



**Town of Upton, Wyoming**  
**Financial Statements and Supplementary Information**  
Year ended June 30, 2024

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying cash-basis financial statements of the governmental activities, business-type activities and each major fund of the Town of Upton, Wyoming (the Town) as of and for the year ended June 30, 2024, 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 as of June 30, 2024, and the statement of revenues collected, expenses paid and changes in fund balance for the year then ended in accordance with the cash basis of accounting.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter - Basis of Accounting***

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstance. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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



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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements 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 relate 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.

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024 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  
October 28, 2024

**Town of Upton, Wyoming**  
**Statement of Assets, Liabilities and**  
**Fund Balance – Cash Basis – All Fund Types**  
**June 30, 2024**

	<u>Governmental Fund Types</u>	<u>Proprietary Fund Types</u>	
	<u>General Fund</u>	<u>Enterprise Funds</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 652,432	\$ 759,996	\$ 1,412,428
<b>TOTAL ASSETS</b>	<u>\$ 652,432</u>	<u>\$ 759,996</u>	<u>\$ 1,412,428</u>
<b>LIABILITIES</b>			
Customer deposits	\$ -	\$ 46,193	\$ 46,193
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>46,193</u>	<u>46,193</u>
<b>FUND BALANCE</b>			
Fund balance	<u>652,432</u>	<u>713,803</u>	<u>1,366,235</u>
<b>TOTAL FUND BALANCE</b>	<u>652,432</u>	<u>713,803</u>	<u>1,366,235</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 652,432</u>	<u>\$ 759,996</u>	<u>\$ 1,412,428</u>

**Town of Upton, Wyoming**  
**Statement of Revenue Collected, Expenses Paid, and Changes**  
**in Fund Balance – Cash Basis – Governmental Fund Types**  
**Year Ended June 30, 2024**

	<u>General Fund</u>
<b>REVENUES:</b>	
Taxes and special assessments	\$ 554,905
Licenses and permits	27,419
Intergovernmental	208,431
Charges for services	12,759
Fines and forfeits	7,242
Interest	30,130
Miscellaneous	74,345
<b>TOTAL REVENUES</b>	<u>915,231</u>
<b>EXPENSES</b>	
General government	272,134
Public safety	418,193
Highways and streets	187,470
Culture and recreation	203,033
<b>TOTAL EXPENSES</b>	<u>1,080,830</u>
<b>EXCESS EXPENSES OVER REVENUES</b>	<u>(165,599)</u>
<b>TRANSFERS (OUT)</b>	<u>(29,950)</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(195,549)</u>
<b>FUND BALANCE, JUNE 30, 2023</b>	<u>847,981</u>
<b>FUND BALANCE, JUNE 30, 2024</b>	<u><u>\$ 652,432</u></u>

**Town of Upton, Wyoming**  
**Statement of Revenue Collected, Expenses Paid, and Changes**  
**in Fund Balance – Cash Basis – Proprietary Fund Types**  
**Year Ended June 30, 2024**

	<u>Enterprise Funds</u>
<b>OPERATING REVENUES:</b>	
Charges for services	\$ 733,042
<b>TOTAL OPERATING REVENUES</b>	<u>733,042</u>
<b>OPERATING EXPENSES:</b>	
Cost of operations	<u>821,368</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>821,368</u>
<b>OPERATING LOSS</b>	<u>(88,326)</u>
<b>NONOPERATING INCOME (EXPENSE):</b>	
Grant revenue	2,194,671
Intergovernmental revenue	225,000
Loan proceeds	9,166
Interest income	26,603
General miscellaneous	57,259
Capital improvements	(2,003,860)
Debt service	<u>(86,046)</u>
<b>TOTAL NONOPERATING INCOME (EXPENSE)</b>	<u>422,793</u>
<b>TRANSFERS IN</b>	<u>29,950</u>
<b>CHANGE IN FUND BALANCE</b>	<u>364,417</u>
<b>FUND BALANCE, JUNE 30, 2023</b>	<u>349,386</u>
<b>FUND BALANCE, JUNE 30, 2024</b>	<u><u>\$ 713,803</u></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 expenditure/expenses. The major funds of the financial reporting entity are described below:

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

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

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

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

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

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

## Town of Upton, Wyoming

### Notes to Financial Statements

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

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

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

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

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

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

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

The Town holds investments 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 – 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.

