



# Town of Upton, Wyoming

Financial Statements  
And Supplementary Information  
As of June 30, 2021, and for the Year then Ended





# **Town of Upton, Wyoming**

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Financial Statements  
and Supplementary Information  
As of June 30, 2021 and for the year then ended



# Town of Upton, Wyoming

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## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

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, 2021, 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, 2021, 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 (GAAS) 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.

#### **Basis of Accounting**

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

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for 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'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 GAAS 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 GAAS 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 is presented for purposes of additional analysis and is not a required part of the financial statements.

The combining fund statements are the responsibility of management and was derived from and relates 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 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 March 30, 2022 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 Town of Upton, Wyoming's internal control over financial reporting and compliance.

BDO USA, LLP

March 30, 2022

## Financial Statements

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# Town of Upton, Wyoming

## Combined Statements of Assets, Liabilities and Fund Balances - Cash Basis - All Fund Types

<i>June 30, 2021</i>	Governmental Fund Types	Proprietary Fund Types	Total
	General Fund	Enterprise Funds	
<b>Assets</b>			
Cash and investments (Note 3)	\$ 1,112,143	\$ 252,394	\$ 1,364,537
<b>Total Assets</b>	\$ 1,112,143	\$ 252,394	\$ 1,364,537
<b>Liabilities</b>			
Customer deposits	\$ -	\$ 43,015	\$ 43,015
<b>Total Liabilities</b>	-	43,015	43,015
<b>Fund Balance</b>			
Fund balance (Note 6)	1,112,143	209,379	1,321,522
<b>Total Fund Balance</b>	1,112,143	209,379	1,321,522
<b>Total Liabilities and Fund Balance</b>	\$ 1,112,143	\$ 252,394	\$ 1,364,537

*See Accompanying Notes to the Financial Statements.*

# Town of Upton, Wyoming

## Combined Statements of Revenues Collected, Expenditures Paid, and Changes in Fund Balance - Cash Basis - Governmental Fund Types

<i>June 30, 2021</i>	General Fund
<b>Revenue</b>	
Taxes and special assessments	\$ 571,016
Licenses and permits	2,608
Intergovernmental	469,317
Charges for services	1,345
Fines and forfeits	6,813
Interest	10,746
Miscellaneous	104,332
<b>Total Revenue</b>	<b>1,166,177</b>
<b>Expenditures</b>	
General government	278,052
Public safety	499,058
Highways and streets	271,494
Culture and recreation	124,754
<b>Total Expenditures</b>	<b>1,173,358</b>
Net Change in Fund Balance	(7,181)
Fund Balance, Beginning	1,119,324
<b>Fund Balance, Ending</b>	<b>\$ 1,112,143</b>

*See Accompanying Notes to the Financial Statements.*

# Town of Upton, Wyoming

## Combined Statements of Revenues Collected, Expenditures Paid, and Changes in Fund Balances - Cash Basis - Proprietary Fund Types

<i>June 30, 2021</i>	Enterprise Funds
<b>Operating Revenue</b>	
Charges for services	\$ 650,482
<b>Total Operating Revenue</b>	650,482
<b>Operating Expenses</b>	530,611
<b>Net Operating Income</b>	119,871
<b>Nonoperating Revenue (Expenses)</b>	
Loan proceeds	27,367
Grant revenue	432,499
Capital improvements	(540,627)
Debt service	(74,478)
Interest income	307
<b>Total Nonoperating Revenue (Expenses)</b>	(154,932)
<b>Change in Fund Balance</b>	(35,061)
Fund Balance, Beginning	244,440
<b>Fund Balance, Ending</b>	\$ 209,379

*See Accompanying Notes to the Financial Statements.*

# Town of Upton, Wyoming

## Notes to the Financial Statements

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### 1. The Entity, Description of Funds, and 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 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.

#### *Basis of Accounting*

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

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

The financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the 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

# Town of Upton, Wyoming

## Notes to the Financial Statements

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the Town due to the Town's small size and the necessity of assessing available cash resources. The cash basis of accounting is allowed under Wyoming State Statute.

