



Town of Upton, Wyoming

Financial and Compliance Report

As of June 30, 2019, and for the Year then Ended



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the
Town Council
Town of Upton, Wyoming

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Town of Upton, Wyoming as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town'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 the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP); 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and the business-type activities of the Town of Upton, Wyoming, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.



Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Upton, Wyoming’s basic financial statements. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information on page 16 of the financial statements was the responsibility of management, and is presented for purposes of additional analysis and was not a required part of the basic financial statements. Such information 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 on it.

The combining statements on pages 17-18 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2020 on our consideration of the Town of Upton, Wyoming’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Basis of Accounting

We draw attention to Note 1 of the financial statements that describe the basis of accounting. The financial statements are prepared on the cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

ACM LLP
Laramie, Wyoming
May 29, 2020

TOWN OF UPTON, WYOMING

**COMBINED STATEMENT OF ASSETS, LIABILITIES, AND FUND
BALANCES—CASH BASIS—ALL FUND TYPES**

June 30, 2019

	<u>Governmental Fund Type General</u>	<u>Proprietary Fund Type Enterprise</u>	<u>Totals 2019</u>
ASSETS			
Cash and cash equivalents (Note 3)	<u>\$ 1,193,587</u>	<u>\$ 431,246</u>	<u>\$ 1,624,833</u>
Total Assets	<u>\$ 1,193,587</u>	<u>\$ 431,246</u>	<u>\$ 1,624,833</u>
LIABILITIES			
Customer deposits	<u>\$ -</u>	<u>\$ 42,855</u>	<u>\$ 42,855</u>
Total liabilities	<u>-</u>	<u>42,855</u>	<u>42,855</u>
MUNICIPAL EQUITY			
Retained earnings			
Restricted			
Reserves	-	102,036	102,036
Unrestricted	-	286,355	286,355
Fund balance			
Assigned			
Reserves	102,032	-	102,032
Unassigned	<u>1,091,555</u>	<u>-</u>	<u>1,091,555</u>
Total municipal equity	<u>1,193,587</u>	<u>388,391</u>	<u>1,581,978</u>
Total Liabilities and Municipal Equity	<u>\$ 1,193,587</u>	<u>\$ 431,246</u>	<u>\$ 1,624,833</u>

See Notes to Financial Statements.

TOWN OF UPTON, WYOMING

**COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES
PAID, AND CHANGES IN FUND BALANCES—CASH BASIS**

—ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 2019

	Governmental Fund Types
	<u>General</u>
REVENUE	
Taxes and special assessments	\$ 609,534
Licenses and permits	2,689
Intergovernmental	103,376
Charges for services	1,315
Fines and forfeits	8,278
Interest	20,772
Miscellaneous	<u>377,330</u>
Total revenue	<u>1,123,294</u>
EXPENDITURES	
General government	250,952
Public safety	364,487
Highways and streets	134,306
Culture and recreation	<u>101,944</u>
Total expenditures	<u>851,689</u>
Revenue over expenditures	<u>271,605</u>
Net change in fund balance	271,605
Fund balances, beginning	<u>921,982</u>
Fund balances, ending	<u>\$ 1,193,587</u>

See Notes to Financial Statements.

TOWN OF UPTON, WYOMING

**COMBINED STATEMENT OF REVENUES COLLECTED, EXPENSES PAID, AND
CHANGES IN RETAINED EARNINGS—CASH BASIS
—ALL PROPRIETARY FUND TYPES**
For the Year Ended June 30, 2019

	Proprietary Fund Types
	<u>Enterprise</u>
Operating revenue	
Water charges	\$ 196,787
Sewer service	105,056
Landfill assessments	<u>182,728</u>
Total operating revenue	484,571
Operating expenses	<u>1,432,572</u>
Net operating income	<u>(948,001)</u>
Nonoperating revenue	
Loan proceeds	50,000
Grant revenue	784,346
Interest income	<u>3,883</u>
Total nonoperating revenue	<u>838,229</u>
Net income	(109,772)
Retained earnings, beginning	<u>498,163</u>
Retained earnings, ending	<u>\$ 388,391</u>

See Notes to Financial Statements.

