governmental fund statements, accumulated compensated absences not expected to be paid with current available resources are reported as governmental activities liabilities, but not reported in the funds. These balances are generally liquidated by the General Fund. Compensated absences relating to the Enterprise Funds are recorded as a liability of those funds.

Long-Term Obligations

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

Property Taxes

Property taxes are levied prior to December 31 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on the last day of February and June 15. The County Treasurer's office collects property taxes and remits to the City on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue is recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

Fund Balance and Net Position

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

City of Evans
Notes to Financial Statements
December 31, 2014

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position of the City, which is not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, fund balances of governmental funds are categorized as follows:

Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the City Council (the "Council"). The Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through resolutions approved by the Council.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Council's adopted policy, the Council has granted the City Manager, or the City Manager's designee, the authority to assign the designated fund balance for each governmental fund based on the intended use of resources by the City Council in the most recently adopted Budget and Long Range Financial Plans.

Unassigned - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the City's policy to use restricted resources first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

City of Evans
Notes to Financial Statements
December 31, 2014

As of December 31, 2014, fund balances are composed of the following:

	General Fund	Street Construction Fund	Evans Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid items	\$ 197,651	\$ -	\$ -	\$ -	\$ 197,651
Restricted:					
Emergency reserve	1,000,000	-	-	-	1,000,000
Parks and recreation	-	-	-	513,606	513,606
Committed:					
Surcharge fees	268,815	-	-	-	268,815
Street construction	-	-	-	40,795	40,795
Assigned:					
Special revenue funds	-	-	103,920	4,315,962	4,419,882
Street construction	-	1,534,689	-	-	1,534,689
Unassigned:					
	7,801,182	-	-	-	7,801,182
Total	\$ 9,267,648	\$ 1,534,689	\$ 103,920	\$ 4,870,363	\$ 15,776,620

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures 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.

2. Cash and Investments

A summary of deposits and investments as of December 31, 2014, follows:

Petty cash	\$ 1,967
Cash with county treasurer	7,576
Cash deposits	4,139,169
Investments	14,025,672
Total	\$ 18,174,384

City of Evans
Notes to Financial Statements
December 31, 2014

The above amounts are classified in the statements of net position and fiduciary net position as follows:

Restricted cash and investments:	
Governmental activities	\$ 1,000,000
Business-type activities	1,144,068
Fiduciary funds	49,467
Unrestricted cash and investments:	
Governmental activities	13,603,275
Business-type activities	2,377,574
<hr/>	
Total cash and investments	\$ 18,174,384

Cash Deposits

Custodial Credit Risk

This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits. The City's deposit policy is in accordance with CRS 11-10.5-101, the Colorado Public Deposit Protection Act ("PDPA"), which governs the investment of public funds. PDPA requires that all units of local governments deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is maintained by another institution, or held in trust for all of the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2014, the City had deposits with financial institutions with a carrying amount of \$4,139,169. The bank balances with the financial institutions were \$4,588,795, of which \$641,135 was covered by federal depository insurance. The remaining balance of \$3,947,660 was collateralized with securities held by the financial institutions' agents but not in the City's name.

Investments

Credit Risk

The City's investment policy defines allowable investments instruments including:

- U.S. Treasury obligations
- U.S. instrumentality obligations
- Certificates of deposit
- Corporate bonds rated at lower than AA- by at least two nationally recognized rating agencies
- Repurchase agreements
- Investment grade obligations of state, county and local governments and public authorities Money market mutual funds regulated by the Securities and Exchange Commission whose portfolios consist of only dollar denominated securities
- Local government investment pools

City of Evans
Notes to Financial Statements
December 31, 2014

The City manages its credit risk by limiting its investments to the types of securities listed above, by pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors, and by diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

At December 31, 2014, the City had the following investments:

Investments	S&P Rating	Moody Rating	Fair Value	Weighted Average Maturity Date (in days)	Concentration of Credit Risk
US Treasury	AAA	Aaa	\$ 2,530,658	347	18.04%
US Instrumentality	AAA	Aaa	4,624,129	1,005	32.97%
Certificates of deposit	NR	NR	200,000	11	1.43%
Commercial Paper	A-1	NR	499,855	14	3.56%
Corporate Bonds	AA-/AA+	AA1/AA3	2,017,415	472	14.38%
CSAFE	AAAm	Aaa	2,136	N/A	0.02%
ColoTrust	AAAm	Aaa	4,151,479	N/A	29.60%
Total investments			\$ 14,025,672		

As of December 31, 2014, the City has invested funds in ColoTrust and CSAFE, investment pools that operate under the Colorado Revised Statutes (24-75-701) which are overseen by the Colorado Securities Commissioner. These investment pools invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days.

Interest Rate Risk

Colorado state statutes require that no investment may have a maturity in excess of five years from the date of purchase, unless an available active market exists. The City has a formal investment policy, consistent with statutory requirements, that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment portfolio does not contain investments that exceed that limitation of five years.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, 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 Council approves a list of financial institutions and depositories authorized to provide investment services. Security broker/dealers must have a minimum capital requirement of \$10,000,000 and at least five years of operation.

