



Town of Upton, Wyoming
Financial Statements and Supplementary Information
Year ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying cash-basis financial statements of the governmental activities, business-type activities and each major fund of the Town of Upton, Wyoming (the Town) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the statement of assets, liabilities, and fund balance of the governmental activities, the business-type activities and each major fund of the Town of Upton, Wyoming as of June 30, 2023, and the statement of revenues collected, expenditures paid and changes in fund balance for the year then ended in accordance with the cash basis of accounting.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Upton, Wyoming and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements that 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the preparation of the financial statements in the circumstance. 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Upton, Wyoming's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material



if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary information on pages 16-18 is presented for the purposes of additional analysis and is not a required part of the financial statements. The combining fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The budgetary comparison information is the responsibility of management and is presented for purposes of additional analysis and was not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023 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 solely 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 the effectiveness of the Town of Upton, Wyoming's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Upton, Wyoming's internal control over financial reporting and compliance.

Clinger Hagerman, LLC

Laramie, Wyoming
October 31, 2023

Town of Upton, Wyoming
Statement of Assets, Liabilities and
Fund Balances – Cash Basis – All Fund Types
Year Ended June 30, 2023

	<u>Governmental Fund Types</u>	<u>Proprietary Fund Types</u>	
	<u>General Fund</u>	<u>Enterprise Funds</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 847,981	\$ 394,503	\$ 1,242,484
TOTAL ASSETS	<u>\$ 847,981</u>	<u>\$ 394,503</u>	<u>\$ 1,242,484</u>
LIABILITIES			
Customer deposits	\$ -	\$ 45,117	\$ 45,117
TOTAL LIABILITIES	<u>-</u>	<u>45,117</u>	<u>45,117</u>
FUND BALANCE			
Fund balance	<u>847,981</u>	<u>349,386</u>	<u>1,197,367</u>
TOTAL FUND BALANCE	<u>847,981</u>	<u>349,386</u>	<u>1,197,367</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 847,981</u>	<u>\$ 394,503</u>	<u>\$ 1,242,484</u>

Town of Upton, Wyoming
Statement of Revenue Collected, Expenses Paid, and Changes
in Fund Balance – Cash Basis – Governmental Fund Types
Year Ended June 30, 2023

	General Fund
REVENUES:	
Taxes and special assessments	\$ 472,772
Licenses and permits	26,241
Intergovernmental	392,342
Charges for services	7,690
Fines and forfeits	11,478
Interest	24,059
Miscellaneous	35,761
TOTAL REVENUES	970,343
EXPENSES	
General government	314,593
Public safety	375,337
Highways and streets	267,488
Culture and recreation	118,174
TOTAL EXPENSES	1,075,592
EXCESS EXPENSES OVER REVENUES	(105,249)
TRANSFERS (OUT)	(126,333)
CHANGE IN FUND BALANCE	(231,582)
FUND BALANCE, JUNE 30, 2022	1,079,563
FUND BALANCE, JUNE 30, 2023	\$ 847,981

Town of Upton, Wyoming
Statement of Revenue Collected, Expenses Paid, and Changes
in Fund Balance – Cash Basis – Proprietary Fund Types
Year Ended June 30, 2023

	<u>Enterprise Funds</u>
OPERATING REVENUES:	
Charges for services	\$ 699,133
TOTAL OPERATING REVENUES	<u>699,133</u>
OPERATING EXPENSES:	
Cost of operations	<u>597,431</u>
TOTAL OPERATING EXPENSES	<u>597,431</u>
OPERATING INCOME	<u>101,702</u>
NONOPERATING INCOME (EXPENSE):	
Grant revenue	1,149,884
Loan proceeds	256,346
Interest income	11,201
General miscellaneous	7,700
Capital improvements	(1,491,362)
Debt service	<u>(59,479)</u>
TOTAL NONOPERATING INCOME (EXPENSE)	<u>(125,710)</u>
TRANSFERS:	
Transfers In	135,590
Transfers (Out)	<u>(9,257)</u>
TOTAL TRANSFERS	<u>126,333</u>
CHANGE IN FUND BALANCE	<u>102,325</u>
FUND BALANCE (DEFICIT), JUNE 30, 2022	<u>247,061</u>
FUND BALANCE (DEFICIT), JUNE 30, 2023	<u><u>\$ 349,386</u></u>

Town of Upton, Wyoming
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The Town of Upton, Wyoming'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 the 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, public works, culture and recreation, landfill, water, sewer, and general administrative services.