TOWN OF UPTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 1. The Entity, Description of Funds, and Significant Accounting Policies

Reporting Entity

The Town of Upton's (the "Town") combined financial statements include the accounts of all its operations. The Town includes all funds, agencies, boards, commissions and authorities where the Town has the ability to exercise oversight responsibility. Oversight responsibility implies that one governmental unit is dependent on another and that dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters
- Scope of public service
- Financing relationships

The Town provides the full range of municipal services contemplated by statute or charter. This includes public safety (police and fire), streets, parks and recreation, engineering, health, sanitation, water, sewer, court and general administrative services.

Basis of Accounting

Governmental funds are accounted for using the cash basis of accounting. Revenues and other financial resource increments (for example, bond issue proceeds) are recognized in the accounting period when received. Under the cash basis of accounting, revenues are recognized when received and expenditures are recognized when paid from currently available resources.

Proprietary funds are accounted for on the cash basis of accounting. Under this method, revenues are recorded when received and expenditures are recognized when paid from currently available resources.

The financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Financial Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred.

NOTES TO FINANCIAL STATEMENTS

The cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The cash basis of accounting is consistent with the regulatory basis of accounting and budget laws of Wyoming. Management believes the cash basis of accounting is preferable for the Town due to the Town's small size and the necessity of assessing available cash resources. The cash basis of accounting is allowed under Wyoming State Statute.

Description of Funds

The accounts of the Town are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenue and expenditure/expenses. The major funds of the financial reporting entity are described below:

Governmental Funds

General Fund - The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following major enterprise funds:

Water Fund, which is used to account for the operations of providing water on a user charge basis to the general public. The Town owns the water rights and bears the costs of maintaining the water system.

Sewer Fund, which is used to account for the operations of providing sewer services on a user charge basis to the general public.

Landfill Fund, which is used to account for the operations of providing refuse collection and disposal on a user charge basis to the general public.

NOTES TO FINANCIAL STATEMENTS

Budgetary Comparison Statements

Budgetary statements were prepared on the same basis, utilizing the same accounting principles, as were used to account for and prepare the financial statements of the funds. The Town is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures paid must be approved by the Town Council after a public hearing has been held.

Cash and Cash Equivalents

For the purpose of the Statement of Assets, Liabilities, and Fund Balances “cash and cash equivalents” includes all demand, savings account, and certificates of deposits of the Town.

Investments are carried at fair value. Additional cash and investment disclosures are presented in Note 3.

Fund Balance Reporting

The Government Accounting Standards Board (GASB) has issued Statement No. 54 “Fund Balance Reporting and Governmental Type Definitions,” effective for financial statements for periods beginning after June 15, 2010. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made in reporting fund balance information is identifying amounts that are considered nonspendable, such as fund balances associated with loans. This statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The definitions used by the Town to distinguish fund allocations are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained intact. The Town does not have fund balances that meet the criteria above.

Restricted – The restricted fund balance classification includes amounts that are (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. The Town does not have fund balances that meet the criteria above.

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority,

NOTES TO FINANCIAL STATEMENTS

i.e. State of Wyoming or Granting Federal Agency. The Town does not have fund balances that meet the criteria above.

Assigned – The assigned fund balance classification includes amounts constrained by the government’s intent (Town Council) to be used for specific purposes, but are neither restricted nor committed. The Town has fund balances that meet the criteria above.

Unassigned – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The Town's fund balance meets the criteria above.

Subsequent Events

Management has evaluated subsequent events through May 29, 2020, the date which the financial statements were available for use.

Note 2. Budgets

The Town annually adopts a budget and appropriations for the General Fund. Budget amounts shown in these financial statements, in addition to the amounts originally adopted by the government, include any additional approved appropriations for the fiscal year ended June 30, 2019. The budgets and related appropriations are prepared on the same basis of accounting that is used in preparation of the Town’s financial statements.

Legal spending control is at the department level. Budgets may be amended by the Town Council through a public hearing process as required by state statute. Appropriations lapse at year end.