## Town of Upton, Wyoming

### Notes to Financial Statements

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

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

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

*Restricted* – The restricted fund balance classification includes amounts that are (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. The Town has fund balances that meet the criteria above.

*Committed* – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, i.e. State of Wyoming or Granting Federal Agency. The Town does not have fund balances that meet the criteria above.

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

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

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

Subsequent Events – Management has evaluated subsequent events through October 28, 2024, the date the financial statements were available for use.

#### **NOTE 2 – BUDGETS**

The Town annually adopts a budget and appropriations for the General Fund. Budget amounts shown in these financial statements, in addition to the amounts originally adopted by the government, include any additional approved appropriations for the fiscal year ended June 30, 2024. 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, 2024, the carrying amounts of the Town's deposits in financial institutions was \$260,522. 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, 2024, the Town's deposits were collateralized at 96% with \$10,522 in insufficient collateral.

Investments – As of June 30, 2024, 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	\$ 488,963	\$ 488,963	1.30
<b>Total</b>	<b>\$ 488,963</b>	<b>\$ 488,963</b>	

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:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Insured</b>	<b>Unrated</b>
Peaks Investment Management - Cash	\$ 5,297	\$ 5,297	\$ -
Peaks Investment Management - Certificates of deposit	488,963	488,963	-
Wyoming CLASS	743,303	-	743,303
<b>Total</b>	<b>\$ 1,237,563</b>	<b>\$ 494,260</b>	<b>\$ 743,303</b>

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 the value of the pooled shares.

## Town of Upton, Wyoming

### Notes to Financial Statements

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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. The Town's investment policy requires that they invest no more than 60% of the Town's investment portfolio in a single security type or financial institution. At June 30, 2024, the Town held investments from the following issuers in excess of 5% of the total portfolio:

FirsTier Bank	\$ 174,719
Peaks Investment Management	494,260
Wyoming CLASS	743,303
<b>Total</b>	<b><u>\$ 1,237,563</u></b>

#### **NOTE 4 – DEFINED BENEFIT PENSION PLAN**

The Town participates in the Wyoming Retirement System ("System"), a cost sharing multiple-employer public employee retirement system. The covered payroll for the year ended June 30, 2024 was \$472,086. The Town's total payroll was \$756,256.

##### ***Public Employee's Pension Plan***

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

##### ***Tier 1 Benefits***

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

retirement. To be eligible for a disability benefit, employees must have at least 10 years of service and be less than age 60.

***Tier 2 Benefits***

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

The statutorily required contribution is 18.62% as of June 30, 2024, 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, 2024 totaled \$29,416, 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. 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 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 Town. Employer contributions to the pension plan for the fiscal year ended June 30, 2024 totaled \$13,119 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 ("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 Financial Statements

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#### *Benefits*

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

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 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 Plan for 2023. Per 2023 legislation (House Enrolled Act 60), the Plan received an additional \$9 million contribution from the State of Wyoming's general fund.

Employer contributions to the pension plan for the fiscal year ended June 30, 2024 totaled \$1,425.

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, 2023 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 \$465,499 as of December 31, 2023, the measurement date.

The breakdown of the pension liability is as follows:

Public Employees Pension Plan	\$ 306,967
Law Enforcement Pension Plan	131,706
Volunteer Firefighter Pension Plan	<u>26,826</u>
<b>Total</b>	<b><u>\$ 465,499</u></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>.

#### **NOTE 5 – RISK MANAGEMENT**

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

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

**NOTE 6 – FUND BALANCE**

The Town's restricted and assigned fund balances as of June 30, 2024 were for the following purposes:

<b>General Fund</b>	
Streets	\$ 15,750
Police	60,838
Fire	62,014
Airport	300
Parks	42,470
<b>Total assigned fund balance</b>	<b>\$ 181,372</b>
 <b>Proprietary Funds</b>	
Landfill closure	\$ 96,319
<b>Total restricted fund balance</b>	<b>\$ 96,319</b>

The remaining fund balance amounts of \$471,060 in the General Fund and \$617,484 in the Proprietary Funds, are classified as unassigned.