City of Evans
Notes to Financial Statements
December 31, 2014

3. Receivables

Receivables at December 31, 2014, consist of the following:

Receivables	General	Special Revenue	Capital Projects	Enterprise	Total
Taxes	\$ 378,633	\$ -	\$ -	\$ -	\$ 378,633
Accounts	113,031	65,374	154,183	493,529	826,117
Intergovernmental	1,225,354	-	76,874	109,778	1,412,006
Other	786,719	-	-	158,864	945,583
Total	\$ 2,503,737	\$ 65,374	\$ 231,057	\$ 762,171	\$ 3,562,339

4. Capital Assets

A summary of changes in governmental activity capital assets is as follows:

	Beginning Balance	Increases	(Decreases) Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,697,688	\$ 2,454,162	\$ -	\$ 7,151,850
Landscaping	1,214,869	-	-	1,214,869
Construction in progress	1,811,848	2,531,679	(298,460)	4,045,067
Total capital assets, not being depreciated	7,724,405	4,985,841	(298,460)	12,411,786
Capital assets, being depreciated:				
Intangible assets	88,247	49,000	-	137,247
Land improvements	3,009,121	122,365	-	3,131,486
Infrastructure	11,844,764	363,754	-	12,208,518
Buildings and improvements	8,246,310	-	-	8,246,310
Machinery and equipment	1,683,868	128,473	-	1,812,341
Transportation equipment	1,397,626	210,365	(31,496)	1,576,495
Total capital assets, being depreciated	26,269,936	873,957	(31,496)	27,112,397
Less accumulated depreciation for:				
Intangible assets	(31,741)	(18,479)	-	(50,220)
Land improvements	(1,548,682)	(158,224)	-	(1,706,906)
Infrastructure	(3,056,103)	(489,561)	-	(3,545,664)
Buildings and improvements	(2,526,350)	(205,645)	-	(2,731,995)
Machinery and equipment	(1,461,224)	(162,177)	-	(1,623,401)
Transportation equipment	(1,053,479)	(121,055)	23,553	(1,150,981)
Total accumulated depreciation	(9,677,579)	(1,155,141)	23,553	(10,809,167)
Total capital assets, being depreciated, net	16,592,357	(281,184)	(7,943)	16,303,230
Governmental activities capital assets, net	\$ 24,316,762	\$ 4,704,657	\$ (306,403)	\$ 28,715,016

City of Evans
Notes to Financial Statements
December 31, 2014

Depreciation for governmental activity capital assets has been allocated to the various activities as follows:

General government	\$ 462,056
Public safety	98,187
Public works	548,693
Culture, parks and recreation	11,551
Community development	34,654
Total depreciation expense - governmental activities	\$ 1,155,141

A summary of changes in business-type activity capital assets is as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Capital assets, not being depreciated:				
Investment in Greeley water	\$ 7,802,013	\$ -	\$ -	\$ 7,802,013
Water rights	25,755,155	-	-	25,755,155
Land	74,002	-	-	74,002
Construction in progress	2,537,350	867,979	(15,439)	3,389,890
Total capital assets, not being depreciated	36,168,520	867,979	(15,439)	37,021,060
Capital assets, being depreciated:				
System improvements	45,226,265	65,366	-	45,291,631
Machinery and equipment	1,347,499	68,200	-	1,415,699
Buildings and improvements	784,950	85,440	-	870,390
Intangible assets	21,207	-	-	21,207
Infrastructure	443,949	-	-	443,949
Total capital assets, being depreciated	47,823,870	219,006	-	48,042,876
Less accumulated depreciation for:				
System improvements	(15,262,241)	(1,359,584)	-	(16,621,825)
Machinery and equipment	(1,128,436)	(46,605)	-	(1,175,041)
Buildings and improvements	(454,314)	(38,516)	-	(492,830)
Intangible assets	(10,082)	(2,119)	-	(12,201)
Infrastructure	(66,111)	(10,200)	-	(76,311)
Total accumulated depreciation	(16,921,184)	(1,457,024)	-	(18,378,208)
Total capital assets, being depreciated, net	30,902,686	(1,238,018)	-	29,664,668
Business-type activities capital assets, net	\$ 67,071,206	\$ (370,039)	\$ (15,439)	\$ 66,685,728

City of Evans
Notes to Financial Statements
December 31, 2014

Depreciation for business-type activity capital assets has been allocated to the various operations as follows:

Water enterprise	\$ 709,422
Wastewater enterprise	483,926
Drainage enterprise	263,676
Total depreciation expense - business - type activities	\$ 1,457,024

5. Long-Term Debt

Governmental Activities Debt

Following is a summary of governmental activity debt transactions for the year ended December 31, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Governmental activities:					
Capital lease obligation	\$ 2,575,000	\$ -	\$ (230,000)	\$ 2,345,000	\$ 235,000
Compensated absences	254,947	125,804	(90,013)	290,738	-
Total long-term debt	\$ 2,829,947	\$ 125,804	\$ (320,013)	\$ 2,635,738	\$ 235,000

During 2013, the City entered into a capital lease obligation dated August 26, 2013, maturing on December 1, 2023, with semiannual interest and annual principal payments through December 1, 2023. The interest rate is 2.31%. Proceeds from the capital lease will be used to provide funds for the acquisition, construction, and equipping of the Riverside Library and Cultural Center, a joint project of the City and the High Plains Library District.

The following table represents the future debt service requirements on the governmental activity debt.

Year Ending December 31	Principal	Interest	Total
2015	\$ 235,000	\$ 54,170	\$ 289,170
2016	245,000	48,742	293,742
2017	250,000	43,082	293,082
2018	255,000	37,306	292,306
2019	260,000	31,416	291,416
2020 - 2023	1,100,000	64,334	1,164,334
Total	\$ 2,345,000	\$ 279,050	\$ 2,624,050

City of Evans
Notes to Financial Statements
December 31, 2014

Business-Type Activities Debt

Following is a summary of business-type activity debt transactions for the year ended December 31, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
Wastewater - Colorado Water Resources and Power Development Authority ("CWRPDA") note payable (4/98)	\$ 346,273	\$ -	\$ (64,927)	\$ 281,346	\$ 64,926
Wastewater - CWRPDA note payable (11/98)	146,656	-	(24,065)	122,591	25,162
Water - CWRPDA note payable (2013)	1,500,000	-	(90,789)	1,409,211	156,579
Compensated absences	89,150	48,329	(53,213)	84,266	-
Total long term debt	\$2,082,079	\$ 48,329	\$ (232,994)	\$ 1,897,414	\$246,667

During 1998, the City issued two notes payable with the CWRPDA. The City has pledged future wastewater revenues, net of specified operating expenses, to repay approximately \$1.5 million in wastewater system revenue bonds issued in 1998. Proceeds from the bonds provided financing for the construction and maintenance of the headworks facility at the wastewater treatment facility. The bonds bear interest between 4.00% and 4.50%. The bonds are payable solely from wastewater net revenues and are payable through 2019. Annual principal and interest payments on the bonds are expected to require less than 25 percent of specified net budgeted revenues. The total principal remaining to be paid on the bonds is \$403,937. Principal and interest paid for the current year and specified net budget revenues were \$108,626 and \$119,489, respectively.

