



Town of Upton, Wyoming
Financial Statements and Supplementary Information
Year ended June 30, 2025

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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, the business-type activities and each major fund of the Town of Upton, Wyoming (the Town) as of and for the year ended June 30, 2025, 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 financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities and each major fund of the Town as of June 30, 2025, and the changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

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 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, 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.

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, and for the determination that the cash basis of accounting is an acceptable basis for the 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.

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 that collectively comprise the Town's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Combining Statement of Assets, Liabilities, and Fund Balance – Cash Basis – Proprietary Fund Types and Combining Statement of Revenue Collected, Expenses Paid, and Changes in Fund Balances – Cash Basis – Proprietary Fund Types are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 Combining Statement of Assets, Liabilities, and Fund Balance – Cash Basis – Proprietary Fund Types and Combining Statement of Revenue Collected, Expenses Paid, and Changes in Fund Balances – Cash Basis – Proprietary Fund Types, and the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2025 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 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'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's internal control over financial reporting and compliance.

Clinger Hagerman, LLC

Laramie, Wyoming
December 9, 2025

Town of Upton, Wyoming
Statement of Net Position – Cash Basis
June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 803,523	\$ 959,832	\$ 1,763,355
TOTAL ASSETS	<u>803,523</u>	<u>959,832</u>	<u>1,763,355</u>
LIABILITIES			
Customer deposits	-	46,793	46,793
TOTAL LIABILITIES	<u>-</u>	<u>46,793</u>	<u>46,793</u>
NET POSITION			
Restricted for:			
Landfill closure	-	112,727	112,727
Unrestricted	<u>803,523</u>	<u>800,312</u>	<u>1,603,835</u>
TOTAL NET POSITION	<u>\$ 803,523</u>	<u>\$ 913,039</u>	<u>\$ 1,716,562</u>

Town of Upton, Wyoming
Statement of Activities – Cash Basis
Year Ended June 30, 2025

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
					Primary Government		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
FUNCTION/PROGRAM ACTIVITIES							
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES:							
General government	\$ 241,017	\$ 43,340	\$ -	\$ -	\$ (197,677)	\$ -	\$ (197,677)
Public safety	364,804	-	-	-	(364,804)	-	(364,804)
Highways and streets	171,636	-	-	-	(171,636)	-	(171,636)
Culture and recreation	173,173	-	-	-	(173,173)	-	(173,173)
Principal on long-term debt	15,605	-	-	-	(15,605)	-	(15,605)
Interest on long-term debt	3,597	-	-	-	(3,597)	-	(3,597)
TOTAL GOVERNMENTAL ACTIVITIES	969,832	43,340	-	-	(926,492)	-	(926,492)
BUSINESS-TYPE ACTIVITIES:							
Water	1,011,101	506,417	-	466,195	-	(38,489)	(38,489)
Sewer	511,883	158,073	-	288,467	-	(65,343)	(65,343)
Landfill	867,014	301,977	-	391,752	-	(173,285)	(173,285)
TOTAL BUSINESS TYPE ACTIVITIES	2,389,998	966,467	-	1,146,414	-	(277,117)	(277,117)
TOTAL PRIMARY GOVERNMENT	\$ 3,359,830	\$ 1,009,807	\$ -	\$ 1,146,414	\$ (926,492)	\$ (277,117)	\$ (1,203,609)
GENERAL RECEIPTS							
Taxes and special assessments					559,900	-	559,900
Intergovernmental					191,921	-	191,921
Loan proceeds					-	382,967	382,967
Interest					31,205	39,542	70,747
Miscellaneous					294,557	53,844	348,401
TOTAL GENERAL REVENUES					1,077,583	476,353	1,553,936
CHANGE IN NET POSITION							
NET POSITION - BEGINNING					151,091	199,236	350,327
					652,432	713,803	1,366,235
NET POSITION - ENDING							
					\$ 803,523	\$ 913,039	\$ 1,716,562

Town of Upton, Wyoming
Statement of Cash-Basis Assets
and Fund Balances – Governmental Funds
June 30, 2025

	<u>General Fund</u>
ASSETS	
Cash and investments	\$ 803,523
TOTAL ASSETS	<u>\$ 803,523</u>
FUND BALANCE	
Assigned	\$ 182,674
Unassigned	620,849
TOTAL FUND BALANCE	<u>\$ 803,523</u>