**NOTE 7 – LONG-TERM DEBT**

The Town's long-term obligations are separated 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:

	<b>Long-term Obligations at June 30, 2023</b>	<b>Additions</b>	<b>Reductions</b>	<b>Long-term Obligations at June 30, 2024</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
Notes payable					
CCL 19001	\$ 146,984	\$ -	\$ 15,063	\$ 131,921	\$12,137
Compensated absences	29,985	-	12,809	17,176	17,176
<b>Total Governmental Activities</b>	<b>\$ 176,969</b>	<b>\$ -</b>	<b>\$ 27,872</b>	<b>\$ 149,097</b>	<b>\$ 29,313</b>
 <b>Business-Type Activities</b>					
Notes payable					
DWSRF 54	\$12,429	\$ -	\$12,429	\$ -	\$ -
DWSRF 103	4,252	-	463	3,789	517
DWSRF 239	143,452	-	122,824	20,628	-
DWSRF 103 AR	14,984	-	1,873	13,111	1,873
DWSRF 111	6,576	-	822	5,754	822
CWSRF 190	132,416	-	15,674	116,742	-
CCL 19001	56,604	-	5,801	50,803	4,680
JPA 17589	353,919	-	6,478	347,441	7,929
Compensated absences	8,957	-	3,232	5,725	5,725
<b>Total Business-Type Activities</b>	<b>\$ 733,589</b>	<b>\$ -</b>	<b>\$ 169,596</b>	<b>\$ 563,993</b>	<b>\$ 21,546</b>

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

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Governmental Activities — As of June 30, 2024, 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.	\$ 131,921
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<b>Total General Fund</b>	<u>\$ 131,921</u>
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<b>Total Governmental Activities</b>	<u>\$ 131,921</u>
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Proprietary Funds — As of June 30, 2024, the total proprietary fund long-term debt of the financial reporting entity consisted of the following:

**Water Fund**

Note payable, CCL#19001, to the Wyoming State Land and Investment Board, due in annual installments of \$19,389, including interest at 1.38%, maturing December 2028.	\$ 50,803
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Note payable, JPA-17589, to the Wyoming State Land and Investment Board, due in annual installments of \$26,615, including interest at 5.38%, maturing December 2047.	347,441
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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.	3,789
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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.	13,111
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Note payable, DWSRF Loan #239, to the Wyoming State Land and Investment Board, currently disbursing.	<u>20,628</u>
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<b>Total Water Fund</b>	<u>\$ 435,772</u>
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**Town of Upton, Wyoming**  
**Notes to Financial Statements**

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**Sewer Fund**

Note payable, CWSRF Loan #111, to the Wyoming State Land and Investment Board, due in annual installments of \$822, including interest at 0%, maturing October 2030. \$ 5,754

Note payable, CWSRF Loan #190, to the Wyoming State Land and Investment Board, currently disbursing 116,742

**Total Sewer Fund** \$ 122,496

**Total Proprietary Funds** \$ 558,268

Annual Debt Service Requirements – The annual requirements to amortize all debt outstanding as of June 30, 2024, excluding obligations associated with compensated absences are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 12,137	\$ 1,856	\$ 15,821	\$ 19,484	\$ 27,958	\$ 21,340
2026	12,304	1,689	16,320	18,985	28,624	20,674
2027	12,473	1,520	16,841	18,464	29,314	19,984
2028	12,645	1,348	17,388	17,917	30,033	19,265
20289	12,819	1,174	17,959	17,346	30,778	18,520
2030-2034	66,788	3,180	89,227	77,228	156,015	80,408
2035-2039	2,755	80	75,024	59,177	77,779	59,257
2040-2044	-	-	95,741	37,335	95,741	37,335
2045-2049	-	-	76,577	9,901	76,577	9,901
	<u>\$ 131,921</u>	<u>\$ 10,847</u>	<u>\$ 420,898</u>	<u>\$ 275,837</u>	<u>\$ 552,819</u>	<u>\$ 286,684</u>

Note: The outstanding balances of \$20,628 and \$116,742 for the DWSRF #239 and CWSRF #190, respectively, are not included in the schedule above as the projects were not completed at year end.