During 2013, the City entered into a loan agreement with the CWRPDA for a principal amount of \$1,500,000. The loan does not accrue interest and is payable in semi-annual principal payments beginning on May 1, 2014 with a maturity date of November 1, 2023. Imputed interest for this loan was deemed to not be material and thus is not recorded. The loan is secured by the net revenues of the ownership and operation of the water treatment system, as defined with the agreement. As of December 31, 2014, the City had drawn down \$578,642 from this loan. The remaining amount available of \$921,358 to be received is reflected as loan proceeds receivable in the accompanying statement of net position.

The following is a summary of the future debt service requirements for the City's business-type activity notes payable:

Year Ending December 31	Principal	Interest	Total
2015	\$ 246,667	\$ 16,960	\$ 263,627
2016	253,221	14,119	267,340
2017	253,453	9,744	263,197
2018	262,047	5,067	267,114
2019	171,444	334	171,778
2020 - 2023	626,316	-	626,316
Total	\$ 1,813,148	\$ 46,224	\$ 1,859,372

City of Evans
Notes to Financial Statements
December 31, 2014

6. Interfund Transfers

The following table summarizes interfund transfers for the year ended December 31, 2014:

	General Fund	Water Fund	Wastewater Fund	Storm Drainage	Nonmajor Governmental Funds	Total
Transfers In:						
General Fund	\$ -	\$ 616,285	\$ 398,040	\$ 126,287	\$ 32,755	\$ 1,173,367
Street Construction Fund	757,100	-	-	-	-	757,100
Evans Redevelopment Agency	1,684,114	-	-	-	-	1,684,114
Nonmajor Governmental Funds	1,319,474	-	-	-	-	1,319,474
Total	\$ 3,760,688	\$ 616,285	\$ 398,040	\$ 126,287	\$ 32,755	\$ 4,934,055

Transfers are used to reimburse the General Fund for indirect costs associated with administrative and operational support related to providing water, wastewater, storm drainage, and refuse services to citizens.

7. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The City maintains commercial insurance to address these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The City has a self-funded dental insurance arrangement. The insurance coverage is substantially the same as in prior fiscal years. The City is self-insured for its dental benefits through its General Fund for employees which range from \$0 to \$543 per employee per year depending on the level of coverage selected. The maximum claim liability for 2014 was \$146,000. Expenditures are charged to the General Fund as this is the fund in which the employees' payroll expenditure is charged at the maximum amount per level of coverage.

Claims processing and payments for the dental claims are made through a third-party administrator. The City uses the information provided by the third-party administrator to aid in the determination of self-insurance liabilities. Amounts due in the future year on claims as of December 31, 2014 are recognized as a current liability in the statement of net position.

	Claims Premium Liability at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims and Premium Liability at End of Year
Fiscal Year 2014	\$ 9,757	\$ 27,406	\$ 28,244	\$ 8,919

8. Retirement Commitments

General Employees Defined Contributions Plan

Effective January 1, 1985, the City and its employees elected to adopt a defined contribution pension plan called the City of Evans Saving Plan (the "Plan"). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All regular, full-time employees who have been employed at least one year are eligible to participate in the Plan.

City of Evans
Notes to Financial Statements
December 31, 2014

The City's contribution to the Plan is as follows:

Employee Contribution	Employer Contribution
0%	3%
1%	4%
2%	5%
3%	6%
4% or More	7%

Employee contributions vest immediately. Employees will be vested in employer contributions according to the following schedule:

1 year on plan	30% vested
2 years on plan	60% vested
3 years on plan	100% vested

The City's total payroll for the year ended December 31, 2014 was \$6,123,518. The City's contributions to the plan for the years ending December 31, 2014, 2013, and 2012 were \$267,824, \$251,279, and \$289,862, respectively.

State of Colorado Fire and Police Pension Association - Defined Benefit Plan

The City contributes to the Statewide Defined Benefit Plan ("SWDB"), a cost sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association ("FPPA"). The SWDB plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for plan members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by the Colorado Fire and Police Pension Association.

In May of 2005, police officers were allowed to opt into this defined benefit (see discussion contained in Statewide Hybrid Plan.)

Colorado Statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the SWDB and the Statewide Death and Disability Plan. That report may be obtained by calling FPPA at 303-770-3772 in the Denver Metro area and 1-800-332-FPPA (3772) from outside the metro area.

The contribution requirements of plan members and the City are established by State statute. The contribution rate is 8% of covered salary for all plan members and 8% for the City, with the exception of police department plan members prior to May, 2005 when plan changes took effect. These police member contributions are at 12% with the City's contribution at 8%. The City contributions to the SWDB for the years ending December 31, 2014, 2013, and 2012 were \$9,133, \$9,123, and \$70,175, respectively, equal to the required contribution.

City of Evans
Notes to Financial Statements
December 31, 2014

State of Colorado Fire and Police Pension Association - Defined Contribution Plan

The City contributes to the Statewide Defined Contribution Plan ("SWDC"), a cost sharing multiple-employer defined contribution pension plan administered by the FPPA. The SWDC plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for plan members through the SWDC plan, which is also administered by the FPPA. The paid police chief and paid police officers of the City are members of the SWDB and the Statewide Death and Disability Plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings.

The contribution requirements of plan members and the City are established by State statute. The contribution rate is 8% of covered salary for all plan members and 8% for the City. The City contributions to the SWDC plan for the years ending December 31, 2014, 2013, and 2012 were \$29,045, \$28,382, and \$30,836, respectively, equal to the required contribution.