Town of Upton, Wyoming
Statement of Cash Receipts, Disbursements, and Changes
in Cash-Basis Fund Balance – Governmental Funds
Year Ended June 30, 2025

	General Fund
RECEIPTS	
Taxes and special assessments	\$ 559,900
Licenses and permits	26,746
Intergovernmental	191,921
Charges for services	11,575
Fines and forfeits	5,019
Interest income	31,205
Miscellaneous	294,557
TOTAL RECEIPTS	<u>1,120,923</u>
DISBURSEMENTS	
General government	241,017
Public safety	364,804
Highways and streets	190,838
Culture and recreation	173,173
TOTAL DISBURSEMENTS	<u>969,832</u>
EXCESS RECEIPTS OVER DISBURSEMENTS	<u>151,091</u>
CASH-BASIS FUND BALANCE, Beginning of year	<u>652,432</u>
CASH-BASIS FUND BALANCE, End of year	<u><u>\$ 803,523</u></u>

Town of Upton, Wyoming
Statement of Net Position – Cash Basis – Proprietary Funds
Year Ended June 30, 2025

	Business Type Activities - Enterprise Funds			
	Water	Sewer	Landfill	Total
ASSETS				
Cash and investments	\$ 367,622	\$ 216,281	\$ 375,929	\$ 959,832
TOTAL ASSETS	<u>367,622</u>	<u>216,281</u>	<u>375,929</u>	<u>959,832</u>
LIABILITIES				
Customer deposits	<u>46,793</u>	<u>-</u>	<u>-</u>	<u>46,793</u>
TOTAL LIABILITIES	<u>46,793</u>	<u>-</u>	<u>-</u>	<u>46,793</u>
NET POSITION				
Restricted	-	-	112,727	112,727
Unrestricted	<u>320,829</u>	<u>216,281</u>	<u>263,202</u>	<u>800,312</u>
TOTAL NET POSITION	<u>\$ 320,829</u>	<u>\$ 216,281</u>	<u>\$ 375,929</u>	<u>\$ 913,039</u>

Town of Upton, Wyoming
Statement of Cash Receipts, Disbursements, and Changes
in Cash-Basis Net Position – Proprietary Funds
Year Ended June 30, 2025

	Business Type Activities - Enterprise Funds			
	Water	Sewer	Landfill	Total
OPERATING RECEIPTS				
Charges for services	\$ 506,417	\$ 158,073	\$ 301,977	\$ 966,467
TOTAL OPERATING RECEIPTS	<u>506,417</u>	<u>158,073</u>	<u>301,977</u>	<u>966,467</u>
OPERATING DISBURSEMENTS				
Cost of operations	<u>343,733</u>	<u>197,520</u>	<u>390,577</u>	<u>931,830</u>
TOTAL OPERATING DISBURSEMENTS	<u>343,733</u>	<u>197,520</u>	<u>390,577</u>	<u>931,830</u>
EXCESS (DEFICIENCY) OF OPERATING RECEIPTS OVER DISBURSEMENTS	<u>162,684</u>	<u>(39,447)</u>	<u>(88,600)</u>	<u>34,637</u>
OTHER FINANCING SOURCES (USES)				
Grant receipts	466,195	288,467	391,752	1,146,414
Loan proceeds	218,599	164,368	-	382,967
Interest income	13,542	7,970	18,030	39,542
General miscellaneous	33,156	13,188	7,500	53,844
Capital improvements	(574,406)	(264,864)	(474,296)	(1,313,566)
Debt service				
Principal	(74,951)	(48,238)	(2,141)	(125,330)
Interest	<u>(18,011)</u>	<u>(1,261)</u>	<u>-</u>	<u>(19,272)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>64,124</u>	<u>159,630</u>	<u>(59,155)</u>	<u>164,599</u>
CHANGE IN NET POSITION	<u>226,808</u>	<u>120,183</u>	<u>(147,755)</u>	<u>199,236</u>
CASH-BASIS NET POSITION, Beginning of year	<u>94,021</u>	<u>96,098</u>	<u>523,684</u>	<u>713,803</u>
CASH-BASIS NET POSITION, End of year	<u>\$ 320,829</u>	<u>\$ 216,281</u>	<u>\$ 375,929</u>	<u>\$ 913,039</u>

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 expenditures. 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 and proprietary 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

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 Schedule – The budgetary schedule was prepared on the same basis, utilizing the same accounting principles, as were used to account for and prepare the financial statements of the General Fund. 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 hold investments in Wyoming Cooperative Liquid Assets Security System (Wyoming CLASS), which was established pursuant to the Wyoming Statutory Trust Act. Shares of the Wyoming CLASS are offered exclusively to the Wyoming governmental activities.

