

**TOWN OF
SARATOGA, WYOMING**

Basic Financial Statements
(Cash Basis)

June 30, 2019



**CARVER
FLOREK &
JAMES, LLC**

CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position Cash Basis	4
Statement of Activities Cash Basis	5
Government Fund Financial Statements:	
Government Funds:	
Balance Sheet Cash Basis	6
Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types Cash Basis	7
Proprietary Funds:	
Statement of Net Position Cash Basis	8
Statement of Revenues, Expenses, and Changes in Fund Net Position – Cash Basis	9
Fiduciary Funds:	
Statement of Fiduciary Net Position Cash Basis	10
Notes to Basic Financial Statements	11

REQUIRED SUPPLEMENTAL INFORMATION SECTION:

Statement of Revenues, Expenditures and Changes in Fund
Balance, Budget and Actual – General Fund 26

Schedule of Proportionate Share of the Net Pension Liability
Wyoming Retirement System 27

Schedule of Contributions
Wyoming Retirement System 28

OTHER INDEPENDENT AUDITORS' REPORT:

Report on Internal Control –
Government Auditing Standards 29

Schedule of Findings and Questioned Costs,
Corrective Action Plan and Prior Audit Findings 31



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the Town Council
Town of Saratoga, Wyoming
110 E. Spring Avenue
Saratoga, Wyoming 82331

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 Town of Saratoga, Wyoming (the Town), 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 described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditors' 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 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.

Basis for Qualified Opinion on Cash and Fund Balances

Management has been unable to reconcile interfund transfers and borrowings, and therefore current cash and fund balances presented may be inaccurate at the fund level. The Town has chosen to present the financial statements in accordance with the cash basis of accounting described in Note 1, and therefore no interfund receivables and liabilities have been recorded to reflect this activity.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Cash and Fund Balances” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Saratoga, Wyoming as of June 30, 2019, and the respective changes in cash basis financial position for the year ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements which describes 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.

Other Matters

Required Supplementary Information

Management has omitted management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the General Fund budgetary comparison information, schedule of proportionate share of the net pension liability – Wyoming Retirement System and the schedule of contributions – Wyoming Retirement System, as listed in the table of contents, be presented to supplement the basic financial statements. 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 sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated June 25, 2020, on our consideration of the Town'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 this report is to describe the scope of our testing of internal control over financial reporting and not to provide an opinion on the internal control over financial reporting. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Caver Floek & James, CPAs

June 25, 2020
Sheridan, Wyoming

TOWN OF SARATOGA, WYOMING
STATEMENT OF NET POSITION
CASH BASIS
June 30, 2019

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets			
Cash and cash equivalents	\$ 434,519	\$ 753,011	\$ 1,187,530
Total assets	<u>434,519</u>	<u>753,011</u>	<u>1,187,530</u>
NET POSITION			
Restricted	352,253	753,011	1,105,264
Unrestricted	82,266	-	82,266
Total net position	<u>\$ 434,519</u>	<u>\$ 753,011</u>	<u>\$ 1,187,530</u>

The notes to financial statements are an integral part of this statement.

TOWN OF SARATOGA, WYOMING
STATEMENT OF ACTIVITIES
CASH BASIS
YEAR ENDED JUNE 30, 2019

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 649,685	\$ 249,732	-	-	\$ (399,953)	\$ -	\$ (399,953)
Public safety	918,384	58,442	-	-	(859,941)	-	(859,941)
Streets and public works	512,781	1,775	-	54,374	(457,232)	-	(457,232)
Parks and recreation	264,358	58,576	8,757	-	(197,025)	-	(197,025)
Total governmental activities	2,345,208	367,925	8,757	54,374	(1,914,151)	-	(1,914,151)
Business-type activities:							
Water	345,401	540,160	-	-	-	194,759	194,759
Sewer	254,023	383,813	-	-	-	129,790	129,790
Weed and pest	35,562	68,368	12,000	-	-	44,806	44,806
Airport	912,510	38,239	-	813,341	-	(60,930)	(60,930)
Total business-type activities	1,547,496	1,030,580	12,000	813,341	-	308,425	308,425
Total primary government	\$ 3,892,704	\$ 1,398,505	\$ 20,757	\$ 867,715	(1,914,151)	308,425	(1,605,726)
General revenues:							
Property tax					224,699	-	224,699
General sales and use tax					1,098,280	-	1,098,280
Cigarette tax					10,956	-	10,956
Lodging tax					3,261	-	3,261
Fuels tax					75,041	8,992	84,033
Mineral severance and royalties tax					145,023	-	145,023
Lottery tax					24,251	-	24,251
Interest income					13,527	13,044	26,571
Donations					19,428	-	19,428
Special assessments					665,418	-	665,418
Transfers in (out)					(30,822)	30,822	-
Total general revenues and transfers					2,249,062	52,858	2,301,920
Change in net position					334,911	361,283	696,194
Net position - beginning (RESTATED, See Note 8)					99,608	391,728	491,337
Net position - ending					\$ 434,519	\$ 753,011	\$ 1,187,531

The notes to financial statements are an integral part of this statement.

TOWN OF SARATOGA, WYOMING
BALANCE SHEET
CASH BASIS
GOVERNMENTAL FUNDS
June 30, 2019

	Major Funds			Total Governmental Funds
	General Fund	Specific Purpose Tax Fund	Special Revenue Fund	
ASSETS				
Cash and cash equivalents:	\$ 4,637	\$ 352,253	\$ 77,629	\$ 434,519
Total assets	<u>\$ 4,637</u>	<u>\$ 352,253</u>	<u>\$ 77,629</u>	<u>\$ 434,519</u>
FUND BALANCE				
Restricted	\$ -	\$ 352,253	-	\$ 352,253
Assigned	-	-	77,629	77,629
Unassigned	4,637	-	-	4,637
Total fund balances	<u>\$ 4,637</u>	<u>\$ 352,253</u>	<u>\$ 77,629</u>	<u>\$ 434,519</u>

The notes to financial statements are an integral part of this statement.