Note 3. Cash and Investments

Wyoming Statute 9-4-817 authorizes agencies of the State to deposit public funds in financial institutions authorized to do business in the State of Wyoming. These deposits must be fully insured by the Federal Deposit Insurance Corporation (FDIC) or secured by a pledge of assets including bonds, debentures and other securities in which the State Treasurer may by law invest in. Alternatively, a depository may pledge to deposits with conventional real estate mortgages and loans connected with mortgages at a ratio of one and one half (1 ½:1) of the value of public funds secured by the securities.

Deposits

The Town maintains a cash investments pool that is available for use by all funds. Each fund type’s portion of this pool is displayed on the combined balance sheet as “Cash and cash equivalents” under each fund caption.

NOTES TO FINANCIAL STATEMENTS

At June 30, 2019, the carrying amounts of the Town's deposits in financial institutions was fully insured through a combination of Federal Deposit Insurance Corporation (FDIC) coverage and pledged collateral held in the Town's name.

Investments

As of June 30, 2019, the Town had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Peak Investments	\$ 415,233
Wyoming Government Investment Fund	<u>460,283</u>
 Total	 <u>\$ 875,516</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal policy for interest rate risk due to the nature of their investments.

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The following table shows investment amounts insured:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Insured</u>	<u>Unrated</u>
Peak Investments	\$ 415,233	\$ -	\$ 703,124
Wyoming Government Investment Fund	<u>460,283</u>	<u>-</u>	<u>66,440</u>
Total	<u>\$ 875,516</u>	<u>\$ -</u>	<u>\$ 769,564</u>

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Town will not be able to recover the value of the investments or collateral securities that are in possession of an outside party. The Town does not have a formal policy for custodial credit risk. Investments are held in safekeeping by external custodians in the Town's name.

NOTES TO FINANCIAL STATEMENTS

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town does not have a formal policy concerning concentration of risk. At June 30, 2019, the Town held investments from the following issuers in excess of 5% of the total portfolio:

Peak Investments	\$ 415,233
Wyoming Government Investment Fund	<u>460,283</u>
Total	<u>\$ 875,516</u>

Note 4. Defined Benefit Pension Plan

The Town participates in the Wyoming Retirement System ("System"), a cost sharing multiple-employer public employee retirement system. The covered payroll for the year ended June 30, 2019 was \$431,724; the Town's total payroll was \$465,325.

The System statutorily requires 17.12% of the covered non-law enforcement employees' salaries to be contributed to the plan, of which 8.50% is paid by the employee and the remaining 8.62% is paid by the Town. The System also statutorily requires 17.20% of covered law enforcement employees' salary to be contributed to the plan, of which 8.60% is paid by the employee and 8.60% is paid by the Town. The contribution requirement for the year ended June 30, 2019, was \$75,323 which consisted of \$38,735 from employees and \$36,588 from the Town. The Town contributed the required contribution for the year ended June 30, 2019.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's December 31, 2018 annual financial report for the periods for which the information is available.

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68 in June of 2012. This GASB statement became effective for fiscal years beginning after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. Note disclosure and required supplementary information requirements about pensions are also addressed in this Statement.

NOTES TO FINANCIAL STATEMENTS

Since the Town of Upton presents their financial statements on the cash basis of accounting, GASB Statement No. 68 has not been implemented by Town of Upton and no provision for any liability, deferred outflows of resources, deferred inflows of resources or any expense/expenditure has been recorded in the accompanying financial statements. If the Town of Upton had presented their financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), then based on information provided by the Wyoming Retirement System the Town of Upton’s share of the unfunded pension liability is \$766,642 as of December 31, 2018, the measurement date. The breakdown of the pension liability is as follows:

Public Employees Pension Plan	\$ 511,024
Law Enforcement Pension Plan	<u>255,618</u>
Total	<u><u>\$ 766,642</u></u>

The System’s annual financial report is available by contacting the Wyoming Retirement System at 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming, 82002, (307) 777-7691 or online at <http://retirement.state.wy.us>.