### ***Description of Funds***

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

#### ***Governmental Funds***

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

#### ***Proprietary Funds***

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

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

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

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

### ***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.

# Town of Upton, Wyoming

## Notes to the Financial Statements

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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. As of June 30, 2021 the market value of the investment pool approximated its cost plus interest earned.

### ***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.

### ***Compensated Absences***

Compensated absences are absences for which employees will be paid such as vacation and 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

# Town of Upton, Wyoming

## Notes to the Financial Statements

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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's fund balance meets 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 March 30, 2022, the date which the financial statements were available for use.

## **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, 2021. 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.

## **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 ½:1) of the value of public funds secured by the securities.

# Town of Upton, Wyoming

## Notes to the Financial Statements

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### *Deposits*

At June 30, 2021, the carrying amounts of the Town's deposits in financial institutions was \$481,933. The deposits were fully insured through a combination of Federal Deposit Insurance Corporation (FDIC) coverage and pledged collateral held in the Town's name.

### *Investments*

As of June 30, 2021, the Town had investments with weighted average maturities as shown in the following table:

<b>Investment Type</b>	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Weighted Average Maturity in Years</b>
Certificates of Deposit	\$ 307,202	\$ 307,202	1.91
<b>Total</b>	<b>\$ 307,202</b>	<b>\$ 307,202</b>	

### *Interest Rate Risk*

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

### *Credit Risk*

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The table below shows quality ratings and insured status of investments that are not rated:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Insured</b>	<b>Unrated</b>
Peak Investments - Cash	\$ 115,290	\$ 115,290	\$ -
Peak Investments - Certificates of deposit	307,202	307,202	-
Wyoming CLASS	532,910	-	532,910
<b>Total</b>	<b>\$ 955,402</b>	<b>\$ 422,492</b>	<b>\$ 532,910</b>

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

### *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.

# Town of Upton, Wyoming

## Notes to the Financial Statements

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### *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, 2021, the Town held investments from the following issuers in excess of 5% of the total portfolio:

Peak Investments	\$	422,492
Wyoming CLASS		532,910
<b>Total</b>	<b>\$</b>	<b>955,402</b>

### **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, 2021 was \$485,001. The Town's total payroll was \$512,456.

#### *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.

# Town of Upton, Wyoming

## Notes to the Financial Statements

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### *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 17.12% as of June 30, 2021, of which 8.50% has been paid by the employee and 8.62% paid by the City. Employer contributions to the pension plan for the fiscal year ended June 30, 2021 totaled \$28,429, 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, 2021 totaled \$14,875 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.

# Town of Upton, Wyoming

## Notes to the Financial Statements

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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 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 \$15.00 monthly to the Plan. Upon the inclusion of search and rescue volunteers to the plan as of July 1, 2019, their statutorily required contribution is \$30.00 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, 2021 totaled \$1,950 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, 2020 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 \$575,619 as of December 31, 2020, the measurement date.

The breakdown of the pension liability is as follows:

<i>June 30,</i>		<i>2021</i>
Public Employees Pension Plan	\$	362,082
Law Enforcement Pension Plan		69,462
Volunteer Firefighter Pension Plan		144,075
<b>Total</b>	<b>\$</b>	<b>575,619</b>

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>.

**Town of Upton, Wyoming**  
**Notes to the Financial Statements**

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**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.

**6. Fund Balance**

The Town's restricted and assigned fund balances as of June 30, 2021 were for the following purposes:

<b>General Fund</b>		
Streets	\$	9,753
Police		2,473
Fire		38,976
Parks		18,586
ARPA		91,576
<b>Total Assigned Fund Balance</b>	<b>\$</b>	<b>161,364</b>
<b>Proprietary Funds</b>		
Water well #8	\$	5,445
Water tank replacement		42,570
Landfill closure		55,283
<b>Total Restricted Fund Balance</b>	<b>\$</b>	<b>103,298</b>

The remaining fund balance amounts of \$950,779 in the General Fund and \$149,096 in the Proprietary Funds, are classified as unassigned.