TOWN OF SARATOGA, WYOMING
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
CASH BASIS
YEAR ENDED JUNE 30, 2019

	Major Funds			Total Governmental Funds
	General Fund	Specific Purpose Tax Fund	Special Revenue Fund	
REVENUES				
Taxes:				
Sales and use	\$ 1,098,280	\$ 344,826	\$ -	\$ 1,443,106
Property	224,699	-	-	224,699
Fuels	75,041	-	-	75,041
Cigarette	10,956	-	-	10,956
Lodging	3,261	-	-	3,261
Severance and mineral royalties	145,023	-	-	145,023
Special assessments	320,592	-	-	320,592
Wyoming Lottery distribution	24,251	-	-	24,251
Intergovernmental	63,132	-	-	63,132
Charges for services	356,637	-	-	356,637
Fines and forfeitures	11,288	-	-	11,288
Donations	19,428	-	-	19,428
Interest	10,861	-	2,666	13,527
Total revenues	<u>2,363,449</u>	<u>344,826</u>	<u>2,666</u>	<u>2,710,941</u>
EXPENDITURES				
General government	-	57,681	2,115	59,796
Town hall	408,464	-	-	408,464
Planning commission	36,242	-	-	36,242
Municipal court	54,141	-	-	54,141
Police department	831,692	-	-	831,692
Fire department	32,551	-	-	32,551
Streets department	452,985	-	-	452,985
Medical Center	6,196	-	-	6,196
Community center	198,783	-	-	198,783
Recreation department	264,358	-	-	264,358
Total expenditures	<u>2,285,412</u>	<u>57,681</u>	<u>2,115</u>	<u>2,345,208</u>
Excess of revenues over (under) expenditures	<u>78,037</u>	<u>287,145</u>	<u>551</u>	<u>365,733</u>
Other financing sources (uses):				
Transfers in (out)	<u>(30,822)</u>	<u>-</u>	<u>-</u>	<u>(30,822)</u>
Total other financing sources (uses)	<u>(30,822)</u>	<u>-</u>	<u>-</u>	<u>(30,822)</u>
Net change in fund balance	<u>47,215</u>	<u>287,145</u>	<u>551</u>	<u>334,911</u>
Fund balance beginning of year (RESTATEd Note 8)	<u>(42,578)</u>	<u>65,108</u>	<u>77,078</u>	<u>99,608</u>
Fund balance end of year	<u>\$ 4,637</u>	<u>\$ 352,253</u>	<u>\$ 77,629</u>	<u>\$ 434,519</u>

The notes to financial statements are an integral part of this statement.

TOWN OF SARATOGA, WYOMING
STATEMENT OF NET POSITION
CASH BASIS
PROPRIETARY FUNDS
June 30, 2019

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Weed & Pest Fund	Airport Fund	Total Enterprise Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 427,571	\$ 203,872	\$ 120,268	\$ 1,300	\$ 753,011
Total assets	427,571	203,872	120,268	1,300	753,011
NET POSITION					
Restricted	427,571	203,872	120,268	1,300	753,011
Total net position	\$ 427,571	\$ 203,872	\$ 120,268	\$ 1,300	\$ 753,011

The notes to financial statements are an integral part of this statement.

TOWN OF SARATOGA, WYOMING
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds
	Water Fund	Sewer Fund	Weed & Pest Fund	Airport Fund	
OPERATING REVENUES					
Charges for goods and services	\$ 540,160	\$ 383,813	\$ 68,368	\$ 38,239	\$ 1,030,580
Miscellaneous	-	-	-	8,992	8,992
Total operating revenues	540,160	383,813	68,368	47,231	1,039,572
OPERATING EXPENSES					
Total operating expenses	345,401	254,023	35,562	912,510	1,547,496
Operating income (loss)	194,759	129,790	32,806	(865,279)	(507,924)
NONOPERATING REVENUE (EXPENSES)					
Interest revenue	6,530	3,989	2,505	20	13,044
Intergovernmental	-	-	12,000	813,341	825,341
Total nonoperating income (expenses)	6,530	3,989	14,505	813,361	838,385
Income (loss) before transfers	201,289	133,779	47,311	(51,918)	330,461
Transfers in (out)	120,600	(99,714)	(42,063)	51,999	30,822
Change in net position	321,889	34,065	5,248	81	361,283
NET POSITION BEGINNING					
(RESTATED, See Note 8)	105,682	169,807	115,020	1,219	391,728
NET POSITION ENDING	\$ 427,571	\$ 203,872	\$ 120,268	\$ 1,300	\$ 753,011

The notes to financial statements are an integral part of this statement.

TOWN OF SARATOGA, WYOMING
STATEMENT OF FIDUCIARY NET POSITION
CASH BASIS
June 30, 2019

	<u>Landfill Fund</u>
ASSETS	
Cash and cash equivalents	\$ 50,050
Total assets	<u>50,050</u>
LIABILITIES	
Due to landfill	<u>50,050</u>
Total liabilities	<u>\$ 50,050</u>

The notes to financial statements are an integral part of this statement.

TOWN OF SARATOGA, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Town of Saratoga (the Town), located in Carbon County, Wyoming, provides a broad range of services to citizens, including general government, public safety (police), streets, parks and recreation, public improvements, planning, airport, weed and pest, and utilities (water and sewer). The Town is managed by an elected four-member Town Council (the Council) and an elected Mayor. Generally, the Mayor appoints all department heads, subject to approval by the Council. The department heads are under the direct supervision of the Mayor.

Basis of Accounting

The accompanying financial statements of the Town have been prepared on a cash basis of accounting. This basis of accounting differs from generally accepted accounting principles in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned or 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 allowed under Wyoming State Statute.

Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a Statement of Net Position, Statement of Activities, and separate governmental fund financial statements.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Town as a whole. Both the governmental and business-type activities are presented on a consolidated basis by column and are reflected on a cash basis. These statements include the financial activities of the primary government, except fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which generally rely on fees and charges for support.