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 – The Town participates in a cost-sharing multiple employer pension plan. 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.

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.

Town of Upton, Wyoming

Notes to Financial Statements

Net Position Reporting – The definitions used by the Town to distinguish net position allocations are:

Restricted net position – 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 – Residual net position that does not meet the definition of “restricted net position.”

Fund Balance Reporting – The definitions used by the Town to distinguish fund balance allocations are:

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 this definition.

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 this definition.

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 this definition.

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 this definition.

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 this definition.

When restricted and other fund balance/net position 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 December 9, 2025, the date the financial statements were available for use.

NOTE 2 – BUDGETS

The Town annually adopts budgets for all disbursements and funds. 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, 2025. The budgets and related appropriations are prepared on the same basis of accounting that is used in preparation of the Town’s financial statements.

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

Town of Upton, Wyoming

Notes to Financial Statements

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 (1½ : 1) of the value of public funds secured by the securities.

Deposits – At June 30, 2025, the carrying amounts of the Town's deposits in financial institutions was \$99,867. All deposits were held by a qualified depository as outlined by state statute.

Custodial Credit Risk – Deposits – State statute requires that the Town's deposits be collateralized at the rate of 100%, which includes the Federal Deposit Insurance Corporation's insured amount. On June 30, 2025, the Town's deposits were collateralized at 250.33% with \$1,125,938 over collateralized.

Investments – As of June 30, 2025, 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	\$ 299,822	\$ 299,822	1.71
Total	<u>\$ 299,822</u>	<u>\$ 299,822</u>	

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>
Peaks Investment Management - Cash	\$ 3	\$ 3	\$ -
Peaks Investment Management - Certificates of deposit	299,822	299,822	-
Wyoming CLASS	1,429,999	-	1,429,999
Total	<u>\$ 1,729,824</u>	<u>\$ 299,825</u>	<u>\$ 1,429,999</u>

Due to the nature of investments held within Peaks Investment Management, the fair value at year end approximates the carrying value. The fair value of the Town's position in Wyoming CLASS is the same as determined by the value of the pooled shares.

Town of Upton, Wyoming

Notes to Financial Statements

Custodial Credit Risk – Investments – 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. Investments are held in safekeeping by external custodians in the Town's name. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities, and therefore, custodial credit risk does not apply to a local government's indirect investments in securities, and through the use of governmental investment pools (Wyoming CLASS).

Concentration of Credit Risk – Investments – Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. At June 30, 2025, the Town held investments from the following issuers in excess of 5% of the total portfolio:

FirsTier Bank	\$ 33,387
Peaks Investment Management	299,822
Wyoming CLASS	1,429,999
Total	<u>\$ 1,729,821</u>

NOTE 4 – DEFINED BENEFIT PENSION PLAN

The Town participates in the Wyoming Retirement System, a cost sharing multiple employer retirement system. The covered payroll for the year ended June 30, 2025 was \$343,651. The Town's total payroll was \$571,085.

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 Public Employee Pension Plan (PE 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 PE 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, 2025, of which 8.00% has been paid by the employee and 10.62% paid by the Town. Employer contributions to the pension plan for the fiscal year ended June 30, 2025 totaled \$30,807, 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 (the LE Fund), a cost sharing multiple-employer defined benefit contributory pension plan which is part of the Wyoming Retirement System. Town 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 LE 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 19.00% of the covered employees' salary to be contributed, of which 9.5% is paid by the employee and 9.5% is paid by the Town. Employer contributions to the pension plan for the fiscal year ended June 30, 2025 totaled \$1,802 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, EMT, and Search & Rescue Pension Fund (the VFESR Plan), 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.

Benefits

The VFESR 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 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 Firefighter Plan and Volunteer EMT Plan). On July 1, 2019, Search and Rescue Volunteers were added to the plan.

Town of Upton, Wyoming

Notes to Financial Statements

The volunteer firefighter and EMT contribution is \$18.75 per month and the search and rescuer contribution is \$37.50 per month. Any contributions to the VFESR Plan may be fully or partially paid by political subdivisions on behalf of participants, if approved by the governing board. In addition, the State paid 60% of the annual tax collected on fire insurance premiums into the VFESR Plan for 2024.