## **Supplementary Information**

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**Town of Upton, Wyoming**  
**Combining Statement of Assets, Liabilities, and**  
**Fund Balance – Cash Basis – Proprietary Fund Types**  
**June 30, 2024**

	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Landfill</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and investments	\$ 140,214	\$ 96,098	\$ 523,684	\$ 759,996
<b>TOTAL ASSETS</b>	<u>\$ 140,214</u>	<u>\$ 96,098</u>	<u>\$ 523,684</u>	<u>\$ 759,996</u>
<b>LIABILITIES</b>				
Customer deposits	\$ 46,193	\$ -	\$ -	\$ 46,193
<b>TOTAL LIABILITIES</b>	<u>46,193</u>	<u>-</u>	<u>-</u>	<u>46,193</u>
<b>FUND BALANCE</b>				
Fund balance	<u>94,021</u>	<u>96,098</u>	<u>523,684</u>	<u>713,803</u>
<b>TOTAL FUND BALANCE</b>	<u>94,021</u>	<u>96,098</u>	<u>523,684</u>	<u>713,803</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 140,214</u>	<u>\$ 96,098</u>	<u>\$ 523,684</u>	<u>\$ 759,996</u>

**Town of Upton, Wyoming**  
**Combining Statement of Revenue Collected, Expenses Paid, and**  
**Changes in Fund Balance – Cash Basis – Proprietary Fund Types**  
**Year Ended June 30, 2024**

	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Landfill</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 311,621	\$ 140,264	\$ 281,157	\$ 733,042
<b>TOTAL OPERATING REVENUES</b>	<u>311,621</u>	<u>140,264</u>	<u>281,157</u>	<u>733,042</u>
<b>OPERATING EXPENSES:</b>				
Cost of operations	<u>411,668</u>	<u>200,287</u>	<u>209,413</u>	<u>821,368</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>411,668</u>	<u>200,287</u>	<u>209,413</u>	<u>821,368</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(100,047)</u>	<u>(60,023)</u>	<u>71,744</u>	<u>(88,326)</u>
<b>NONOPERATING INCOME (EXPENSE):</b>				
Grant revenue	1,285,524	909,147	-	2,194,671
Intergovernmental revenue	-	-	225,000	225,000
Loan proceeds	3,405	3,330	2,431	9,166
Interest income	10,021	8,503	8,079	26,603
General miscellaneous	32,826	16,933	7,500	57,259
Capital improvements	(1,152,622)	(848,414)	(2,824)	(2,003,860)
Debt service	(63,871)	(21,885)	(290)	(86,046)
<b>TOTAL NONOPERATING INCOME (EXPENSE)</b>	<u>115,283</u>	<u>67,614</u>	<u>239,896</u>	<u>422,793</u>
<b>TRANSFERS IN</b>	<u>21,932</u>	<u>8,018</u>	<u>-</u>	<u>29,950</u>
<b>CHANGE IN FUND BALANCE</b>	<u>37,168</u>	<u>15,609</u>	<u>311,640</u>	<u>364,417</u>
<b>FUND BALANCE, JUNE 30, 2023</b>	<u>56,853</u>	<u>80,489</u>	<u>212,044</u>	<u>349,386</u>
<b>FUND BALANCE, JUNE 30, 2024</b>	<u>\$ 94,021</u>	<u>\$ 96,098</u>	<u>\$ 523,684</u>	<u>\$ 713,803</u>

**Town of Upton, Wyoming**  
**Budgetary Comparison Schedule – General Fund –**  
**Budget to Actual – Cash Basis**  
**Year Ended June 30, 2024**