The statement of net position presents the financial condition of the governmental activities of the Town at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities. Direct expenses are those specifically associated with a service, program, or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, such as taxes, that are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the Town.

TOWN OF SARATOGA, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements

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

The following is a brief description of the specific funds used by the Town.

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities are reported as fund balance. The following are the Town's governmental funds.

Major Governmental Funds:

General Fund - The General Fund is used to account for all financial transactions of the Town not properly accounted for in other funds or account groups.

The revenue of the fund is derived mainly from sales and use taxes, other taxes, intergovernmental sources and charges for services with expenditures relating to general government, public safety, public works, parks and recreation, debt payments and capital outlays.

Specific Purpose Tax Fund - The Specific Purpose Tax Fund is used to account for the state and federal funds expended for improvements on various infrastructure projects.

Special Revenue Fund - The Special Revenue Fund is used to account for the financial resources of specific revenue sources that are legally restricted to expenditure for specified purposes. The current resources are to be used for roads and public works.

Proprietary Funds

Enterprise Funds

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, and where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise funds have been accounted for using a cash basis of accounting. The four enterprise funds of the Town are as follows:

Water Fund - Provides water to the residents of the Town.

Sewer Fund - Receives and treats wastewater.

TOWN OF SARATOGA, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Enterprise Funds (Continued)

Weed & Pest Fund - Ensures local weed and pest control.

Airport Fund - Used to account for state and federal grant funds that are expended for the airport for capital improvements and charges for services.

Fiduciary Funds

Landfill Fund

The Town's Landfill Fund is accounted for as an agency fund. It is used to account for the Town's billing of customers for landfill usage, which is collected by the Town and remitted to the landfill owner. The landfill is owned by the Upper Platte Valley District.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus within the limitations of the cash basis of accounting. Revenues are recorded when received and expenses are recorded when paid. Property taxes are recognized as revenues in the year they are received. Grants are recognized as revenue when cash is received.

Governmental fund level financial statements are reported using current financial resources measurement focus within the limitations of the cash basis of accounting. Revenues are recognized when they are received. Expenditures are recorded when cash is paid.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Budgetary Data

The Town prepares its annual operating budget under the provisions of Wyoming State Statutes for all the funds. The legal level of control at which expenditures may not legally exceed appropriations is the function level within a fund. The Council adopts a budget at the beginning of each fiscal year and then they may amend the budget and authorize transfers within various budgetary programs, in any fund. Unused appropriations typically lapse at the end of the year.

The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenues, expenditures, and changes in fund balance budget and actual presented for the general fund is presented on the budgetary basis to provide meaningful comparison of actual results with the budget. There is no difference between budgetary basis and cash basis for purposes of this report.

TOWN OF SARATOGA, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position

Cash and Cash Equivalents

Cash and cash equivalents include all demand and savings accounts and certificates of deposits or short-term investments with an original maturity of twelve months or less. These deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) or secured by pledge of assets including bonds, debentures and other securities, which by law, the State Treasurer may invest. At June 30, 2019, all deposits were fully insured with a combination of FDIC insurance and pledged collateral held in the name of the Town.

Investments

The Town's investment policy requires investments to comply with state statutes, which generally allows the Town to invest in U.S. state and local government securities and accounts of any bank and savings associations which are federally insured or secured by pledge of assets including bonds, debentures and other securities in which the State Treasurer may by law invest. All investments made during the year were made within these statutory limits.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are not reported due to the Town's use of the cash basis of accounting.

In the governmental fund financial statements, capital purchases are accounted for as capital outlay expenditures.

Net Position Classifications

Government-Wide and Proprietary Fund Financial Statements:

Net Position is classified and displayed in two components:

Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net positions that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Governmental Fund Financial Statements:

Governmental fund equity is classified as fund balance. The Town reports fund balance in the governmental fund financial statements in one of the following categories:

Restricted Fund Balances – These fund balances are the net balance of assets and liabilities that are externally imposed. These are grants or other funds that are restricted by the debt covenants, grantor, contributor, or by laws or regulations of external governments. In general, these include legally enforceable requirements that the resources be used only for specific purposes stipulated in the grant, debt covenant, or by law.

TOWN OF SARATOGA, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements (Continued):

Assigned Fund Balances – These fund balances represent amounts that the government intends for a specific purpose.

Unassigned Fund Balances – These fund balances represent amounts that have not been restricted, committed or assigned to a specific purpose.

Internal and Inter-Fund Balances and Activities

In the process of aggregating the financial information for the government-wide financial statements, some amounts reported as inter-fund activity and balances in the fund financial statements, have been eliminated or reclassified.

Property Taxes

The Town is permitted to and has levied eight mills of the assessed valuation in the Town. The Town levies taxes on assessed property through Carbon County (the County), who act as the agents to levy and collect property tax within the county. The taxes are levied on the assessed valuation of the prior year according to the tax calendar below. Collections are distributed after the end of each month. Consequently, the vast majority of taxes have been levied and collected within the Town's fiscal year. Assessed valuation and tax levies are subject to adjustment for prior years (rebates and supplemental), as controlled by the County or State. The Town does not adjust or record estimates for these adjustments, as they are adjusted to current year tax receipts when they are approved. All taxes are included as revenue in the financial statements when received from the County. The tax calendar is as follows:

August 10	Taxes are levied and become an enforceable lien on properties.
September 1	First of two equal installment payments is due.
November 10	First installment is delinquent.
March 1	Second installment is due.
May 10	Second installment is delinquent.

Use of estimates

The preparation of the financial statements in conformity with other comprehensive basis of accounting requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. DEPOSITS

In accordance with state law, the Town deposits funds in financial institutions that are fully insured by the Federal Deposit Insurance Corporation or secured by a pledge of assets, including certain marketable securities authorized by law. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Wyoming or political subdivision debt obligations or surety bonds. At June 30, 2019, all of the Town's bank deposits were at financial institutions that were adequately secured.

The Town also has funds on deposit with the Wyoming Government Investment Fund (WGIF) and the Wyoming State Treasurer (WYO-STAR). The amounts of the deposits are \$59,389 and \$901,096, respectively. Due to the nature and liquidity of these investments the Town has classified these as cash equivalents.