State of Colorado Fire and Police Pension Association - Statewide Hybrid Plan

Effective May 1, 2005, the City joined the Statewide Hybrid Plan ("SWH") offered by the FPPA on behalf of its full time sworn police officers. The SWH plan was established under the authority granted by CRS. 31-31-1102. The plan is a combination of a defined benefit plan and a defined contribution plan. It is a qualified retirement plan under Section 401(a) of the Internal Revenue Code of 1986 and is a cost-sharing multiple employer plan. Under a hybrid plan, the benefit at retirement comes from both sources.

The SWH offers a combination of a defined benefit component and money purchase component with a base contribution rate of 8% from the City and 8% from the member. Members of the plan on the effective date of entry could elect to participate in both components of the plan or the money purchase component only. The City also elected to offer pre-existing police members the option to participate in the SWDB plan at a member contribution rate of 12%. The members also have the ability to make voluntary contributions towards the money purchase portion of the plan and to purchase additional years of service. The Plan has a five year pro-rated vesting schedule. For the years ended December 31, 2014, 2013, and 2012, the City made the required contributions of \$126,043, \$120,748, and \$113,879, respectively.

The Money Purchase portion of the SWH plan is a defined contribution plan, whereby an account is established in the member's name that is self directed and final benefits are determined by the total amount of employee and employer contributions and related earnings and losses on those investments. The defined benefit portion of the SWH will provide a defined benefit upon retirement. Each member was provided a "Retirement Plan Comparison" of the benefits under the SWDB plan, the SWH Plan combined benefit, and the SWH plan money purchase component only benefit, in order to elect the type of coverage that was most beneficial under their circumstances.

The FPPA board on an annual basis determines the allocation of mandatory contributions between the money purchase component and the defined benefit component of the SWH plan. As of the effective date of the plan, the mandatory contribution of 16% was allocated, 14% to the defined benefit portion of the plan and 2% was allocated to the money purchase portion. Also in the SWDB plan, the FPPA board has the ability to adjust the retirement age up to age 60, in order to maintain the actuarial soundness of the plan. Under the SWDB plan, normal retirement is defined as age 55 and 25 years of service, with a retirement benefit of 1.5% per year of service. The benefit is calculated on the average of the members' highest three years' base salary. There are also provisions for deferred retirement, early retirement and vested retirement at any age after completion of five years of service.

City of Evans
Notes to Financial Statements
December 31, 2014

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the International City Managers Association Retirement Corporation. The plan is available to the City Manager and Directors. The plan allows its participants to defer a portion of their current salary to all future years. Participation in the plan is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and therefore not reflected on the financial statements of the City. The City contributes 3% of the City Manager's gross income and also matches the City Manager's contributions up to a maximum of 4% into the plan. The City's contributions to the plan for the years ending December 31, 2014, 2013 and 2012 were \$3,867, \$3,728, and \$3,583, respectively.

9. Rate Maintenance

The 1998 Colorado Water Resources and Power Development Authority loan agreements (Wastewater Fund and Water Funds) require that net revenues, as defined, shall represent a sum equal to 110% of the amount necessary to pay, when due, the principal and interest on the loan. The following table shows these calculations and that the City is in compliance with these requirements.

Wastewater Fund

2014 Gross revenues	\$ 1,601,207
2014 Operation and maintenance expense	702,800
Net revenues as defined in 1998	
CWRPDA loan agreement	898,407
110% of 1998 loan debt service	(119,489)
Amount 2014 net revenue exceeded the 1998 loan requirements	\$ 778,918

Water Fund

2014 Gross revenues	\$ 4,753,184
2014 Operation and maintenance expense	3,052,218
Net revenues as defined in 2013	
CWRPDA loan agreement	1,700,966
110% of 2013 loan debt service	(99,868)
Amount 2014 net revenue exceeded the 2013 loan requirements	\$ 1,601,098

City of Evans
Notes to Financial Statements
December 31, 2014

10. Commitments and Contingencies

TABOR Reserves

In November 1992, Colorado voters passed the TABOR Amendment (the "Amendment") to the State Constitution which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and local growth. Revenue received in excess of the limitations may be required to be refunded unless the City's electorates vote to retain the revenue.

On April 5, 1994, the voting citizens of the City of Evans authorized the City (retroactive to January 1, 1993) to collect, retain, and expend all revenues, notwithstanding any state restrictions of fiscal year spending. This effectively removed all revenue and spending limits imposed by the Amendment. The City did not increase or incur any new tax or bonded debt in 2014.

The City's Home Rule Charter provision requires an Emergency Contingency Reserve Fund, reported in the General Fund in 2014, that shall maintain a balance equal to 5% of the budgeted General Fund revenues, until such fund is equal in amount to 25% of the prior year's General Fund expenditures. In 2014, 5% of budgeted revenues were \$2,462,254 less than 25% of the prior year's General Fund expenditures. In the November 2012 election, the citizens of Evans approved a ballot initiative to provide for a ceiling of \$1 million in the Emergency Contingency Fund, allowing any amount exceeding this amount to be transferred to the General Fund. This ceiling was effective starting January 1, 2013.

Litigation

At times, the City may be subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of business. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the City.

Grants

The City participated in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2014, may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

11. Related Party Transactions

The City has entered into an intergovernmental agreement ("IGA") with the Evans Fire Protection District (the "District") to provide financial support to the District until the District received sufficient revenue to support its operations. In order to provide for the funding of District operations as required in the IGA, the City paid the District \$448,918 in 2014. Finally, the District paid \$102,107 to the City for administrative services provided, including human resources, risk management, payroll, finance, and insurance.

City of Evans
Notes to Financial Statements
December 31, 2014

12. Riverside Library and Cultural Center

The City has entered into an IGA with the High Plains Public Library District (“HPLD”) for the acquisition of property and construction of shared facilities for public, municipal and/or commercial purposes. This project is known as the Riverside Library and Cultural Center. In accordance with this IGA, the City will provide real property on which the project is to be constructed and the City and HPLD will share the construction costs based on the number of square feet of the project to be owned by each party. An ownership agreement was also entered into relating to the Center; under the agreement the City will own 40% of the Center and the HPLD will own the remaining 60%. The balance remaining to finish the Center as of December 31, 2014 was approximately \$309,000, of which the City is responsible for 40%, or approximately \$123,600.