Note 5. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disaster for which the government covers commercial insurance. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 6. Municipal Equity

The Town’s restricted and assigned equities as of June 30, 2019 were for the following purposes:

General Fund:	
Community development	\$ 567
Streets	50,817
Police	24,142
Fire	<u>26,506</u>
Total general reserves	<u><u>\$ 102,032</u></u>
Proprietary Funds	
Water well #8	\$ 19,559
Water tank replacement	49,873
Landfill closure	<u>32,603</u>
Total proprietary reserves	<u><u>\$ 102,035</u></u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt

The long-term debt at June 30, 2019 consisted of the following: The following is a summary of the changes in long-term liabilities of the Town for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Notes payable	\$ -	\$ 130,000	\$ -	\$ 130,000	\$ -
Compensated absences	<u>16,366</u>	<u>-</u>	<u>2,735</u>	<u>13,631</u>	<u>13,631</u>
Governmental activity long-term liabilities	<u>\$ 16,366</u>	<u>\$ 130,000</u>	<u>\$ 2,735</u>	<u>\$ 143,631</u>	<u>\$ 13,631</u>
Business-type activities					
Notes payable	\$ 567,598	\$ 50,000	\$ 30,426	\$ 587,172	\$ 154,278
Compensated absences	<u>4,957</u>	<u>-</u>	<u>273</u>	<u>4,684</u>	<u>4,684</u>
Business-type activity long-term liabilities	<u>\$ 572,555</u>	<u>\$ 50,000</u>	<u>\$ 30,699</u>	<u>\$ 591,856</u>	<u>\$ 158,962</u>

As of June 30, 2019, the governmental-type long-term debt consisted of the following:

Note payable, CCL#19001, to the Wyoming State Land and Investment Board, due in annual installments of \$19,389, including interest at 1.38%, maturing December 2028.	<u>\$ 130,000</u>
Total general fund	<u>\$ 130,000</u>

As of June 30, 2019, the business-type long-term debt consisted of the following:

Water Fund

Note payable, Vactor Truck, to First State Bank in Newcastle, due in annual installments of \$16,518, including interest at 4%, maturing December 2022.	\$ 39,569
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Note payable, CCL#19001, to the Wyoming State Land and Investment Board, due in annual installments of \$19,389, including interest at 1.38%, maturing December 2028.	25,000
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Note payable, JPA-17589, to the Wyoming State Land and Investment Board, due in annual installments of \$26,615, including interest at 5.38%, maturing December 2047.	384,394
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(continued)

NOTES TO FINANCIAL STATEMENTS

Business-type long-term debt, continued

Note payable, DWSRF Loan #54, to the Wyoming State Land and Investment Board, due in annual installments of \$7,621, including interest at 2.5%, maturing January 2027. 54,343

Note payable, DWSRF Loan #103, to the Wyoming State Land and Investment Board, due in annual installments of \$601, including interest at 2.5%, maturing October 2030. 6,142

Note payable, CWSRF Loan #103(AR), to the Wyoming State Land and Investment Board, due in annual installments of \$1,873, including interest at 0%, maturing April 2030. 22,476

Total water fund \$ 531,924

Sewer Fund

Note payable, Vactor Truck, to First State Bank in Newcatle, due in annual installments of \$16,518, including interest at 4%, maturing December 2022. \$ 20,384

Note payable, CCL#19001, to the Wyoming State Land and Investment Board, due in annual installments of \$19,389, including interest at 1.38%, maturing December 2028. 25,000

Note payable, CWSRF Loan #111, to the Wyoming State Land and Investment Board, due in annual installments of \$822, including interest at 0%, maturing October 2030. 9,864

Total sewer fund \$ 55,248

Total business-type activities notes payable \$ 587,172

NOTES TO FINANCIAL STATEMENTS

Annual Debt Service Requirements

The annual requirements to amortize all notes payable outstanding as of June 30, 2019 are as follows:

General Fund:

Years ended June 30,	Principal	Interest	Total
2020	\$ 12,202	\$ 1,758	\$ 13,960
2021	12,368	1,592	13,960
2022	12,536	1,424	13,960
2023	12,706	1,254	13,960
2024	12,878	1,082	13,960
2025-2029	67,310	2,890	70,200
	<u>\$ 130,000</u>	<u>\$ 10,000</u>	<u>\$ 140,000</u>