TOWN OF SARATOGA, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2019

2. DEPOSITS (Continued)

Custodial Credit Risk – Investments with WGIF and WYO-STAR

For these deposits, the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk.

WGIF

Under investment agreements with WGIF, the Board of Trustees has invested monies at a fixed contract rate of interest. Because the security is essentially a written contract, generally there is no rating on such investments; however, under Wyoming statutes, underlying providers are required to have the highest rating from at least one of the nationally recognized rating organizations. The WGIF fund has an AAAM rating by Standard & Poor's. WGIF issues audited financial statements, which can be obtained through Wyoming School Board Association at 2323 Pioneer Avenue, Cheyenne, WY 82001.

WYO-STAR

In 1987, the Wyoming State Legislature authorized any county, municipality, school district or any other local government entity to participate in the WYO-STAR program.

The Wyoming State Treasurer has established an investment pool in which all WYO-STAR monies are commingled for investment purposes. Each participant has an individual interest in the pool based on the ratio of that participant's cash balance as a percentage of the total cash balance of the pool. Income is distributed to participants based on each entity's average daily cash balance in the pool. Interest is calculated and credited monthly. The pool does not have a guaranteed rate of return, and participants expose their investments to market losses as well as gains.

The WYO-STAR Program continues to be very successful in serving as an investment opportunity for its participants. The pool remains extremely liquid, using top grade investments, while producing returns which have exceeded many other short-term investment programs. One of the most important features is the accessibility to funds without a withdrawal penalty. Detailed information on the State Treasurer's pooled cash and investments is available from the Wyoming State Treasurer's office.

Interest Rate Risk

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

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State statutes limit the type of investments the Town can use. Statutes limit investments primarily to securities issued or guaranteed by the U.S. Treasury or agencies of the United States government, therefore, reducing the Town's exposure to custodial credit risk for its investments. State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investment in commercial paper to short term maturities (not greater than 270 days) and to the top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's).

TOWN OF SARATOGA, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2019

2. DEPOSITS (Continued)

Concentration of Credit Risk

The Town does not have a formal policy that allows or limits an investment in one issuer that is in excess of a specified percentage of the Town's total investments.

3. INTERFUND TRANSFERS

Transfers were used to move cash to various funds at the discretion of Town management as approved by the Town Council.

The primary government's operating transfers for the year ended June 30, 2019, were as follows:

	Transfers from other funds	Transfers to other funds
Governmental Funds		
General fund	\$ -	\$ 30,822
Total governmental activities - governmental funds	-	30,822
Proprietary funds - business-type activities		
Water fund	120,600	-
Sewer fund	-	99,714
Weed & pest fund	-	42,063
Airport fund	51,999	-
Total proprietary funds - business-type activities	172,599	141,777
	\$ 172,599	\$ 172,599

TOWN OF SARATOGA, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2019

4. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the Town at June 30, 2019:

	Long-term obligations at			Long-term obligations at		Due within
	June 30, 2018	Additions	Deletions	June 30, 2019		one year
Capital leases						
CC 2009 SPT JPB	\$ 1,178,940	\$ -	\$ 1,178,940	\$ -	\$ -	
Printer and copier *	11,672	-	-	11,672		5,836
Police Radio **	16,977	-	-	16,977		15,671
Note payable						
DWSRF#100	112,125	-	8,625	103,500		8,625
	<u>\$ 1,319,714</u>	<u>\$ -</u>	<u>\$ 1,187,565</u>	<u>\$ 132,149</u>	<u>\$</u>	<u>30,132</u>

CAPITAL LEASES

Capital lease payable for printer and copier machines, due in monthly installments of \$316, including interest, through April 20, 2021. \$ 11,672

Capital lease payable for Police Department Radio, due in monthly installments of \$1,306, including interest, through July 2020. 16,977

NOTE PAYABLE

Note payable to the State of Wyoming, Office of State Lands and Investments, due in annual installments of \$8,625, interest free, to October 2030, secured by revenue generated by the Municipal Water System. 103,500

Total long-term obligations \$ 132,149

The annual requirements to amortize all debt and leases are as follows:

<u>Year</u>	<u>Principal</u>
2020	30,132
2021	15,767
2022	8,625
2023	8,625
2024-2028	43,125
2029-2031	25,875
Total	<u><u>\$132,149</u></u>

* This balance differs from the amount presented in the prior year due to an additional copier lease identified during the 2019 audit.

** This balance differs from the amount presented in the prior year due to a Police Department Radio lease identified during the current year audit that was not presented in the prior year.

TOWN OF SARATOGA, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2019

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM

The Town employees participate in either the Public Employee Pension Plan or the Law Enforcement Pension Plan within the Wyoming Retirement System (WRS or the Plan), which is a multiple employer cost sharing defined benefit plan. GASB standards require that the Town calculate a liability for its proportionate share of the net pension liability. This proportion is required to be determined on a basis that is consistent with the manner in which contributions to the plan are determined. The Town derived their portion of the net pension liability by applying the actual contribution as a percentage of total contributions to the Plan. As the Town has prepared their financial statements on a cash basis of accounting the calculated liability, deferred outflows and deferred inflows have not been recognized in the statement of net position.

In addition to reporting the Town's share of the net pension liability, deferred inflows and deferred outflows on the statement of net position and the related expense on the statement of activities, this standard requires the Town to present two additional schedules in the required supplementary information section of this report.

These two additional schedules are referred to as: Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Contributions.

Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and pension expense, this information has been determined using the same basis as reported by WRS. Benefit payments are recognized when due and payable in accordance with benefit terms and investments are reported at fair value.

General Information about the Plans

Public Employee Pension Plan - An actuarial valuation of the Plan's assets and net pension liability is performed annually. At the date of the most recent actuarial valuation, January 1, 2019, the fiduciary net position as a percentage of total pension liability decreased from 76.35% on January 1, 2018 to 69.17% on January 1, 2019. The net pension liability as a percentage of covered employee payroll increased from 128.31% to 174.88% as of January 1, 2018 and 2019, respectively. The net pension liability was \$3.05 billion as of January 1, 2019 compared to \$2.28 billion as of January 1, 2018. This is an increase from the prior year.