**Town of Upton, Wyoming**  
**Notes to the Financial Statements**

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**7. Long-Term Debt**

The Town's long-term obligations are segregated between the amounts to be repaid from government account and amounts to the 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, 2020		Additions	Reductions	Long-term Obligations at June 30, 2021		Due Within One Year
<b>Governmental Activities</b>							
Notes payable	\$	116,816	\$ 64,800	\$ 12,395	\$	169,221	\$ 12,536
Compensated absences		13,953	-	1,202		12,751	12,751
<b>Total Governmental Activities</b>	<b>\$</b>	<b>130,769</b>	<b>\$ 64,800</b>	<b>\$ 13,597</b>	<b>\$</b>	<b>181,972</b>	<b>\$ 25,287</b>
<b>Business-Type Activities</b>							
Notes payable	\$	550,418	\$ 27,367	\$ 50,655	\$	527,130	\$ 36,673
Compensated absences		4,970	-	348		4,622	4,622
<b>Total Business-Type Activities</b>	<b>\$</b>	<b>555,388</b>	<b>\$ 27,367</b>	<b>\$ 51,003</b>	<b>\$</b>	<b>531,752</b>	<b>\$ 41,295</b>

**Governmental Activities:**

As of June 30, 2021, the governmental-fund long-term debt of the financial reporting entity consisted of the following:

<b>General Fund</b>	
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.	\$ 169,221
<b>Total General Fund</b>	<b>\$ 169,221</b>

**Proprietary Funds:**

As of June 30, 2021, the total proprietary fund long-term debt of the financial reporting entity consisted of the following:

**Town of Upton, Wyoming**  
**Notes to the Financial Statements**

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**Water Fund**

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Note payable, Vactor Truck, to First State Bank in Newcastle, due in annual installments of \$16,518, including interest at 4%, maturing December 2022.	\$	20,562
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.		32,626
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.		369,837
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.		26,535
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.		5,235
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.		18,730
Note payable, DWSRF Loan #239, to the Wyoming State Land and Investment Board, currently disbursing.		1,127
<b>Total Water Fund</b>	<b>\$</b>	<b>474,652</b>

**Sewer Fund**

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Note payable, Vactor Truck, to First State Bank in Newcatle, due in annual installments of \$16,518, including interest at 4%, maturing December 2022.	\$	10,592
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.		32,626
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.		8,220
Note payable, CWSRF Loan #190, to the Wyoming State Land and Investment Board, currently disbursing		1,040
<b>Total Sewer Fund</b>	<b>\$</b>	<b>52,478</b>
<b>Total Proprietary Funds</b>	<b>\$</b>	<b>527,130</b>

# Town of Upton, Wyoming

## Notes to the Financial Statements

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### *Annual Debt Service Requirements*

The annual requirements to amortize all debt outstanding as of June 30, 2021, excluding obligations associated with compensated absences are as follows:

	Governmental Funds		Proprietary Funds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 12,536	\$ 1,424	\$ 36,673	\$ 22,806	\$ 49,209	\$ 24,230
2023	12,706	1,254	37,886	21,593	50,592	22,847
2024	12,878	1,082	22,630	20,330	35,508	21,412
2025	13,053	907	22,970	19,989	36,023	20,896
2026	13,230	730	16,707	18,632	29,937	19,362
Thereafter	104,818	1,253	388,097	235,110	492,915	236,363
<b>Total</b>	<b>\$ 169,221</b>	<b>\$ 6,650</b>	<b>\$ 524,963</b>	<b>\$ 338,460</b>	<b>\$ 694,184</b>	<b>\$ 345,110</b>

The outstanding balance of \$2,167 is not included in the proprietary fund schedule above as it is currently disbursing and payments do not commence until fiscal year 2022.

### **8. Subsequent Events**

The Town was awarded an emergency grant to be used for the Lagoon #3 Emergency Repairs Project on October 28, 2021 from the State of Wyoming State Lands and Investments Board (SLIB). SLIB may reimburse up to \$380,000 of eligible project costs through submissions of invoices by the Town.

