

**TOWN OF LUSK,  
WYOMING**

Basic Financial Statements  
(Modified Cash Basis)

Year Ended June 30, 2023  
(With Independent Auditors' Report Thereon)

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# **INDEPENDENT AUDITORS' REPORT**

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the Town Council  
Town of Lusk, Wyoming  
201 E. 3<sup>rd</sup> Street  
Lusk, Wyoming 82225

### Report on the Audit of the Financial Statements

#### *Opinions*

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2023, and the respective changes in financial position—modified cash basis and, where applicable, cash flows, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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.

#### *Emphasis of Matter — Basis of Accounting*

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified 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 modified cash basis of accounting described in Note 1, and for determining that the basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the General Fund budgetary comparison information, schedule of proportionate share of the net pension liability – Wyoming Retirement System and the schedule of contributions – Wyoming Retirement System, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America requires to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of the financial reporting for placing the basic financial statements in the appropriate operations, economic, or historical context, as stated above. Our opinion on the basic financial statements is not affected by this missing information.

### ***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, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 28, 2023, 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 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.

*Carver Florek & James, CPAs*

December 28, 2023  
Sheridan, Wyoming

# **BASIC FINANCIAL STATEMENTS**



**TOWN OF LUSK**  
**STATEMENT OF NET POSITION**  
**MODIFIED CASH BASIS**  
**June 30, 2023**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 531,047	\$ 2,828,749	\$ 3,359,796
Cash with fiscal agent	4,635	-	4,635
Restricted cash	-	568,475	568,475
Internal balances	28,687	(28,687)	-
Noncurrent assets:			
Non-depreciable	6,935,705	15,238,222	22,173,927
Depreciable, net of accumulated depreciation	4,689,800	2,629,341	7,319,141
Total assets	12,189,874	21,236,100	33,425,974
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Related to pensions	450,963	90,290	541,253
Total deferred outflows of resources	450,963	90,290	541,253
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued liabilities	685,328	2,053,759	2,739,087
Noncurrent liabilities:			
Portion due within one year; notes, leases	3,146	144,785	147,931
Portion due after one year; notes, leases	5,401,797	10,357,822	15,759,619
Net pension liability	1,265,051	490,527	1,755,578
Total liabilities	7,355,322	13,046,893	20,402,215
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Related to pensions	115,708	3,109	118,817
Total deferred inflows of resources	115,708	3,109	118,817
<b><u>NET POSITION</u></b>			
Invested in capital assets, net of related debt	6,281,431	7,364,956	13,646,387
Restricted for:			
Wyoming water development reserves	-	24,600	24,600
Recreation activities	6,776	-	6,776
Other	932,920	-	932,920
Cemetery maintenance	17,545	-	17,545
Utilities endowment	19,507	-	19,507
Unrestricted	(2,088,372)	886,832	(1,201,540)
Total net position	\$ 5,169,807	\$ 8,276,388	\$ 13,446,195

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

**TOWN OF LUSK, WYOMING**  
**STATEMENT OF ACTIVITIES**  
**MODIFIED CASH BASIS**  
**Year Ended June 30, 2023**

	<u>Net (Expense) Revenues and Changes in Net Position</u>						
	Expenses	Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b><u>PRIMARY GOVERNMENT</u></b>							
Governmental activities:							
General government	\$ 620,058	\$ 38,796	\$ 245,958	\$ -	\$ (335,304)	\$ -	\$ (335,304)
Public safety	1,025,117	104,113	54,435	13,597	(852,972)	-	(852,972)
Streets and public works	798,198	17,831	-	-	(780,367)	-	(780,367)
Parks and recreation	306,112	68,352	-	-	(237,760)	-	(237,760)
Airport	267,413	43,637	-	31,698	(192,078)	-	(192,078)
Benefit payments	18,621	-	28,366	-	9,745	-	9,745
Interest expense	-	-	-	-	-	-	-
Total governmental activities	<u>3,035,519</u>	<u>272,729</u>	<u>328,759</u>	<u>45,295</u>	<u>(2,388,736)</u>	<u>-</u>	<u>(2,388,736)</u>
Business-type activities:							
Electric	1,808,053	2,027,990	-	-	-	219,937	219,937
Water	402,771	427,137	-	1,578,582	-	1,602,948	1,602,948
Sanitation	321,836	366,223	-	-	-	44,387	44,387
Sewer	216,584	317,637	-	2,339,967	-	2,441,020	2,441,020
Total business-type activities	<u>2,749,244</u>	<u>3,138,987</u>	<u>-</u>	<u>3,918,549</u>	<u>-</u>	<u>4,308,292</u>	<u>4,308,292</u>
Total primary government	<u>\$ 5,784,763</u>	<u>\$ 3,411,716</u>	<u>\$ 328,759</u>	<u>\$ 3,963,844</u>	<u>(2,388,736)</u>	<u>4,308,292</u>	<u>1,919,556</u>
General revenues:							
Property taxes					112,583	-	112,583
General sales and use tax					825,015	-	825,015
Cigarette tax					8,711	-	8,711
Lodging tax					47,604	-	47,604
Fuels tax					82,151	-	82,151
Mineral severance and royalties tax					295,251	-	295,251
Lottery tax					21,055	-	21,055
Other taxes					512,239	-	512,239
Investment earnings					86,011	134	86,145
Miscellaneous					65,132	9,537	74,669
Transfers, net					500,000	(500,000)	-
Total general revenues					<u>2,555,752</u>	<u>(490,329)</u>	<u>2,065,423</u>
Change in net position					167,016	3,817,963	3,984,979
Net position - beginning					5,002,791	4,458,425	9,461,216
Net position - ending					<u>\$ 5,169,807</u>	<u>\$ 8,276,388</u>	<u>\$ 13,446,195</u>