Law Enforcement Pension Plan - An actuarial valuation of the Plan's assets and net pension liability is performed annually. At the date of the most recent actuarial valuation, January 1, 2019, the fiduciary net position as a percentage of total pension liability decreased from 87.99% on January 1, 2018 to 71.22% on January 1, 2019. The net pension liability as a percentage of covered employee payroll increased from 56.04% to 159.36% as of January 1, 2018 and 2019, respectively. The net pension liability was \$242.1 million as of January 1, 2019 compared to \$86.0 million as of January 1, 2018. This is an increase from the prior year.

Determination of Tier 1 versus Tier 2 Employees - Public Employee Plan

Tier 1 employees are those whose first contribution to the Plan is before September 1, 2012; whereas, Tier 2 employees are those whose first contribution to the Plan is after September 1, 2012.

Vesting

Participants are fully vested within the Plan after the equivalent of four years of service for the Public Employee and Law Enforcement Plans. Participants in the Volunteer Firefighter & EMT Plan are fully in the Plan after five years of service.

TOWN OF SARATOGA, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2019

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

Contributions

As a condition of participation in the Plan, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by Wyoming State Statute and specified by the WRS Board. Contributions are actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. During 2014, House Bill 46 increased the required contributions for participants in the Public Employee's Pension Plan as follows: This bill provided for an increase to take effect on July 1, 2015, which increased the total contribution from 15.87% to 16.62%. During 2018, House Bill 109 increased required pension plan contributions rates by 0.50% per fiscal year through fiscal year 2022.

The Law Enforcement Pension Plan requires a contribution of 17.2% of eligible wages.

Benefits – Public Employee Pension Plan

The Public Employees Plan provides retirement, disability and death benefits according to predetermined formulas and allows retirees to select one of seven optional methods for receiving benefits, including two joint and survivor forms of benefits: a 100% joint and survivor annuity, and a 50% joint and survivor annuity. The benefit amounts under these options are determined on an actuarially equivalent basis. Any cost of living adjustment (COLA) provided to retirees must be granted by the State Legislature. In addition, a cost of living adjustment will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded.

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through date of termination or, if they are vested, they may elect to remain in the Plan and be eligible for unreduced retirement benefits at age 60 (Tier 1 employee) or 65 (Tier 2 employee).

Tier 1, the Plan allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60.

Tier 2, the Plan allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55, or 25 or more years of service but will result in a reduction of benefits based on the length of time remaining to age 65. All employees may also retire upon normal retirement on the basis that the sum of the member's age and service is at least 85.

Benefits – Law Enforcement Pension Plan

The Plan statutorily provides retirement, disability and death benefits according to predetermined amounts determined by salary, age and years of service of the participant. Any cost of living adjustment provided to retirees must be granted by the State Legislature. In addition, a cost of living adjustment will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded. Participants may withdraw from the Plan at any time and receive refunds of participant contributions plus accumulated interest.

TOWN OF SARATOGA, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2019

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

Actuarial Assumptions

The current assumptions used in the actuarial valuation were adopted by the Wyoming Retirement System's Board effective August 23, 2017 and were first utilized with the January 1, 2018 valuation report. The net pension liability for the Law Enforcement Plan was calculated using a 5.92% discount rate in the current year and a 7% discount rate in the prior year. Otherwise, there have been no changes to the assumptions or methods since the prior actuarial valuation.

The results of the actuarial valuation are dependent upon the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contributions rates and funding periods.

Pension Liabilities, Deferred Outflows and Deferred Inflows

The net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The Town's proportion of the net pension liability was based on the Town's share of contributions to the Plan relative to the total contributions of all participating Plan members, the following table presents the changes in the Town's proportion as compared to the prior year:

	Proportionate Share of the Net Pension Liability (The Town's Percentage of total Plan contributions)		
	2018	2017	Increase (Decrease)
Public Employee Pension Plan	0.033300%	0.034800%	(0.000015)
Wyoming Law Enforcement Pension Plan	0.271800%	0.278800%	(0.000070)

TOWN OF SARATOGA, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2019

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

At June 30, 2019, the Town's net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions from the following sources is as follows:

	Public Employee Pension Plan	Law Enforcement Pension Plan	Total
Deferred outflows of resources			
Changes of assumptions	\$ 50,690	\$ 280,787	\$ 331,477
Net difference between projected and actual earning on pension plan investments	152,357	108,134	260,491
Contributions subsequent to the measurement date	48,005	34,981	82,986
Total deferred outflows of resources	<u>\$ 251,052</u>	<u>\$ 423,902</u>	<u>\$ 674,954</u>
Deferred inflows of resources			
Difference between expected and actual experience	\$ 25,479	\$ 29,714	\$ 55,193
Total deferred inflows of resources	<u>\$ 25,479</u>	<u>\$ 29,714</u>	<u>\$ 55,193</u>
Net pension liability	<u>\$ 1,014,556</u>	<u>\$ 657,941</u>	<u>\$ 1,672,497</u>

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table sets forth the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00% for the Public Employee Plan and a 5.92% discount rate for the Law Enforcement Plan. This table also presents what would be if it were calculated using a discount rate that is both one percentage point higher and lower than the current rate:

	1% Decrease	Discount Rate	1% Increase
Public Employee Plan	\$ 1,407,052	\$ 1,014,556	\$ 687,021
Law Enforcement Plan	990,590	657,941	388,261
Total	<u>\$ 2,397,642</u>	<u>\$ 1,672,497</u>	<u>\$ 1,075,282</u>

Other Detailed Information

For more detailed information regarding the Plan see the separately issued 2018 Wyoming Retirement System Comprehensive Annual Financial Report which is available at <http://retirement.state.wy.us/default.aspx>.