## Supplementary Information

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# Town of Upton, Wyoming

## Combining Statement of Assets, Liabilities, and Fund Balance - Cash Basis - Proprietary Fund Types

<i>June 30, 2021</i>	Enterprise Funds			Total
	Water	Sewer	Landfill	
<b>Assets</b>				
Cash and investments	\$ 28,971	\$ 59,552	\$ 163,871	\$ 252,394
<b>Total Assets</b>	\$ 28,971	\$ 59,552	\$ 163,871	\$ 252,394
<b>Liabilities</b>				
Customer deposits	\$ 43,015	\$ -	\$ -	\$ 43,015
<b>Total Liabilities</b>	43,015	-	-	43,015
<b>Fund Balance (Deficit)</b>				
Fund balance (deficit)	(14,044)	59,552	163,871	209,379
<b>Total Fund Balance (Deficit)</b>	(14,044)	59,552	163,871	209,379
<b>Total Liabilities and Fund Balance (Deficit)</b>	\$ 28,971	\$ 59,552	\$ 163,871	\$ 252,394

## Town of Upton, Wyoming

### Combining Statement of Revenue Collected, Expenses Paid, and Changes in Fund Balance - Cash Basis - Proprietary Fund Types

<i>Year Ended June 30, 2021</i>	Enterprise Funds			Total
	Water	Sewer	Landfill	
<b>Operating Revenue</b>				
Charges for Services	\$ 275,637	\$ 121,265	\$ 253,580	\$ 650,482
<b>Total Operating Revenue</b>	275,637	121,265	253,580	650,482
<b>Operating Expenses</b>	167,691	89,335	273,585	530,611
<b>Operating Income (Loss)</b>	107,946	31,930	(20,005)	119,871
<b>Nonoperating Revenue (Expense)</b>				
Loan proceeds	13,727	13,640	-	27,367
Grant revenue	303,010	129,489	-	432,499
Capital improvements	(362,978)	(177,649)	-	(540,627)
Debt service	(65,441)	(9,037)	-	(74,478)
Interest income	143	63	101	307
<b>Total Nonoperating Revenue (Expenses)</b>	(111,539)	(43,494)	101	(154,932)
<b>Change in Fund Balance</b>	(3,593)	(11,564)	(19,904)	(35,061)
Fund Balance (Deficit), Beginning	(10,451)	71,116	183,775	244,440
<b>Fund Balance (Deficit), Ending</b>	\$ (14,044)	\$ 59,552	\$ 163,871	\$ 209,379

## Town of Upton, Wyoming

### Budgetary Comparison Schedule - General Fund - Budget to Actual - Cash Basis

<i>Year Ending June 30, 2021</i>	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>Revenue</b>				
Taxes and special assessments	\$ 450,253	\$ 450,253	\$ 571,016	\$ 120,763
Licenses and permits	2,600	2,600	2,608	8
Intergovernmental	577,794	577,794	469,317	(108,477)
Charges for services	1,200	1,200	1,345	145
Fines and forfeits	6,000	6,000	6,813	813
Interest	6,000	6,000	10,746	4,746
Miscellaneous	358,281	358,281	104,332	(253,949)
<b>Total Revenue</b>	<b>1,402,128</b>	<b>1,402,128</b>	<b>1,166,177</b>	<b>(235,951)</b>
<b>Expenditures</b>				
General government	383,115	383,115	278,052	105,063
Public safety	466,642	466,642	499,058	(32,416)
Highways and streets	417,539	417,539	271,494	146,045
Culture and recreation	134,389	134,389	124,754	9,635
<b>Total Expenditures</b>	<b>1,401,685</b>	<b>1,401,685</b>	<b>1,173,358</b>	<b>228,327</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>443</b>	<b>443</b>	<b>(7,181)</b>	<b>(7,624)</b>
Fund Balance, Beginning	1,119,324	1,119,324	1,119,324	-
<b>Fund Balance, Ending</b>	<b>\$ 1,119,767</b>	<b>\$ 1,119,767</b>	<b>\$ 1,112,143</b>	<b>\$ -</b>



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## **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 governmental activities, the business-type activities, and each major fund of the Town of Upton, Wyoming (the Town), which comprise of the financial position as of June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's financial statements and have issued our report thereon dated March 30, 2022.

### **Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001, which we consider to be a significant deficiency.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. 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**

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

March XX, 2022

**Town of Upton, Wyoming**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2021**

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**Significant Deficiency in Internal Control**  
**2021-001: 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.