13. Subsequent Events

The City has evaluated subsequent events through June 2, 2015 the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure.

Required Supplementary Information

City of Evans
Schedule of Revenues, Expenditures and Changes in Fund
Balances (Budget and Actual) - General Fund
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 7,113,338	\$ 7,971,555	\$11,499,313	\$ 3,527,758
Licenses and permits	764,600	764,600	1,037,886	273,286
Intergovernmental	1,186,400	1,186,400	1,422,776	236,376
Grants and contributions				
Grants - flood	-	665,136	172,275	(492,861)
Other	-	1,066,860	802,438	(264,422)
Charges for services	306,570	306,570	399,019	92,449
Fines and forfeitures	405,000	405,000	446,731	41,731
Earnings on investments	49,138	49,138	43,642	(5,496)
Miscellaneous	80,000	130,568	152,109	21,541
Total revenues	9,905,046	12,545,827	15,976,189	3,430,362
Expenditures				
General government	2,767,958	3,267,129	3,049,160	217,969
Public safety	3,975,636	4,041,501	3,914,185	127,316
Public works	1,533,091	1,471,683	1,354,940	116,743
Culture, parks and recreation	1,146,748	1,185,249	1,256,374	(71,125)
Community development	531,020	994,520	648,299	346,221
Flood recovery	-	1,557,922	608,415	949,507
Debt service	289,483	289,483	289,483	-
Capital outlay	349,960	3,421,489	2,831,994	589,495
Total expenditures	10,593,896	16,228,976	13,952,850	2,276,126
Excess (deficiency) of revenues over expenditures	(688,850)	(3,683,149)	2,023,339	5,706,488
Other financing sources (uses)				
Transfers out	(504,500)	(3,756,074)	(3,760,688)	(4,614)
Transfers in	1,235,444	1,235,444	1,173,367	(62,077)
Total other financing sources (uses)	730,944	(2,520,630)	(2,587,321)	(66,691)
Net change in fund balance	\$ 42,094	\$ (6,203,779)	(563,982)	\$ 5,639,797
Fund balance at beginning of year			9,831,630	
Fund balance at end of year			\$ 9,267,648	

See accompanying Independent Auditor's Report.

City of Evans
Schedule of Revenues, Expenditures and Changes in Fund
Balances (Budget and Actual) - Evans Redevelopment Agency
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous revenue	\$ -	\$ 27,500	\$ 92,690	\$ 65,190
Total revenues	-	27,500	92,690	65,190
Expenditures				
Community development	408,710	408,710	293,481	115,229
Capital outlay	-	2,340,000	2,331,935	8,065
Total expenditures	408,710	2,748,710	2,625,416	123,294
Other financing sources				
Transfers in	408,710	1,768,710	1,684,114	(84,596)
Total other financing sources	408,710	1,768,710	1,684,114	(84,596)
Net change in fund balance	\$ -	\$ (952,500)	(848,612)	\$ 103,888
Fund balance at beginning of year			952,532	
Fund balance at end of year			<u>\$ 103,920</u>	

See accompanying Independent Auditor's Report.

Other Supplementary Information

Combining and Individual Nonmajor Fund Statements and
Schedules

City of Evans
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

	Parks Impact	Conservation Trust	Fire Impact	Refuse Collection
Assets				
Equity in pooled cash, cash equivalents, and investments	\$ 1,473,200	\$ 513,606	\$ 271,678	\$ 400,103
Receivables	-	-	-	61,149
Total assets	\$ 1,473,200	\$ 513,606	\$ 271,678	\$ 461,252
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 91,281
Other liabilities	106,000	-	-	-
Unearned revenue	-	-	-	400
Total liabilities	106,000	-	-	91,681
Fund Balances				
Restricted	-	513,606	-	-
Committed	-	-	-	-
Assigned	1,367,200	-	271,678	369,571
Total fund balances	1,367,200	513,606	271,678	369,571
Total liabilities and fund balances	\$ 1,473,200	\$ 513,606	\$ 271,678	\$ 461,252

Street Impact	Parks Construction	Cemetery Perpetual Care	G.O. Debt Service	Total
\$ 1,112,067	\$ 1,162,148	\$ 88,235	\$ -	\$ 5,021,037
-	36,795	-	-	97,944
\$ 1,112,067	\$ 1,198,943	\$ 88,235	\$ -	\$ 5,118,981
\$ -	\$ 50,937	\$ -	\$ -	\$ 142,218
-	-	-	-	106,000
-	-	-	-	400
-	50,937	-	-	248,618
-	-	-	-	513,606
40,795	-	-	-	40,795
1,071,272	1,148,006	88,235	-	4,315,962
1,112,067	1,148,006	88,235	-	4,870,363
\$ 1,112,067	\$ 1,198,943	\$ 88,235	\$ -	\$ 5,118,981

See accompanying Independent Auditor's Report.