TOWN OF SARATOGA, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2019

6. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. The Town's general liability insurance is provided by participation in the Local Government Liability Pool (LGLP). LGLP manages risk by receiving an annual actuarial assessment of funding needs. The LGLP have never requested a reserve call on its members. All risk management activities are accounted for in each fund as appropriate. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

All property, equipment, and autos owned by the Town, and crime are covered under a policy issued by Alliant Alternative Insurance Services, Inc.

The Town also participates in two other risk management programs: Worker's Compensation Act and Unemployment Compensation Act.

Wyoming Statute 27-14-101 created the Wyoming Worker's Compensation Act, which is administered as an enterprise fund by the State of Wyoming. All employers within the State of Wyoming are participants of this plan unless the employer elects not to be covered under the plan. This Act requires the Town to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Worker's Compensation Fund. This Act provides general protection from suits filed by employees against the Town. The Town makes quarterly payments to the Department of Employment, State of Wyoming. Amounts paid by the Town to the State for Worker's Compensation during fiscal year 2019, were approximately \$48,520.

Wyoming Statute 27-3-101 created the Unemployment Compensation Act. This act requires the Town to pay the cost of the actual claims incurred. For the period ending June 30, 2019, the Town paid \$4,889 for unemployment claims.

7. RELATED PARTY TRANSACTIONS

The Town engaged in certain transactions with the Saratoga/Carbon County Joint Powers Board. The Organization's governing board is jointly appointed by the Town of Saratoga and Carbon County, Wyoming. The Town does not, however, have an ongoing financial interest in the Organization. The Town paid the following amounts to the current operations of the Organization for the year ended June 30, 2019:

Saratoga-Carbon County	
Impact Town of Saratoga - Water	\$126,917
Impact Town of Saratoga - Sewer	\$9,615

The Town engaged in certain related party transactions during the year. Related party transactions totaled \$22,548 for the year ended June 30, 2019. This amount consists of payments to a recreation programmer of \$918, and payments to a hardware store in the amount of \$21,630.

TOWN OF SARATOGA, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2019

8. PRIOR PERIOD ADJUSTMENTS

Fund Reclassification

A reclassification of funds was performed during the fiscal year ending June 30, 2019 in order to accurately class funds based on defined purpose. The reclassification consisted of the following adjustments to fund classification.

Fund	Prior Period Fund Classification	Current Year Fund Classification
Specific Purpose Tax Fund	Capital Projects	Specific Purpose Fund
Weed & Pest Fund	Special Revenue Fund	Proprietary Fund
911 Assessment Fund	Special Revenue Fund	General Fund
Community Center Fund	Special Revenue	General Fund
Community Garden Fund	Special Revenue	General Fund
Landfill Fund	Enterprise	Fiduciary Fund
Ambulance Fund	Enterprise	General Fund
Medical Clinic Fund	Enterprise	General Fund

The prior period fund balances did not have a necessary transfer between fund accounts. This transfer of funds between accounts was recorded in the current year to beginning fund balances. The adjustment effected all fund accounts. The General Fund had a net increase of \$1,251,611, the Special Revenue Fund had a net increase of \$10,921, the Specific Purpose Tax Fund had a net increase of \$77,079, the Enterprise Funds had a net decrease of \$1,272,420, and the Fiduciary Fund had a net decrease of \$67,191.

The details of the reclassifications and prior year transfers are shown in the tables below:

		<u>General Fund</u>	
	General Fund 2018 Audit Balance	\$ (758,017)	
Reclassified	E911 Fund from Special Revenue Fund	22,917	
Reclassified	Community Center from Special Revenue	(594,231)	
Reclassified	Community Garden from Special Revenue	(9,102)	
Reclassified	Ambulance Fund from Enterprise Fund	98,811	
Reclassified	Medical Clinic Fund from Enterprise Fund	(54,567)	
		<u>(1,294,189)</u>	Reclassified 2019 Beginning Balance
	Unrecorded transfer from 2018 Audit	1,251,611	
		<u>\$ (42,578)</u>	Restated 2019 Beginning Balance
		<u>Specific Purpose Tax Fund</u>	
	Specific Purpose Tax Fund 2018 Audit Balance	\$ 54,187	
	Unrecorded transfer from 2018 Audit	10,921	
		<u>\$ 65,108</u>	Restated 2019 Beginning Balance

TOWN OF SARATOGA, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2019

8. PRIOR PERIOD ADJUSTMENTS (Continued)

Fund Reclassification (Continued)

		<u>Specific Revenue Fund</u>	
	Special Revenue 2018 Audit Balance	\$ (250,831)	
Reclassified	E911 Fund to General Fund	(22,917)	
Reclassified	Community Center Fund to General Fund	594,231	
Reclassified	Community Garden Fund to General Fund	9,102	
Reclassified	Weed & Pest Fund to Enterprise Fund	<u>(329,586)</u>	
			(1) Reclassified 2019 Beginning Balance
	Unrecorded transfer from 2018 Audit	77,079	
		<u>\$ 77,078</u>	Restated 2019 Beginning Balance
		<u>Enterprise Funds</u>	
	Water Fund 2018 Audit Balance	\$ 1,052,952	
	Sewer Fund 2018 Audit Balance	503,290	
	Landfill Fund 2018 Audit Balance	105,364	
	Airport Fund 2018 Audit Balance	(221,680)	
	Ambulance Fund 2018 Audit Balance	98,811	
	Medical Clinic Fund 2018 Audit Balance	(54,622)	
Reclassified	Ambulance Fund to General Fund	(98,811)	
Reclassified	Medical Clinic Fund to General Fund	54,622	
Reclassified	Weed & Pest Fund from Special Revenue Fund	329,586	
Reclassified	Landfill Fund to Fiduciary Fund	<u>(105,364)</u>	
		1,664,148	Reclassified 2019 Beginning Balance
	Unrecorded transfer from 2018 Audit	(1,272,420)	
		<u>\$ 391,728</u>	Restated 2019 Beginning Balance
		<u>Fiduciary Fund</u>	
	Fiduciary Fund 2018 Audit Balance	\$ -	
Reclassified	Landfill Fund to Fiduciary Fund	105,364	
	Unrecorded transfer from 2018 Audit	(67,191)	
		<u>\$ 38,173</u>	Restated 2019 Beginning Balance