Water Fund:

Years ended June 30,	Principal	Interest	Total
2020	\$ 26,388	\$ 23,938	\$ 50,326
2021	27,283	23,043	50,326
2022	28,221	22,105	50,326
2023	29,193	21,133	50,326
2024	19,304	20,120	39,424
2025-2029	90,880	90,998	181,878
2030-2034	60,120	76,031	136,151
2035-2039	73,931	59,145	133,076
2040-2044	95,741	37,335	133,076
2045-2049	80,863	9,901	90,764
	<u>\$ 531,924</u>	<u>\$ 383,749</u>	<u>\$ 915,673</u>

Sewer Fund:

Years ended June 30,	Principal	Interest	Total
2020	\$ 7,996	\$ 1,157	\$ 9,153
2021	8,218	935	9,153
2022	8,452	701	9,153
2023	8,693	460	9,153
2024	3,326	210	3,536
2025-2029	17,120	562	17,682
2030-2034	1,443	-	1,443
	<u>\$ 55,248</u>	<u>\$ 4,025</u>	<u>\$ 59,273</u>

SUPPLEMENTARY INFORMATION

TOWN OF UPTON, WYOMING

**COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID,
AND CHANGES IN FUND BALANCE – CASH BASIS – BUDGET AND ACTUAL –
GENERAL FUND**

For the Year Ended June 30, 2019

	General Fund			Variance - Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUE				
Taxes and special assessments	\$ 536,470	\$ 536,470	\$ 609,534	\$ 73,064
Licenses and permits	3,350	3,350	2,689	(661)
Intergovernmental	117,600	117,600	103,376	(14,224)
Charges for services	575	575	1,315	740
Fines and forfeits	5,500	5,500	8,278	2,778
Interest	8,000	8,000	20,772	12,772
Miscellaneous	381,590	459,002	377,330	(81,672)
Total revenue	<u>1,053,085</u>	<u>1,130,497</u>	<u>1,123,294</u>	<u>(7,203)</u>
EXPENDITURES				
General government	248,870	258,370	250,952	7,418
Public safety	402,216	426,528	364,487	62,041
Highways and streets	285,113	325,113	134,306	190,807
Culture and recreation	116,886	120,486	101,944	18,542
Total expenditures	<u>1,053,085</u>	<u>1,130,497</u>	<u>851,689</u>	<u>278,808</u>
Revenue over expenditures	<u>-</u>	<u>-</u>	<u>271,605</u>	<u>271,605</u>
Net change in fund balance	-	-	271,605	271,605
Fund balances, beginning	<u>921,982</u>	<u>921,982</u>	<u>921,982</u>	<u>-</u>
Fund balances, ending	<u>\$ 921,982</u>	<u>\$ 921,982</u>	<u>\$ 1,193,587</u>	<u>\$ 271,605</u>

TOWN OF UPTON, WYOMING

COMBINED STATEMENT OF NET POSITION – CASH BASIS
– ALL PROPRIETARY FUNDS
 For the Year Ended June 30, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Landfill</u>	<u>Totals Enterprise</u>
ASSETS				
Cash and cash equivalents	\$ 241,219	\$ 93,115	\$ 96,912	\$ 431,246
Total Assets	<u>\$ 241,219</u>	<u>\$ 93,115</u>	<u>\$ 96,912</u>	<u>\$ 431,246</u>
LIABILITIES				
Customer deposits	\$ 42,855	\$ -	\$ -	\$ 42,855
Total liabilities	<u>42,855</u>	<u>-</u>	<u>-</u>	<u>42,855</u>
MUNICIPAL EQUITY				
Retained earnings	<u>198,364</u>	<u>93,115</u>	<u>96,912</u>	<u>388,391</u>
Total municipal equity	<u>198,364</u>	<u>93,115</u>	<u>96,912</u>	<u>388,391</u>
Total Liabilities and Municipal Equity	<u>\$ 241,219</u>	<u>\$ 93,115</u>	<u>\$ 96,912</u>	<u>\$ 431,246</u>