City of Evans
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2014

	Parks Impact	Conservation Trust	Fire Impact	Refuse Collection
Revenues				
Intergovernmental	\$ -	\$ 187,298	\$ -	\$ -
Licenses and permits	-	-	-	800
Grants and contributions				
Grants - flood	-	-	-	18,297
Other	-	-	-	-
Charges for services	-	-	-	654,700
Earnings on investments	6,067	1,651	1,122	1,436
Assessments	151,140	-	34,199	-
Miscellaneous	-	3,140	-	-
Total revenues	157,207	192,089	35,321	675,233
Expenditures				
Public works	-	-	-	604,409
Community development	-	-	-	-
Flood recovery	-	-	-	10,626
Capital outlay	-	-	-	-
Total expenditures	-	-	-	615,035
Excess of revenues over expenditures	157,207	192,089	35,321	60,198
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(32,755)
Total other financing sources (uses)	-	-	-	(32,755)
Net changes in fund balances	157,207	192,089	35,321	27,443
Fund balance at beginning of year	1,209,993	321,517	236,357	342,128
Fund balance at end of year	\$ 1,367,200	\$ 513,606	\$ 271,678	\$ 369,571

Street Impact	Parks Construction	Cemetery Perpetual Care	G.O. Debt Service	Total
\$ -	\$ -	\$ -	\$ -	\$ 187,298
-	-	-	-	800
-	15,478	-	-	33,775
-	36,795	-	-	36,795
-	-	-	-	654,700
4,705	-	382	-	15,363
114,072	-	2,220	-	301,631
-	-	-	-	3,140
118,777	52,273	2,602	-	1,233,502
-	-	-	-	604,409
-	-	-	-	-
-	154,267	-	-	164,893
-	-	-	-	-
-	154,267	-	-	769,302
118,777	(101,994)	2,602	-	464,200
-	1,250,000	-	69,474	1,319,474
-	-	-	-	(32,755)
-	1,250,000	-	69,474	1,286,719
118,777	1,148,006	2,602	69,474	1,750,919
993,290	-	85,633	(69,474)	3,119,444
\$ 1,112,067	\$ 1,148,006	\$ 88,235	\$ -	\$ 4,870,363

See accompanying Independent Auditor's Report.

Budgetary Comparison Schedules
Special Revenue Funds

City of Evans
Parks Impact Fund
Budgetary Comparison Schedule
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Assessments				
Impact fees	\$ -	\$ -	\$ 151,140	\$ 151,140
Earnings on investments	1,775	1,775	6,067	4,292
Total revenues	1,775	1,775	157,207	155,432
Expenditures				
Capital outlay	-	200,000	-	200,000
Total expenditures	-	200,000	-	200,000
Net change in fund balance	\$ 1,775	\$ (198,225)	157,207	\$ 355,432
Fund balance at beginning of year			1,209,993	
Fund balance at end of year			<u>\$ 1,367,200</u>	

See accompanying Independent Auditor's Report.

City of Evans
Conservation Trust Fund
Budgetary Comparison Schedule
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental				
State shared revenue	\$ 186,000	\$ 186,000	\$ 187,298	\$ 1,298
Earnings on investments	411	411	1,651	1,240
Miscellaneous revenue	-	-	3,140	3,140
Total revenues	186,411	186,411	192,089	5,678
Expenditures				
Capital outlay	-	30,000	-	30,000
Total expenditures	-	30,000	-	30,000
Net change in fund balance	\$ 186,411	\$ 156,411	192,089	\$ 35,678
Fund balance at beginning of year			<u>321,517</u>	
Fund balance at end of year			<u>\$ 513,606</u>	

See accompanying Independent Auditor's Report.

City of Evans
Fire Impact Fund
Budgetary Comparison Schedule
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Assessments				
Impact fees	\$ -	\$ -	\$ 34,199	\$ 34,199
Earnings on investments	619	619	1,122	503
Total revenues	619	619	35,321	34,702
Net change in fund balance	\$ 619	\$ 619	35,321	\$ 34,702
Fund balance at beginning of year			<u>236,357</u>	
Fund balance at end of year			<u>\$ 271,678</u>	

See accompanying Independent Auditor's Report.

City of Evans
Refuse Collection Fund
Budgetary Comparison Schedule
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and permits				
Trash haulers' license	\$ 800	\$ 800	\$ 800	\$ -
Charges for services				
Refuse collection charges	651,420	651,420	654,700	3,280
Grants and contributions:	-			
Grants - flood	-	28,161	18,297	(9,864)
Earnings on investments	2,888	2,888	1,436	(1,452)
Total revenues	655,108	683,269	675,233	(8,036)
Expenditures				
Public works				
Sanitation	594,445	606,819	604,409	2,410
Flood recovery	-	10,626	10,626	-
Total expenditures	594,445	617,445	615,035	2,410
Excess of revenues over expenditures	60,663	65,824	60,198	(5,626)
Other financing uses				
Transfers out	(32,755)	(32,755)	(32,755)	-
Total other financing uses	(32,755)	(32,755)	(32,755)	-
Net change in fund balance	\$ 27,908	\$ 33,069	27,443	\$ (5,626)
Fund balance at beginning of year			<u>342,128</u>	
Fund balance at end of year			<u>\$ 369,571</u>	

See accompanying Independent Auditor's Report.

City of Evans
Street Impact Fund
Budgetary Comparison Schedule
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Assessments				
Impact fees	\$ -	\$ -	\$ 114,072	\$ 114,072
Grants and contributions				
Other	-	462,599	-	(462,599)
Earnings on investments	6,392	6,392	4,705	(1,687)
Total revenues	6,392	468,991	118,777	(350,214)
Expenditures				
Capital outlay	520,000	879,000	-	879,000
Total expenditures	520,000	879,000	-	879,000
Net change in fund balance	\$ (513,608)	\$ (410,009)	118,777	\$ 528,786
Fund balance at beginning of year			<u>993,290</u>	
Fund balance at end of year			<u>\$ 1,112,067</u>	

See accompanying Independent Auditor's Report.

City of Evans
Cemetery Perpetual Care Fund
Budgetary Comparison Schedule
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Assessments				
Perpetual care fees	\$ 2,700	\$ 2,700	\$ 2,220	\$ (480)
Earnings on investments	-	-	382	382
Total revenues	2,700	2,700	2,602	(98)
Expenditures				
Capital outlay	-	75,000	-	75,000
Total expenditures	-	75,000	-	75,000
Net change in fund balance	\$ 2,700	\$ (72,300)	2,602	\$ 74,902
Fund balance at beginning of year			85,633	
Fund balance at end of year			<u>\$ 88,235</u>	

See accompanying Independent Auditor's Report.