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 25, 2020, the date the financial statements were available to be issued, and there were no matters that materially affect the carrying amounts of assets, liabilities, and fund balance as of June 30, 2019.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF SARATOGA, WYOMING
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUE				
Taxes and special assessments	\$ 1,940,177	\$ 1,940,177	\$ 1,899,304	\$ (40,873)
Licenses and permits	47,900	47,900	31,370	(16,530)
Intergovernmental	273,792	273,792	71,058	(202,734)
Charges for services	81,800	81,800	73,301	(8,499)
Fines and forfeitures	24,000	24,000	11,288	(12,712)
Grant income	670,410	670,410	214,186	(456,224)
Interest	20,200	20,200	10,861	(9,339)
Contributions	35,550	35,550	22,828	(12,722)
Miscellaneous	32,595	32,595	29,253	(3,342)
Total Revenue	<u>3,126,424</u>	<u>3,126,424</u>	<u>2,363,449</u>	<u>(762,975)</u>
EXPENDITURES				
Town hall	414,998	414,998	408,464	6,534
Planning commission	99,826	99,826	36,242	63,584
Municipal court	74,247	74,247	54,141	20,106
Police department	1,051,932	1,051,932	831,692	220,240
Fire department	179,935	179,935	32,551	147,384
Streets department	772,285	753,585	452,985	300,600
Recreation department	357,853	357,853	264,358	93,495
Community garden	1,494	1,494	-	1,494
Medical center	14,400	14,400	6,196	8,204
Community center	218,000	218,000	198,783	19,217
Total expenditures	<u>3,184,970</u>	<u>3,184,970</u>	<u>2,285,412</u>	<u>899,558</u>
Revenue over (under) expenditures	<u>(58,546)</u>	<u>(58,546)</u>	<u>78,037</u>	<u>136,583</u>
Transfers in (out)	<u>106,532</u>	<u>106,532</u>	<u>(30,822)</u>	<u>(137,354)</u>
Net change in fund balances	<u>47,986</u>	<u>47,986</u>	<u>47,215</u>	<u>(771)</u>
Fund balances, beginning	<u>(42,578)</u>	<u>(42,578)</u>	<u>(42,578)</u>	<u>-</u>
	<u>(42,578)</u>	<u>(42,578)</u>	<u>(42,578)</u>	<u>-</u>
Fund balances, ending	<u>\$ 5,408</u>	<u>\$ 5,408</u>	<u>\$ 4,637</u>	<u>\$ (771)</u>

The notes to financial statements are an integral part of this statement.

TOWN OF SARATOGA, WYOMING
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
WYOMING RETIREMENT SYSTEM
AS OF DECEMBER 31, 2018

The following schedule presents the Town's share of the net pension liability from its participation in the Wyoming Retirement System. Eventually, employers will be required to disclose a 10-year history of their proportionate share of the "net pension liability". However, this schedule only presents available information since the effective date of GASB No. 68 for 2018, 2017, 2016, 2015 and 2014.

	Primary Government				
	2018	2017	2016	2015	2014
Public Employee Pension Plan					
The Town's proportionate share of net pension liability	0.0333%	0.0348%	0.0368%	0.0352%	0.0372%
The Town's proportionate share of the net pension liability	\$ 1,014,556	\$ 794,040	\$ 890,786	\$ 820,268	\$ 656,315
Covered - employee payroll	\$ 580,084	\$ 612,142	\$ 659,061	\$ 614,507	\$ 648,586
Proportionate share of the net pension liability as percentage of covered-employee payroll	174.90%	129.72%	135.16%	133.48%	101.19%
Plan fiduciary net position as a percentage of the total pension liability	69.17%	76.35%	73.42%	73.40%	79.08%
Law Enforcement Pension Plan					
The Town's proportionate share of net pension liability	0.2718%	0.2788%	0.2623%	0.2939%	0.2854%
The Town's proportionate share of the net pension liability	\$ 657,941	\$ 239,874	\$ 198,006	\$ 220,772	\$ 84,097
Covered - employee payroll	\$ 425,922	\$ 431,213	\$ 410,416	\$ 461,974	\$ 441,785
Proportionate share of the net pension liability as percentage of covered-employee payroll	154.47%	55.63%	48.25%	47.79%	19.04%
Plan fiduciary net position as a percentage of the total pension liability	71.22%	87.99%	88.11%	87.49%	94.76%

The notes to financial statements are an integral part of this statement.

**TOWN OF SARATOGA, WYOMING
SCHEDULE OF CONTRIBUTIONS
WYOMING RETIREMENT SYSTEM
LAST 10 YEARS ***

	Primary Government				
	2018	2017	2016	2015	2014
Public Employee Pension Plan					
Contractually required contribution	\$ 97,337	\$ 101,738	\$ 109,536	\$ 102,131	\$ 98,585
Actual contributions in relation to the contractually required contribution	(97,337)	(101,738)	(109,536)	(102,131)	(98,585)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 580,084	\$ 612,142	\$ 659,061	\$ 614,507	\$ 648,586
Contributions as a percentage of covered-employee payroll **	16.78%	16.62%	16.62%	16.62%	15.20%
Law Enforcement Pension Plan					
Contractually required contribution	\$ 73,259	\$ 74,169	\$ 70,592	\$ 79,460	\$ 75,987
Actual contributions in relation to the contractually required contribution	(73,259)	(74,169)	(70,592)	(79,460)	(75,987)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 425,922	\$ 431,213	\$ 410,416	\$ 461,974	\$ 441,785
Contributions as a percentage of covered-employee payroll	17.20%	17.20%	17.20%	17.20%	17.20%

* Amounts are presented on a calendar year basis. Employers are required to report amounts prospectively in this table in future years to show 10-years of information. The schedule above is only for the calendar years ended in 2018 to 2014.