Fund Accounting - The accounts of the Town are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, net assets, revenue and expenditure/expenses. The major funds of the financial reporting entity are described below:

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.

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.

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.

Town of Upton, Wyoming

Notes to Financial Statements

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 the 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 Government Accounting Standards Board (GASB). 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.

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 acceptable and prescribed 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.

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 Investments – Cash and cash equivalents includes all demand, savings account, and certificates of deposits with original maturities of less than three months held by the Town.

The Town maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of assets, liabilities, and fund balance in "Cash and investments" under each fund caption.

The Town is invested in an external investment pool with the State of Wyoming. The fair value of the pool's investments is determined by the cost, as the pool is similar to that of a money market. The Town's share of the pool earns interest at a variable rate, compounded on a monthly basis. Participants' shares sold and redeemed are determined by the amount that has been purchased, plus any interest earned, which does not differ from the method used to report investments.

Long-Term Debt – Long-term debt arising from cash transactions or events of governmental funds is not reported as liabilities in the financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest is reported as expenditures.

Pension Liabilities – Pension costs are limited to the amounts paid by the Town into the plans during the financial statement period and net pension liabilities are not recognized on the face of the financial statements.

Town of Upton, Wyoming

Notes to Financial Statements

Compensated Absences – Compensated absences are absences for which employees will be paid such as vacation or sick leave. Town employees receive full compensation for vacation leave as either paid time off or as compensation at termination or retirement. Town employees receive one third of sick leave as compensation at termination or retirement. Compensated absences are not recognized on the face of the financial statements. Actual vacation and sick leave payouts are reported as expenditures.

Customer Deposits – Customer deposits arise from cash transactions related to the establishment of new customer utility accounts. These funds are held by the Town in the form of refundable deposits that may be released upon the termination of a utility customer account.

Fund Balance Reporting – 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 has 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, 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 has fund balances that meet the criteria above.

When restricted and other fund balance resources are available for use, it is the Town's policy to use restricted resources first, followed by committed, assigned and unassigned amounts, respectively.

Subsequent Events – Management has evaluated subsequent events through October 31, 2023, the date 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, 2023. The budgets and related appropriations are prepared on the same basis of accounting that is used in preparation of the Town's financial statements.

Town of Upton, Wyoming
Notes to 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

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 deposits with conventional real estate mortgages and loans connected with mortgages at a ratio of one and one half (1 1/2:1) of the value of public funds secured by the securities.

Deposits – At June 30, 2023, the carrying amounts of the Town's deposits in financial institutions was \$201,806. The deposits were fully insured Federal Deposit Insurance Corporation (FDIC) coverage of \$250,000.

Investments – As of June 30, 2023, the Town had investments with weighted average maturities as shown in the following table:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>
Certificates of Deposit	\$ 479,823	\$ 479,823	2.32
Total	\$ 479,823	\$ 479,823	

Investment 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 table below shows quality ratings and insured status of investments that are not rated:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Insured</u>	<u>Unrated</u>
Peak Investments - Cash	\$ 22,057	\$ 22,057	\$ -
Peak Investments - Certificates of deposit	479,823	479,823	-
Wyoming CLASS	562,758	-	562,758
Total	\$ 1,064,638	\$ 501,880	\$ 562,758

Due to the nature of investments held within Peak Investments and Wyoming CLASS, the fair value at year end approximates the carrying value.

Town of Upton, Wyoming

Notes to Financial Statements

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's policy for custodial credit risk is to have all funds on deposit collateralized at a level of 110% of deposits including accrued interest or higher if required by law. Investments are held in safekeeping by external custodians in the Town's name.

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's investment policy requires that they invest no more than 50% of the Town's investment portfolio in a single security type or financial institution. At June 30, 2023, the Town held investments from the following issuers in excess of 5% of the total portfolio:

Peak Investments	\$ 501,880
Wyoming CLASS	562,758
Total	<u>\$ 1,064,638</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, 2023 was \$480,019. The Town's total payroll was \$501,753.