Budgetary Comparison Schedule

Debt Service Fund

City of Evans
G.O. Debt Service Fund
Budgetary Comparison Schedule
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing sources				
Transfers in	\$ -	\$ 69,474	\$ 69,474	\$ -
Total other financing sources	-	69,474	69,474	-
Net change in fund balance	\$ -	\$ 69,474	69,474	\$ -
Fund balance at beginning of year			(69,474)	
Fund balance at end of year			\$ -	

See accompanying Independent Auditor's Report.

Budgetary Comparison Schedules
Capital Projects Funds

City of Evans
Street Construction Fund
Budgetary Comparison Schedule
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental Grants and contributions	\$ 631,972	\$ 631,972	\$ 680,666	\$ 48,694
Grants - flood	-	131,258	81,432	(49,826)
Other	981,000	1,464,350	63,687	(1,400,663)
Earnings on investments	4,558	4,558	3,422	(1,136)
Total revenues	1,617,530	2,232,138	829,207	(1,402,931)
Expenditures				
Public works	190,000	234,500	194,551	39,949
Flood recovery	-	152,000	-	152,000
Capital outlay	1,518,000	2,416,818	397,409	2,019,409
Total expenditures	1,708,000	2,803,318	591,960	2,211,358
Excess (deficiency) of revenues over expenditures	(90,470)	(571,180)	237,247	808,427
Other financing sources				
Transfers in	185,000	757,100	757,100	-
Total other financing sources	185,000	757,100	757,100	-
Net change in fund balance	\$ 94,530	\$ 185,920	994,347	\$ 808,427
Fund balance at beginning of year			<u>540,342</u>	
Fund balance at end of year			<u>\$ 1,534,689</u>	

See accompanying Independent Auditor's Report.

City of Evans
Parks Construction Fund
Budgetary Comparison Schedule
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Grants and contributions				
Grants - flood	\$ -	\$ 171,792	\$ 15,478	\$ (156,314)
Other	-	100,000	36,795	(63,205)
Total revenues	-	271,792	52,273	(219,519)
Expenditures				
Flood recovery	-	270,000	154,267	115,733
Total expenditures	-	270,000	154,267	115,733
Excess (deficiency) of revenues over expenditures	-	1,792	(101,994)	(103,786)
Other financing sources				
Transfers in	-	1,250,000	1,250,000	-
Total other financing sources	-	1,250,000	1,250,000	-
Net change in fund balance	\$ -	\$ 1,251,792	1,148,006	\$ (103,786)
Fund balance at beginning of year			-	
Fund balance at end of year			<u>\$ 1,148,006</u>	

See accompanying Independent Auditor's Report.

Budgetary Comparison Schedules
Enterprise Funds

City of Evans
Water Fund
Budgetary Comparison Schedule
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Water sales	\$ 4,206,601	\$ 4,206,601	\$ 4,296,934	\$ 90,333
Non-potable water sales	163,764	163,764	145,763	(18,001)
Other sales	8,000	8,000	18,745	10,745
Water meters	5,500	5,500	22,532	17,032
Total operating revenues	4,383,865	4,383,865	4,483,974	100,109
Operating expenses				
Water supply and administrative	3,117,216	3,346,204	3,052,218	293,986
Flood recovery	-	165,700	53,063	112,637
Principal paid	155,447	155,447	90,789	64,658
Capital outlay	512,392	1,610,896	877,022	733,874
Total operating expenses	3,785,055	5,278,247	4,073,092	1,205,155
Operating income (loss)	598,810	(894,382)	410,882	1,305,264
Other revenues (expenses)				
Earnings on investments	12,550	12,550	5,451	(7,099)
Grants and contributions - flood	-	143,325	1,578	(141,747)
Plant investment fees and cash in lieu of fees	705,600	705,600	263,759	(441,841)
Lease purchase proceeds	-	1,500,000	578,642	(921,358)
Transfers to other funds	(655,610)	(655,610)	(616,285)	39,325
Interest expense	(17,390)	(17,390)	-	17,390
Total other revenues (expenses)	45,150	1,688,475	233,145	(1,455,330)
Change in net position - budgetary basis	\$ 643,960	\$ 794,093	644,027	\$ (150,066)
Reconciliation to GAAP basis				
Depreciation			(709,422)	
Capital outlay			877,022	
Principal paid			90,789	
Lease purchase proceeds			(578,642)	
Change in net position - GAAP basis			323,774	
Net position at beginning of year			50,304,708	
Net position at end of year			\$ 50,628,482	

See accompanying Independent Auditor's Report.

City of Evans
Wastewater Fund
Budgetary Comparison Schedule
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Sewer sales	\$ 1,152,460	\$ 1,416,768	\$ 1,456,664	\$ 39,896
Total operating revenues	1,152,460	1,416,768	1,456,664	39,896
Operating expenses				
Wastewater and administration	745,565	904,034	702,800	201,234
Flood recovery	-	1,359,272	268,399	1,090,873
Principal paid	89,534	89,534	88,992	542
Capital outlay	280,000	461,000	189,473	271,527
Total operating expenses	1,115,099	2,813,840	1,249,664	1,564,176
Operating income (loss)	37,361	(1,397,072)	207,000	1,604,072
Other revenues (expenses)				
Earnings on investments	2,511	6,111	4,507	(1,604)
Grants and contributions				
Evans 2013 flood	-	949,805	-	(949,805)
Other	-	343,242	-	(343,242)
Plant investment fees and cash in lieu of fees	27,500	136,315	125,363	(10,952)
Other nonoperating revenue	16,819	28,233	14,673	(13,560)
Transfers to other funds	(408,587)	(408,587)	(398,040)	10,547
Interest expense	(19,092)	(19,092)	(18,521)	571
Total other revenue (expense)	(380,849)	1,036,027	(272,018)	(1,308,045)
Change in net position - budgetary basis	\$ (343,488)	\$ (361,045)	(65,018)	\$ 296,027
Reconciliation to GAAP basis				
Depreciation expense			(483,926)	
Principal paid			88,992	
Capital outlay			189,473	
Change in net position - GAAP basis			(270,479)	
Net position at beginning of year			10,035,069	
Net position at end of year			\$ 9,764,590	

See accompanying Independent Auditor's Report.