**In 2014, House Bill 46 increased contributions from 14.62% to 15.87% effective on September 1, 2014. This bill also provided for an increase, requiring a contribution of 16.62%, to take effect on July 1, 2015. In 2018, House Bill 109 required an increase in pension plan contribution rates by 0.50% per fiscal year through fiscal year 2022.

The notes to financial statements are an integral part of this statement.

OTHER INDEPENDENT AUDITORS' REPORT

**INDEPENDENT AUDITORS' 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***

Town of Saratoga
110 E. Spring Avenue
Saratoga, Wyoming 82331

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 component units, each major fund, and the aggregate remaining fund information of the Town of Saratoga (the Town) 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, and have issued our report thereon dated June 25, 2020.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a material weakness.

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. We consider the deficiency described in the accompany schedule of findings and questioned costs as item 2019-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-003 to be noncompliance.

The Town's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Town'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.

Cavan F. Lovek & James, CPAs

June 25, 2020
Sheridan, Wyoming

TOWN OF SARATOGA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

SECTION I - Summary of Auditors' Results:

Financial Statements

Type of auditor's report issued:	Qualified
Internal control over financial reporting:	
• Material weakness(es) identified?	<u> X </u> Yes <u> </u> No
• Deficiency(ies) identified that are not considered to be material weakness(es)?	<u> X </u> Yes <u> </u> No
Noncompliance material to financial statements noted?	<u> X </u> Yes <u> </u> No

SECTION II – GAGAS Financial Statement Findings

Material Weakness in Internal Control

2019-001: Misstatement of Cash

Criteria: The Government Accountability Office's (GAO) *Standards for Internal Control* state that internal controls should allow management or employees in the normal course of performing their assigned function, to prevent, or detect and correct, a material misstatement in a timely basis.

Condition: The Town's accounting records contained material errors that affected cash balances for the current and prior fiscal years. These errors were not corrected in a timely manner.

Recommendation: We acknowledge that the Town has made positive steps to remedy this condition by contracting with a qualified professional to assist the Town in correcting the cash balances as found in the Town's accounting records. We recommend that those charged with governance continue to engage this contracted professional to monitor monthly cash reconciliations and other key accounting controls as necessary.

Corrective Action Plan:

Contact Person: Suzie Cox, Clerk

Corrective Action Planned: Town's response is found on last page of report.

TOWN OF SARATOGA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

SECTION II – GAGAS Financial Statement Findings (Continued)

Significant Deficiency in Internal Control

2019-002: Segregation of Duties

Criteria: Segregation of duties is a basic, key internal control and often one of the most difficult to achieve, especially in a small organization. The concept is that one individual should not be able to handle or dominate transactions from initiation to posting having access to both assets and accounting records.

Condition: The Town has a limited number of administrative staff and accordingly a proper segregation of duties does not exist.

Effect: Certain personnel often handle the recording of transactions and the control of assets or results of those transactions. As it relates to the financial statements, this is a significant deficiency.

Recommendation: We acknowledge that reviews by the Council are in place to mitigate this condition. The Town should be aware of and continue to evaluate the impact of this deficiency.

Corrective Action Plan:

Contact Person: Suzie Cox, Clerk

Corrective Action Planned: Town's response is found on last page of report.

Noncompliance Material to Financial Statements

2019-003: Noncompliance and use of Restricted Funds

Criteria: The Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting standards for U.S. state and local governments. GASB defines restricted funds as amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Condition: The Town's management and accounting system did not recognize the Proprietary Fund balances as restricted funds, nor did they separate restricted funds from unrestricted funds. Restricted funds were used for purposes other than those for which they were specifically restricted, and this occurred for many years. Additionally, management has been unable to determine the amount of restricted funds that were spent that were noncompliant with specific restrictions.

TOWN OF SARATOGA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

SECTION II – GAGAS Financial Statement Findings (Continued)

Noncompliance Material to Financial Statements (Continued)

Recommendation: We acknowledge that the Town has made positive steps to remedy this condition by changing the classification of these fund balances to restricted and contracting with a qualified professional to assist the Town in correcting the noncompliant use of these funds. We recommend that those charged with governance continue to engage with contracted professionals to determine the amount of noncompliance and repay the restricted funds to the specific funds from which they were borrowed.

Corrective Action Plan:

Contact Person: Suzie Cox, Clerk

Corrective Action Planned: Town's response is found on last page of report.

Prior Audit Findings:

2018-001 – This has not been corrected. Material errors in cash balances occurred in fiscal year 2019, see finding 2019-001.

2018-002 – This has been corrected. Management engaged an independent CPA firm for the process of improving accounting processes and assisting with financial statement preparation.

2018-003 – This has been corrected. Management engaged an independent CPA firm who assisted the client with the recording of fund transfers that covered the deficit fund balances.

2018-004 – This has been corrected. During fiscal year 2019 CFJ did not note any noncompliance with internal control procedures over expenditures and all tested items followed established procedures and showed proper authorization.

2018-005 – This has been corrected. During fiscal year 2019 CFJ did not note any unauthorized payments to employees in our test work over payroll expenses.

2018-006 – This has been corrected. This grant had been completed and closed so there was no requirement for the filing of the Form SF-425 in December of 2019.

TOWN OF SARATOGA

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Councilman Jon Nelson

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June 29, 2020

Jason Lund
Carver Florek & James, CPA's
33 West Brundage, Suite 201
Sheridan, Wyoming 82801

The Town of Saratoga Council and Staff agree with the audit findings represented herein. Much work has been done to correct the prior years' audit findings and much remains to be done. The Town intends to continue to work with outside contracted professionals towards instituting changes in accounting policies and procedures correcting as many of these findings for the coming year as possible. This will include outsourcing of the bank reconciliation process, obtaining assistance with preparation of financial statements, working with internal and external departments and agencies to determine appropriate recording for inter-agency and inter-department activity, and utilizing more appropriate internal reporting to ensure restricted funds are properly utilized.

If you have any questions or concerns, please do not hesitate to contact me.

Respectfully



John Zeiger, Mayor

cc: SC