Public Employee's Pension Plan

Benefited employees, other than those eligible to participate in the Law Enforcement and Fire state pension plans, participate in the Wyoming Retirement System's (WRS) Public Employee Pension Plan, a cost sharing multiple-employer defined benefit contributory pension plan. Participation is mandatory. Retirement benefits are administered in two tiers - the second tier applying to employees with a first contribution on or after September 1, 2012 – and are established by state statute. Any cost of living adjustments (COLA) provided to retirees must be granted by the state legislature, which will not approve such adjustments unless the plan is 100% funded after a potential COLA is awarded. Employees terminating participation in the plan prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through the date of termination, or, if they are vested, they may elect to remain in the Plan and be eligible for retirement benefits at age 50 (Tier 1 employees) or age 60 (Tier 2 employees). Vesting occurs after obtaining 48 months of service.

Tier 1 Benefits

Tier 1 employees who retire at or after age 60 with four years of credited service or are eligible for full retirement under the rule of 85 (age plus years of service = 85), are entitled to a retirement benefit according to predetermined formulas and allowed to select one of seven optional methods for receiving benefits. The benefit is calculated using a multiplier of 2.125% for the first 15 years of service and 2.25% for years of service above 15 and the highest 36 months of continuous acceptable salary. Early retirement is allowed provided the employee has completed four years of service and attained age 50, but results in a reduction of benefits based on the length of time remaining to normal retirement age. The pre-retirement death benefit depends on whether the employee is vested or non-vested, and the post-retirement death benefit is governed by the option the employee selects at retirement. To be eligible for a disability benefit, employees must have at least 10 years of service and be less than age 60.

Tier 2 Benefits

Tier 2 employees who retire at or after age 65 with four years of credited service or are eligible for full retirement under the rule of 85 (age plus years of service = 85), are entitled to a retirement benefit according to predetermined formulas and allowed to select one of seven optional methods for receiving benefits. The benefit is calculated using a multiplier of 2% for all years of service and the highest 60 months of continuous acceptable salary. Early retirement is allowed provided the employee has completed four years of service and attained age 55, but results in a reduction of benefits based on the length of time remaining to normal retirement age. The pre-retirement death benefit depends on whether the employee is vested or non-vested, and the post-retirement death benefit is governed by the option the employee selects at retirement. To be eligible for a disability benefit, employees must have at least 10 years of service and be less than age 65.

The statutorily required contribution is 18.62% as of June 30, 2023, of which 9.25% has been paid by the employee and 9.37% paid by the City. Employer contributions to the pension plan for the fiscal year ended June 30, 2022 totaled \$24,804, and 100% of the statutorily required contributions were made. Future rate increases have been approved by the legislature.

Law Enforcement Pension Fund

The Town contributes to the State of Wyoming Law Enforcement Pension Fund ("Fund"), a cost sharing multiple-employer defined benefit contributory pension plan which is part of the Wyoming Retirement System. All City policemen are mandated to participate in the Fund. Benefits vest after 48 months of service.

Benefits

Any police officer who retires at age 60 with 4 years of service or with 20 years of credited service, regardless of age, is entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of the average salary during their highest paid five year period multiplied by the number of years of service (up to a maximum of 75% of the highest average salary). The Fund also provides death and disability benefits to participating employees. Benefit provisions and all other requirements are established by state statute. Any cost of living adjustments (COLA) provided to retirees must be granted by the state legislature, which will not approve such adjustments unless the plan is 100% funded after a potential COLA is awarded. Participants may withdraw from the Plan at any time and receive refunds of participant contributions plus accumulated interest.

The Law Enforcement Pension Fund statutorily requires 17.2% of the covered employees' salary to be contributed, of which 8.6% is paid by the employee and 8.6% is paid by the City. Employer contributions to the pension plan for the fiscal year ended June 30, 2023 totaled \$15,085 and 100% of the statutorily required contributions were made.