City of Evans
Storm Drainage Fund
Budgetary Comparison Schedule
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Storm drainage sales	\$ 454,564	\$ 454,564	\$ 466,702	\$ 12,138
Total operating revenues	454,564	454,564	466,702	12,138
Operating expenses				
Storm drainage and administration	26,900	26,900	18,815	8,085
Flood recovery	-	4,300	1,853	2,447
Capital outlay	230,000	966,200	5,051	961,149
Total operating expenses	256,900	997,400	25,719	971,681
Operating income (loss)	197,664	(542,836)	440,983	983,819
Other revenues (expenses)				
Plant investment fees	11,000	11,000	32,431	21,431
Grants and contributions - flood	-	7,070	14,521	7,451
Earnings on investments	1,347	1,347	5,787	4,440
Transfers to other funds	(138,492)	(138,492)	(126,287)	12,205
Total other revenue (expense)	(126,145)	(119,075)	(73,548)	45,527
Change in net position - budgetary basis	\$ 71,519	\$ (661,911)	367,435	\$ 1,029,346
Reconciliation to GAAP basis				
Depreciation			(263,676)	
Capital outlay			5,051	
Change in net position - GAAP basis			108,810	
Net position at beginning of year			9,033,226	
Net position at end of year			\$ 9,142,036	

See accompanying Independent Auditor's Report.

Budgetary Comparison Schedule

Fiduciary Fund

City of Evans
Cemetery Endowment Fund
Budgetary Comparison Schedule
Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$ 6,000	\$ 6,000	\$ 3,948	\$ (2,052)
Expenses				
Transfers out	6,000	6,000	-	6,000
Total expenses	6,000	6,000	-	6,000
Net change in net position	\$ -	\$ -	3,948	\$ 3,948
Net position at beginning of year			45,519	
Net position at end of year			<u>\$ 49,467</u>	

See accompanying Independent Auditor's Report.

Supplemental Section

State Compliance Section

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT

City or County:
Evans, CO
YEAR ENDING :
December 2014

This Information From The Records Of City of Evans, CO
Prepared By: Finance Dept Chris Cooke
Phone: 970-475-1107

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	588,647
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	920,643
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	10,557
2. General fund appropriations	2,082,639	b. Snow and ice removal	9,238
3. Other local imposts (from page 2)	146,847	c. Other	
4. Miscellaneous local receipts (from page 2)	377,331	d. Total (a. through c.)	19,795
5. Transfers from toll facilities		4. General administration & miscellaneous	432,933
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	266,603
a. Bonds - Original Issues		6. Total (1 through 5)	2,228,621
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	2,606,817	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	589,810	2. Notes:	
D. Receipts from Federal Government (from page 2)	145,119	a. Interest	
E. Total receipts (A.7 + B + C + D)	3,341,745	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	2,228,621

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,533,632	3,341,745	2,228,621	2,646,756	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2014

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	8,128
b. Other local imposts:		b. Traffic Fines & Penalties	278,347
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	114,072	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	32,775	g. Other Misc. Weld Cty Rd & Bridge	90,856
6. Total (1. through 5.)	146,847	h. Other	
c. Total (a. + b.)	146,847	i. Total (a. through h.)	377,331
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	527,624	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	81,432
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	62,186	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	63,687
f. Total (a. through e.)	62,186	g. Total (a. through f.)	145,119
4. Total (1. + 2. + 3.f)	589,810	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		166,747	166,747
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		30,420	30,420
(3). System Preservation		361,787	361,787
(4). System Enhancement & Operation		29,692	29,692
(5). Total Construction (1) + (2) + (3) + (4)	0	421,899	421,899
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	588,647	588,647
			(Carry forward to page 1)

Notes and Comments:

Reports to Governmental Agencies



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable Mayor and Members of the City Council
City of Evans, Colorado

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 Evans, Colorado (the "City"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anton Collins Mitchell LLP

Greeley, Colorado
June 2, 2015



Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

Honorable Mayor and Members of the City Council
City of Evans, Colorado

Report on Compliance for Each Major Federal Program

We have audited the City of Evans, Colorado's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's



internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Anton Collins Mitchell LLP

Greeley, Colorado
June 2, 2015

City of Evans
Schedule of Findings and Questioned Costs
December 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ yes X no

Identification of major programs:

<u>CFDA/Contract Number</u>	<u>Name of Federal Program or Cluster</u>
66.468	Capitalization Grants for Drinking Water State Revolving Funds
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

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

Auditee qualified as low-risk auditee? _____ yes X no

City of Evans, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	2014 Federal Expenditures
Department of Agriculture			
Direct Program:			
Emergency Watershed Protection Program	10.923		\$ 27,607
Total Department of Agriculture			27,607
Department of Housing and Urban Development			
Direct Program:			
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants	14.269		7,935
Total Department of Agriculture			7,935
Department of Transportation			
Passed through Colorado Department of Transportation			
Highway Planning and Construction	20.205	14 HA4 64604	137,653
Total Department of Transportation			137,653
Environmental Protection Agency			
Passed through Colorado Water Resources & Power Development Authority			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	D13F039	482,554
Total Environmental Protection Agency			482,554
Department of Homeland Security			
Passed through Colorado Department of Public Safety:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-08-CO- 4145-PW	725,684
Total Department of Homeland Security			725,684
Total Expenditures of Federal Awards			\$ 1,381,433

See accompanying Independent Auditor's Report.

City of Evans
Notes to Schedule of Expenditures of Federal Awards
December 31, 2014

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in the financial statements.

2. Summary of Significant Accounting Policies

The schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources.

3. Subrecipients

There were no subrecipients of federal awards during the year ended December 31, 2014.

4. Disaster Grant Expenditures

The schedule of expenditures of federal awards includes \$401,065 of expenditures that were incurred in 2013 that relate to project worksheets that were not approved until 2014.