Employer contributions to the pension plan for the fiscal year ended June 30, 2025 totaled \$1,725.

Actuarial Assumptions and Net Pension Liability

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, 2024 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, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, 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 GAAP, then based on information provided by the Wyoming Retirement System the Town of Upton's share of the unfunded pension liability is \$335,665 as of December 31, 2024, the measurement date.

The breakdown of the pension liability is as follows:

Public Employees Pension Plan	\$ 277,321
Law Enforcement Pension Plan	51,675
Volunteer Firefighter Pension Plan	<u>6,669</u>
Total	<u>\$ 335,665</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 disasters. These risks are covered through commercial insurance. Insurance coverage has remained consistent with no significant reductions, and settlement costs have not exceeded coverage in the current year or the three preceding years.

Town of Upton, Wyoming
Notes to Financial Statements

NOTE 6 – FUND BALANCE

The Town's restricted and assigned fund balances and net position as of June 30, 2025 were for the following purposes:

General Fund	
Streets	\$ 16,499
Police	61,564
Fire	59,808
Airport	314
Parks	44,489
Total assigned fund balance	\$ 182,674
Landfill Fund	
Landfill closure	\$ 112,727
Total restricted net position	\$ 112,727

The remaining fund balance amounts of \$620,849 in the General Fund and \$800,312 in the Landfill Fund, are classified as unassigned.

NOTE 7 – LONG-TERM DEBT

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

	<u>Long-term Obligations at June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Long-term Obligations at June 30, 2025</u>	<u>Due Within One Year</u>
Governmental Activities					
Notes payable					
CCL 19001	\$ 131,921	\$ -	\$ 15,605	\$ 116,316	\$ 12,304
Compensated absences	17,176	-	923	16,253	16,253
Total Governmental Activities	\$ 149,097	\$ -	\$ 16,528	\$ 132,569	\$ 28,557
Business-Type Activities					
Notes payable					
DWSRF 103	\$ 3,789	\$ -	\$ 3,789	\$ -	\$ -
DWSRF 103 AR	13,111	-	13,111	-	-
CWSRF 190	116,742	-	14,882	101,860	8,350
DWSRF 239	20,628	-	20,628	-	-
DWSRF 111	5,754	-	5,754	-	-
CCL 19001	50,803	-	50,803	-	-
JPA 17589	347,440	-	9,818	337,622	-
DWSRF 256	-	180,560	-	180,560	-
DWSRF 257	-	38,039	-	38,039	-
DWSRF 203	-	142,971	-	142,971	-
DWSRF 204	-	21,397	-	21,397	-
Compensated absences	5,725	-	307	5,418	5,418
Total Business-Type Activities	\$ 563,992	\$ 382,967	\$ 119,092	\$ 827,867	\$ 13,768

Town of Upton, Wyoming
Notes to Financial Statements

Governmental Activities — As of June 30, 2025, 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.	\$ 116,316
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Total General Fund	\$ 116,316
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Total Governmental Activities	\$ 116,316
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Business Type Activities — As of June 30, 2025, the total business-type activities fund long-term debt of the financial reporting entity consisted of the following:

Water Fund

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.	\$ 337,622
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Note payable, DWSRF Loan #256, to the Wyoming State Land and Investment Board, currently disbursing.	180,560
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Note payable, DWSRF Loan #257, to the Wyoming State Land and Investment Board, currently disbursing.	38,039
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Total Water Fund	\$ 556,221
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Sewer Fund

Note payable, DWSRF Loan #203, to the Wyoming State Land and Investment Board, currently disbursing.	\$ 142,971
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Note payable, DWSRF Loan #204, to the Wyoming State Land and Investment Board, currently disbursing.	21,397
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Note payable, CWSRF Loan #190, to the Wyoming State Land and Investment Board, due in annual installments of \$4,979, including interest at 7.5%, maturing October 2052.	101,860
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Total Sewer Fund	\$ 266,228
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Loans currently disbursing	382,967
Loans in repayment	439,482

Total Business-type Activities	\$ 822,449
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Town of Upton, Wyoming
Notes to Financial Statements

Annual Debt Service Requirements – The annual requirements to amortize all debt outstanding as of June 30, 2025, excluding obligations associated with compensated absences and loans currently disbursing are as follows:

	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 12,304	\$ 1,689	\$ 12,402	\$ 30,048	\$ 24,706	\$ 31,737
2027	12,473	1,520	12,875	18,719	25,348	20,239
2028	12,645	1,348	13,372	18,222	26,017	19,570
2029	12,819	1,174	13,894	17,700	26,713	18,874
2030	12,995	998	14,460	17,153	27,455	18,151
2031-2035	53,080	2,182	81,454	76,518	134,534	78,700
2036-2040	-	-	99,990	57,982	99,990	57,982
2041-2045	-	-	123,788	34,183	123,788	34,183
2046-2050	-	-	67,247	6,367	67,247	6,367
	<u>\$ 116,316</u>	<u>\$ 8,911</u>	<u>\$ 439,482</u>	<u>\$ 276,892</u>	<u>\$ 555,798</u>	<u>\$ 285,803</u>

Supplementary Information

Town of Upton, Wyoming
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor, Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of the Treasury			
<i>Passed through the State of Wyoming, Office of State Lands and Investments</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	WS-1171	\$ 56,531
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	WS-1172	11,370
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	LG-1404	446,788
Total Coronavirus State and Local Fiscal Recovery Funds			<u>514,689</u>
Total U.S. Department of the Treasury			<u>514,689</u>
Environmental Protection Agency			
<i>Passed through the State of Wyoming, Office of State Lands and Investments</i>			
Drinking Water State Revolving Fund	66.468	DWSFR 256	149,082
Drinking Water State Revolving Fund	66.468	DWSFR 257	9,839
Clean Water State Revolving Fund	66.458	CWSFR 203	117,330
Clean Water State Revolving Fund	66.458	CWSFR 203	<u>4,877</u>
Total Environmental Protection Agency			<u>281,128</u>
Total Expenditures of Federal Awards			<u>\$ 795,817</u>

Town of Upton, Wyoming
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Town of Upton (the Town) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in fund balance, or cash flows of the Town.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The Town has elected not to use the ten percent de minimus indirect cost rate allowed under Uniform Guidance.

NOTE 4 - SUBRECIPIENTS

The Town had no subrecipients during the year ended June 30, 2025.

Other Information

Town of Upton, Wyoming
Budgetary Comparison Schedule – General Fund –
Budget to Actual – Cash Basis
Year Ended June 30, 2025

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Taxes and special assessments	\$ 647,100	\$ 647,100	\$ 559,900	\$ (87,200)
Licenses and permits	26,550	26,550	26,746	196
Intergovernmental	171,304	171,304	191,921	20,617
Charges for services	3,500	3,500	11,575	8,075
Fines and forfeits	8,500	8,500	5,019	(3,481)
Interest	20,000	20,000	31,205	11,205
Miscellaneous	322,739	322,739	294,557	(28,182)
TOTAL REVENUES	<u>1,199,693</u>	<u>1,199,693</u>	<u>1,120,923</u>	<u>(78,770)</u>
EXPENSES				
General government	195,310	195,310	241,017	(45,707)
Public safety	555,640	555,640	364,804	190,836
Highways and streets	164,936	164,936	190,838	(25,902)
Culture and recreation	283,807	283,807	173,173	110,634
TOTAL EXPENSES	<u>1,199,693</u>	<u>1,199,693</u>	<u>969,832</u>	<u>229,861</u>
EXCESS OF REVENUES OVER EXPENSES	<u>-</u>	<u>-</u>	<u>151,091</u>	<u>151,091</u>
FUND BALANCE, JUNE 30, 2024	<u>847,981</u>	<u>847,981</u>	<u>652,432</u>	<u>(195,549)</u>
FUND BALANCE, JUNE 30, 2025	<u>\$ 847,981</u>	<u>\$ 847,981</u>	<u>\$ 803,523</u>	<u>\$ (44,458)</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, the business-type activities and each major fund of the Town of Upton (the Town) as of June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 9, 2025.

Report on 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) as a basis for designing 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.

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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2025-001.

Town of Upton, Wyoming's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town'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
December 9, 2025



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Town of Upton, Wyoming's (the Town) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2025. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of the major federal program as a whole.