Volunteer Firefighter, EMT, and Search & Rescue Pension Fund

The Town contributes to the State of Wyoming Volunteer Firefighter Pension Fund ("Fund"), a cost sharing multiple-employer defined benefit contributory pension plan covering volunteer firefighters, emergency medical technicians (EMTs), and search and rescuers who elect to participate in the plan. The Plan provides retirement and death benefits according to predetermined amounts primarily determined by entry age and years of service of the participant. Participants may withdraw from the

Town of Upton, Wyoming

Notes to Financial Statements

Plan at any time and receive refunds of participant contributions and accumulated interest. The Volunteer Firefighter and EMT plan was created on July 1, 2015, combining the assets and liabilities of two predecessor plans (Volunteer Fireman's Plan and Volunteer EMT Plan). The new plan features revised contribution and benefit provisions and governance by one board instead of two. It provides a modest benefit increase to retired volunteers whose benefit structure had remained static for some time. It also provided a long-term funding source to stabilize the finances of Volunteer EMT plan, while establishing consistent provisions for both firefighter and EMT volunteers. On July 1, 2019, Search and Rescue Volunteers were added to the plan and contributions were increased by transferring an additional 10% of the fire insurance premium tax revenue. Benefits vest after 60 months of service.

Volunteer firefighters and EMTs are statutorily required to contribute \$18.75 monthly to the Plan. Upon the inclusion of search and rescue volunteers to the plan as of July 1, 2020, their statutorily required contribution is \$37.50 monthly to the Plan. Any contributions to the Plan may be fully or partially paid by political subdivisions on behalf of participants, if approved by the governing board. Employer contributions to the pension plan for the fiscal year ended June 30, 2023 totaled \$1,125 and 100% of the statutorily required contributions were made.

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, 2022 annual financial report for the periods for which the information is available.

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 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 \$845,731 as of December 31, 2022, the measurement date.

The breakdown of the pension liability is as follows:

Public Employees Pension Plan	\$ 401,494
Law Enforcement Pension Plan	351,046
Volunteer Firefighter Pension Plan	93,191
Total	<u>\$ 845,731</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.

Town of Upton, Wyoming
Notes to Financial Statements

NOTE 6 – FUND BALANCE

The Town's restricted and assigned fund balances as of June 30, 2023 were for the following purposes:

General Fund

Streets	\$	10,155
Police		40,135
Fire		52,959
Airport		1,489
Parks		22,017
ARPA		44,113
Total assigned fund balance	\$	170,868

Proprietary Funds

Water well #8	\$	6,404
Water tank replacement		24,973
Landfill closure		80,294
Total restricted fund balance	\$	111,671

The remaining fund balance amounts of \$667,113 in the General Fund and \$282,832 in the Proprietary Funds, are classified as unassigned.

NOTE 7 – LONG-TERM DEBT

The Town's long-term obligations are segregated between the amounts to be repaid from government account and amounts to be repaid from business-type accounts. The following is a summary of the changes in long-term obligations of the Town:

	Long-term Obligations at June 30, 2022	Additions	Reductions	Long-term Obligations at June 30, 2023	Due Within One Year
Governmental Activities					
Notes payable					
CCL 19001	\$ 158,784	\$ -	\$ 11,800	\$ 146,984	\$11,973
Compensated absences	26,802	3,183	-	29,985	28,428
Total Governmental Activities	\$ 185,586	\$ 3,183	\$ 11,800	\$ 176,969	\$ 40,401
Business-Type Activities					
Notes payable					
DWSRF 54	\$19,550	\$ -	\$7,121	\$ 12,429	\$7,632
DWSRF 103	4,745	-	493	4,252	505
DWSRF 239	10,152	133,300	-	143,452	
DWSRF 103 AR	16,857	-	1,873	14,984	1,873
DWSRF 111	7,398	-	822	6,576	822
CWSRF 190	9,370	123,046	-	132,416	
CCL 19001	61,193	-	4,589	56,604	4,617
JPA 17589	362,628	-	8,709	353,919	7,530
Vactor Truck	15,882	-	15,882	-	
Compensated absences	9,913	-	956	8,957	10,514
Total Business-Type Activities	\$ 517,688	\$ 256,346	\$ 40,445	\$ 733,589	\$ 33,493

Town of Upton, Wyoming
Notes to Financial Statements

Governmental Activities — As of June 30, 2023, the governmental-fund long-term debt of the financial reporting entity consisted of the following:

General Fund

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.	\$ 146,984
Total General Fund	<u>\$ 146,984</u>
Total Governmental Activities	<u>\$ 146,984</u>

Proprietary Funds — As of June 30, 2023, the total proprietary fund long-term debt of the financial reporting entity consisted of the following:

Water Fund

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.	\$ 56,604
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.	353,919
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.	12,429
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.	4,252
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.	14,984
Note payable, DWSRF Loan #239, to the Wyoming State Land and Investment Board, currently disbursing.	<u>143,452</u>
Total Water Fund	<u>\$ 585,640</u>

Town of Upton, Wyoming
Notes to Financial Statements

Sewer Fund

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. 6,576

Note payable, CWSRF Loan #190, to the Wyoming State Land and Investment Board, currently disbursing 132,416

Total Sewer Fund \$ 138,992

Total Proprietary Funds \$ 724,632

Annual Debt Service Requirements – The annual requirements to amortize all debt outstanding as of June 30, 2023, excluding obligations associated with compensated absences are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 11,973	\$ 2,021	\$ 22,979	\$ 20,344	\$ 34,952	\$ 22,365
2025	12,137	1,856	20,294	19,680	32,431	21,536
2026	12,304	1,689	16,320	18,985	28,624	20,674
2027	12,473	1,520	16,841	18,464	29,314	19,984
2028	12,645	1,348	17,388	17,917	30,033	19,265
2029-2033	65,882	4,085	89,320	80,483	155,202	84,568
2034-2038	19,537	349	77,739	63,006	97,276	63,355
2039-2043	-	-	90,916	42,159	90,916	42,159
2044-2048	-	-	98,263	15,339	98,263	15,339
	<u>\$ 146,951</u>	<u>\$ 12,868</u>	<u>\$ 450,060</u>	<u>\$ 296,377</u>	<u>\$ 597,011</u>	<u>\$ 309,245</u>

Note: The outstanding balances of \$143,451 and \$132,416 for the DWSRF #239 and CWSRF #190, respectively, are not included in the schedule above as the projects were not completed at year end.

Supplementary Information

Town of Upton, Wyoming
Combining Statement of Assets, Liabilities, and
Fund Balance – Cash Basis – Proprietary Fund Types
Year Ended June 30, 2023

	Enterprise Funds			
	Water	Sewer	Landfill	Total
ASSETS				
Cash and investments	\$ 101,970	\$ 80,489	\$ 212,044	\$ 394,503
TOTAL ASSETS	<u>\$ 101,970</u>	<u>\$ 80,489</u>	<u>\$ 212,044</u>	<u>\$ 394,503</u>
LIABILITIES				
Customer deposits	\$ 45,117	\$ -	\$ -	\$ 45,117
TOTAL LIABILITIES	<u>45,117</u>	<u>-</u>	<u>-</u>	<u>45,117</u>
FUND BALANCE				
Fund balance	<u>56,853</u>	<u>80,489</u>	<u>212,044</u>	<u>349,386</u>
TOTAL FUND BALANCE	<u>56,853</u>	<u>80,489</u>	<u>212,044</u>	<u>349,386</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 101,970</u>	<u>\$ 80,489</u>	<u>\$ 212,044</u>	<u>\$ 394,503</u>

Town of Upton, Wyoming
Combining Statement of Revenue Collected, Expenses Paid, and
Changes in Fund Balance – Cash Basis – Proprietary Fund Types
Year Ended June 30, 2023