TOWN OF UPTON, WYOMING

**COMBINING STATEMENT OF REVENUES COLLECTED, EXPENSES PAID,
AND CHANGES IN RETAINED EARNINGS—CASH BASIS**

—ALL PROPRIETARY FUNDS

For the Year Ended June 30, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Landfill</u>	<u>Totals Enterprise</u>
Operating revenue				
Water charges	\$ 196,787	\$ -	\$ -	\$ 196,787
Sewer service	-	105,056	-	105,056
Landfill assessments	-	-	182,728	182,728
Total operating revenue	<u>196,787</u>	<u>105,056</u>	<u>182,728</u>	<u>484,571</u>
Operating expenses	<u>1,166,926</u>	<u>85,956</u>	<u>179,690</u>	<u>1,432,572</u>
Operating income (loss)	<u>(970,139)</u>	<u>19,100</u>	<u>3,038</u>	<u>(948,001)</u>
Nonoperating revenue				
Loan proceeds	25,000	25,000	-	50,000
Grant revenue	778,748	5,598	-	784,346
Interest income	<u>2,512</u>	<u>352</u>	<u>1,019</u>	<u>3,883</u>
Total nonoperating revenue	<u>806,260</u>	<u>30,950</u>	<u>1,019</u>	<u>838,229</u>
Net income (loss)	(163,879)	50,050	4,057	(109,772)
Retained earnings, beginning	<u>362,243</u>	<u>43,065</u>	<u>92,855</u>	<u>498,163</u>
Retained earnings, ending	<u>\$ 198,364</u>	<u>\$ 93,115</u>	<u>\$ 96,912</u>	<u>\$ 388,391</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 *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of
the Town Council
Town of Upton, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of the Town of Upton, Wyoming as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Upton, Wyoming's basic financial statements, and have issued our report thereon dated May 29, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings 2019-001 and 2019-002, which we consider to be significant deficiencies.

Compliance and Other Matters

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

Town of Upton, Wyoming’s Response to Findings

Town of Upton, Wyoming’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Upton, Wyoming’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

ACM LLP

Laramie, Wyoming
May 29, 2020

TOWN OF UPTON, WYOMING

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2019

Significant Deficiency in Internal Control

2019-001: Segregation of Duties

Criteria

Internal controls are designed to safeguard assets and help prevent loss from employee dishonesty or error. A fundamental concept in an adequate system of internal control is the segregation of duties.

Condition

A small number of personnel have primary responsibility for performing most of the accounting and financial duties. As a result, some of the aspects of internal accounting control which rely upon adequate segregation of duties are absent.

Recommendation

A good system of internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion. Due to the size of the Town of Upton, Wyoming, however, it is not practical to maintain an adequate segregation of duties. To compensate for this weakness, the Town Council needs to continue its close review of financial activity within the Town of Upton, Wyoming.

Response

Management and the Town Council will continue to search for ways to segregate duties in their day to day operations. The Town Council will continue its close review of financial activity within the Town.

Significant Deficiency in Internal Control

2019-002: Financial Statement Preparation

Criteria

An integral part of the internal control system is the ability to prepare financial statements, including the necessary footnote disclosures.

Condition

In our judgement, the Town's accounting personnel and those charged with governance, in the course of their assigned duties, lack the skills to prepare the external financial statements and related footnotes in accordance with the cash basis of accounting, but could detect and correct a material misstatement, if present.

(Continued)

TOWN OF UPTON, WYOMING

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2019

(Continued)

Recommendation

In our judgement, management and those charged with governance need to understand the importance of this communication as it relates to external cash basis financial statements. The Town should evaluate the cost/benefit of having an employee with the expertise to prepare financial statements.

Response

Management will continue to actively participate in the preparation of materials for the financial statements and will review the financial statements in order to verify that they are free from material misstatement. In addition, management will continue to provide the Council with any additional financial information requested for support of the financial statements and assist with any additional inquiries made throughout the fiscal year and during review of the statements.