	<u>Budget</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<b>REVENUES:</b>				
Taxes and special assessments	\$ 540,100	\$ 540,100	\$ 554,905	\$ 14,805
Licenses and permits	28,400	28,400	27,419	(981)
Intergovernmental	228,698	228,698	208,431	(20,267)
Charges for services	3,500	3,500	12,759	9,259
Fines and forfeits	8,500	8,500	7,242	(1,258)
Interest	15,000	15,000	30,130	15,130
Miscellaneous	497,545	497,545	74,345	(423,200)
<b>TOTAL REVENUES</b>	<u>1,321,743</u>	<u>1,321,743</u>	<u>915,231</u>	<u>(406,512)</u>
<b>EXPENSES</b>				
General government	230,801	230,801	272,134	(41,333)
Public safety	539,909	539,909	418,193	121,716
Highways and streets	195,625	195,625	187,470	8,155
Culture and recreation	355,408	355,408	203,033	152,375
Transfers out	-	-	29,950	(29,950)
<b>TOTAL EXPENSES</b>	<u>1,321,743</u>	<u>1,321,743</u>	<u>1,110,780</u>	<u>210,963</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES</b>	<u>-</u>	<u>-</u>	<u>(195,549)</u>	<u>(195,549)</u>
<b>FUND BALANCE, JUNE 30, 2023</b>	<u>847,981</u>	<u>847,981</u>	<u>847,981</u>	<u>-</u>
<b>FUND BALANCE, JUNE 30, 2024</b>	<u>\$ 847,981</u>	<u>\$ 847,981</u>	<u>\$ 652,432</u>	<u>\$ (195,549)</u>

**Town of Upton, Wyoming**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2024**

<b>Federal Grantor, Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of the Treasury</b>			
<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	\$ 1,445,000
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	WS-1172	198,712
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	LG-1404	18,692
Total Coronavirus State and Local Fiscal Recovery Funds			<u>1,662,404</u>
<b>Total U.S. Department of the Treasury</b>			<u>1,662,404</u>
<b>Enviromental Protection Agency</b>			
<i>Passed through the State of Wyoming, Office of State Lands and Investments</i>			
Drinking Water State Revolving Fund	66.468	DWSFR 239	<u>803</u>
<b>Total Enviromental Protection Agency</b>			<u>803</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,663,207</u></u>

**Town of Upton, Wyoming**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2024**

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**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, 2024. 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 net position, 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, 2024.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash-basis financial statements of the governmental activities, business-type activities and each major fund of the Town of Upton (the Town) as of June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2024.

**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 opinion 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 2024-001 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 2024-001.

**Town of Upton, Wyoming's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town's response to the findings 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  
October 28, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH 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 Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Town of Upton, Wyoming (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 each of the Town's major federal programs for the year ended June 30, 2024. 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 each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each 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 each 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 each 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  
October 28, 2024

**Town of Upton, Wyoming**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2024**

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**Section I – Summary of Auditor’s Results**

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**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 Each 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, 2024**

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**Section II – Financial Statement Findings**

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**2024-001: 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 as of June 30, 2024, resulting in \$10,522 of uncollateralized deposits.

Cause: The financial institution did not adequately monitor the funds of the Town to ensure they had appropriate pledge collateral to satisfy 100% coverage on the Town's funds, resulting in \$10,522 of Town deposits in excess of FDIC which were not collateralized by other assets in the Town's name.

Effect or Potential Effect: \$10,522 of uncollateralized deposits were at risk of recovery had the depository failed.

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.

*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.

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**Section III – Federal Award Findings and Questioned Costs**

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No matters were identified that were required to be reported.



## Town of Upton

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*"Best Town on Earth"*

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### 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:** **2024-001 – 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:**

October 2024

**Responsible Party:**

Kelley Millar, Town Clerk/Treasurer  
Dennis Santistevan, FirsTier Bank CFO



## Town of Upton

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### Summary Schedule of Prior Audit Findings

#### 2023-001 – Segregation of Duties

Condition/context: 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.

Status: The Town takes an active role in its financial management, and it has implemented additional safeguards and controls to provide additional oversight and to ensure proper segregation of duties exist in key transactional cycles.

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 to key transaction cycles. Finding 2023-001 is considered to be resolved.