	Enterprise Funds			
	Water	Sewer	Landfill	Total
OPERATING REVENUES:				
Charges for services	\$ 313,501	\$ 130,266	\$ 255,366	\$ 699,133
TOTAL OPERATING REVENUES	<u>313,501</u>	<u>130,266</u>	<u>255,366</u>	<u>699,133</u>
OPERATING EXPENSES:				
Cost of operations	<u>216,003</u>	<u>146,790</u>	<u>234,638</u>	<u>597,431</u>
TOTAL OPERATING EXPENSES	<u>216,003</u>	<u>146,790</u>	<u>234,638</u>	<u>597,431</u>
OPERATING INCOME (LOSS)	<u>97,498</u>	<u>(16,524)</u>	<u>20,728</u>	<u>101,702</u>
NONOPERATING INCOME (EXPENSE):				
Grant revenue	415,230	734,654	-	1,149,884
Loan proceeds	133,300	123,046	-	256,346
Interest income	3,272	2,988	4,941	11,201
General Miscellaneous	200	-	7,500	7,700
Capital improvements	(564,967)	(919,217)	(7,178)	(1,491,362)
Debt service	(50,436)	(9,043)	-	(59,479)
TOTAL NONOPERATING INCOME (EXPENSE)	<u>(63,401)</u>	<u>(67,572)</u>	<u>5,263</u>	<u>(125,710)</u>
TRANSFERS:				
Transfers In	39,950	95,640	-	135,590
Transfers (Out)	(9,257)	-	-	(9,257)
TOTAL TRANSFERS	<u>30,693</u>	<u>95,640</u>	<u>-</u>	<u>126,333</u>
CHANGE IN FUND BALANCE	<u>64,790</u>	<u>11,544</u>	<u>25,991</u>	<u>102,325</u>
FUND BALANCE (DEFICIT), JUNE 30, 2022	<u>(7,937)</u>	<u>68,945</u>	<u>186,053</u>	<u>247,061</u>
FUND BALANCE, JUNE 30, 2023	<u>\$ 56,853</u>	<u>\$ 80,489</u>	<u>\$ 212,044</u>	<u>\$ 349,386</u>

Town of Upton, Wyoming
Budgetary Comparison Schedule – General Fund –
Budget to Actual – Cash Basis
Year Ended June 30, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Taxes and special assessments	\$ 512,900	\$ 512,000	\$ 472,772	\$ (39,228)
Licenses and permits	28,075	28,075	26,241	(1,834)
Intergovernmental	519,346	520,246	392,342	(127,904)
Charges for services	800	800	7,690	6,890
Fines and forfeits	7,000	7,000	11,478	4,478
Interest	5,000	5,000	24,059	19,059
Miscellaneous	309,504	312,524	35,761	(276,763)
TOTAL REVENUES	<u>1,382,625</u>	<u>1,385,645</u>	<u>970,343</u>	<u>(415,302)</u>
EXPENSES				
General government	350,629	353,649	314,593	(39,056)
Public safety	479,486	479,487	375,337	(104,150)
Highways and streets	278,955	302,860	267,488	(35,372)
Culture and recreation	273,555	249,649	118,174	(131,475)
Transfers out	-	-	(126,333)	(126,333)
TOTAL EXPENSES	<u>1,382,625</u>	<u>1,385,645</u>	<u>949,259</u>	<u>(436,386)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>-</u>	<u>-</u>	<u>21,084</u>	<u>21,084</u>
FUND BALANCE, JUNE 30, 2022	<u>1,079,563</u>	<u>1,079,563</u>	<u>1,079,563</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2023	<u>\$ 1,079,563</u>	<u>\$ 1,079,563</u>	<u>\$ 1,100,647</u>	<u>\$ 21,084</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 cash-basis financial statements of the governmental activities, business-type activities and each major fund of the Town of Upton as of June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2023.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. 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

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Upton, Wyoming's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Town of Upton, Wyoming's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.



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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clinger Hagerman, LLC

Laramie, Wyoming
October 31, 2023

Significant Deficiency in Internal Control
2023-001: 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. Areas where segregation of duties are not adequate include daily processing of transactions in the revenue, payroll, and treasury cycles.

Cause

Due to a limited number of staff, the Town's Clerk/Treasurer and deputy clerk perform most duties and try to segregate duties to the extent possible, but these inherent limitations make it difficult to separate custody, preparation, and review functions.

Effect or Potential Effect

A lack of segregation of duties causes risk to the Town that errors or fraudulent recording could occur throughout the entity.

Recommendation

The Town should enhance existing internal control policies and procedures to incorporate appropriate segregation of duties. If this cannot be done internally, the Town should consider hiring a review function.

Views of Responsible Officials

Management and the Town Council will continue to search for ways to segregate duties in their day-to-day operations. In addition, as a compensating control, the Town Council will continue its close review of financial activity within the Town.