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



- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Clinger Hagerman, LLC

Laramie, Wyoming
December 9, 2025

Town of Upton, Wyoming
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☒ Yes ☐ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) ☐ Yes ☒ No

Identification of Major Federal Programs and Type of Auditor’s Report Issued on Compliance For The Major Federal Programs:

<i>Assistance Listing Number</i>	<i>Name of Major Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Programs</i>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Unmodified

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualifies as a low-risk auditee? ☐ Yes ☒ No

Town of Upton, Wyoming
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section II – Financial Statement Findings

2025-001: Insufficient Pledged Collateral at Financial Institution

Criteria: Wyoming Statute 9-4-817(c) states that "the deposits made pursuant to this section shall be made to the extent they are: (i) Fully insured by the Federal Deposit Insurance Corporation (FDIC); or (ii) Secured, in accordance with this article, by a pledge of collateral or furnishing of a surety bond."

The Town's investment policy states, "In addition to the collateralization requirements of Wyoming law, collateralization will also be required on investments with the financial institutions when public moneys on deposit (regular or time) exceed the amount insured by the Federal Deposit Insurance Corporation. The collateralization level will be One Hundred Ten Percent (110%), or higher as required by law, of the market value of principal and accrued interest."

Condition: The Town held deposits with a financial institution that did not have adequate pledged collateral for several days during two periods within the year, resulting in deposits of \$7,584 in August 2024 and \$31,797 in September 2024 not being collateralized by other assets in the Town's name.

Cause: The Town and the financial institution did not adequately monitor the funds of the Town to ensure appropriately pledged collateral satisfied the Town's investment policy coverage of 110%, resulting in \$7,584 and \$31,797 of Town deposits during August and September being in excess of FDIC.

Effect or Potential Effect: \$7,584 and \$31,797 of uncollateralized deposits were at risk of recovery had the depository failed during the two periods identified in August and September of 2024.

Recommendation: The Town should have a formal agreement with each of their financial institutions to ensure the Town's deposits are covered by FDIC and appropriate forms of collateral at all times, as outlined by State statute and their internal investment policy.

Views of Responsible Officials: The Town has entered into an agreement with each of their financial institutions to ensure all public deposits are covered by FDIC and appropriate forms of collateral, at all times.

Section III – Federal Award Findings and Questioned Costs

No matters were identified that were required to be reported



Town of Upton

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"Best Town on Earth"

Management's Corrective Action Plan

The Town of Upton, Wyoming's management is documenting its corrective action plan for fiscal year 2024 audit findings below:

Finding:	2025-001 – Insufficient Pledged Collateral at Financial Institution
Recommendation:	The Town should have a formal agreement with each of their financial institutions to ensure the Town's deposits are covered by FDIC, and appropriate forms of collateral, at all times, as outlined by State statute and their internal investment policy.
Corrective Action Plan:	Management and FirsTier Bank have an agreement in place to ensure that all public deposits held are covered by FDIC and appropriate forms of collateral, at all times, as outlined by State statute and the Town's internal investment policy. The Town is sending annual letters to each "approved for use" financial institution requesting a depository application and a resolution detailing that the institution understands and agrees to hold public deposits covered by FDIC and the appropriate forms of collateral acceptable by State statute and the Town's policies at all times. This request and resolution will also include a provision for not less than quarterly statements of the collateral in place for public deposits at the financial institutions.
Anticipated Completion:	Completed, October 2024
Responsible Party:	Kelley Millar, Town Clerk/Treasurer Dennis Santistevan, FirsTier Bank CFO



Town of Upton

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"Best Town on Earth"

Summary Schedule of Prior Audit Findings

2024-001 – Insufficient Pledged Collateral at Financial Institution

Condition/context: FirstTier Bank did not secure the Town of Upton's deposits with collateral when the account balances went over the FDIC insurance limit of \$250,000 during the fiscal year. Because of this, as of June 30, 2024, the Town had \$10,522 in deposits that were not protected by either FDIC insurance or pledged collateral. The bank did not properly monitor the Town's funds to make sure there was enough collateral pledged to cover all of the Town's deposits, leaving \$10,522 unprotected.

Status: The Town has confirmed that all deposits with FirstTier Bank are now fully collateralized or within FDIC insurance limits. The bank has implemented procedures to monitor pledged collateral regularly, ensuring that the Town's funds are fully protected.

Auditor's comment: Per work performed in the current year on the Town's financial statement audit, the Town's management implemented its Corrective Action Plan in respect maintaining adequate collateral as of October 1, 2024. While the finding was resolved during the fiscal year, TOU was under collateralized in August and September of 2024. Finding **2024-001** is considered to be resolved but will be a repeat finding, **2025-001**.