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

**TOWN OF LUSK, WYOMING**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**MODIFIED CASH BASIS**  
**June 30, 2023**

	<u>Major Fund</u>				Total Governmental Funds
	<u>General Fund</u>	<u>1% Specific Purpose Tax</u>	<u>Cemetery Maintenance</u>	<u>Utility Endowment Fund</u>	
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 461,588	\$ 32,407	\$ 17,545	\$ 19,507	\$ 531,047
Cash with fiscal agent	4,635	-	-	-	4,635
Due from other funds	28,687	900,513	-	-	929,200
Total assets	<u>\$ 494,910</u>	<u>\$ 932,920</u>	<u>\$ 17,545</u>	<u>\$ 19,507</u>	<u>\$ 1,464,882</u>
<b><u>LIABILITIES</u></b>					
Accrued liabilities	\$ 685,328	\$ -	\$ -	\$ -	\$ 685,328
Due to other funds	900,513	-	-	-	900,513
Total liabilities	<u>1,585,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,585,841</u>
<b><u>FUND BALANCE</u></b>					
Restricted:					
Recreational activities	6,776	-	-	-	6,776
Other	-	932,920	-	-	932,920
Cemetery maintenance	-	-	17,545	-	17,545
Utilities endowment	-	-	-	19,507	19,507
Unassigned	<u>(1,097,707)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,097,707)</u>
Total fund balance	<u>(1,090,931)</u>	<u>932,920</u>	<u>17,545</u>	<u>19,507</u>	<u>(120,959)</u>
Total liabilities and fund balance	<u>\$ 494,910</u>	<u>\$ 932,920</u>	<u>\$ 17,545</u>	<u>\$ 19,507</u>	<u>\$ 1,464,882</u>

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

**TOWN OF LUSK, WYOMING**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION MODIFIED CASH BASIS**  
**June 30, 2023**

Total fund balance for government funds \$ (120,959)

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Asset cost and accumulated depreciation is as follows:

Asset cost	26,546,044	
Accumulated Depreciation	(14,920,539)	
Total		11,625,505

The assets and liabilities of the government-wide statement of net position include certain deferred outflows and inflows related to pensions and the net pension liability which do not require the use of current financial resources and are therefore excluded from the governmental fund balance sheet. Pension activities at year end consist of :

Net pension liability	(1,265,051)	
Deferred inflows of resources related to pensions	(115,708)	
Deferred outflows of resources related to pension	450,963	
Total		(929,796)

Long-term liabilities are not reported as liabilities in the governmental funds. Long-term liabilities included in the government-wide financial statements at year-end consist of:

Notes and leases payable		(5,404,943)

Net position of government activities		\$ 5,169,807

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

**TOWN OF LUSK, WYOMING**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**MODIFIED CASH BASIS**  
**Year Ended June 30, 2023**

	<u>Major Fund</u>				Total Governmental Funds
	<u>General Fund</u>	1% Specific Purpose Tax	Cemetery Maintenance	Utility Endowment Fund	
<b><u>REVENUES</u></b>					
Taxes:					
Sales and use	\$ 809,940	\$ 512,239	\$ -	\$ -	\$ 1,322,179
Property	112,583	-	-	-	112,583
Fuels	82,151	-	-	-	82,151
Cigarette	8,711	-	-	-	8,711
Lodging	47,604	-	-	-	47,604
Severance and mineral royalties	295,251	-	-	-	295,251
Other	-	-	-	-	-
Wyoming Lottery distribution	21,055	-	-	-	21,055
Licenses and permits	20,954	-	-	-	20,954
Intergovernmental	345,688	-	-	-	345,688
Charges for services	229,711	-	-	-	229,711
Fines and forfeitures	22,064	-	-	-	22,064
Miscellaneous	80,207	-	-	28,366	108,573
Investment earnings	85,811	-	200	-	86,011
Total revenues	<u>2,161,730</u>	<u>512,239</u>	<u>200</u>	<u>28,366</u>	<u>2,702,535</u>
<b><u>EXPENDITURES</u></b>					
Current:					
General government	583,374	-	-	-	583,374
Public safety	900,164	-	-	-	900,164
Streets and public works	751,806	-	-	-	751,806
Parks and recreation	283,230	-	-	-	283,230
Airport	75,247	-	-	-	75,247
Benefit payments	-	-	-	18,621	18,621
Capital outlay	3,992,004	-	-	-	3,992,004
Total expenditures	<u>6,585,825</u>	<u>-</u>	<u>-</u>	<u>18,621</u>	<u>6,604,446</u>
Excess revenues over (under) expenditures	<u>(4,424,095)</u>	<u>512,239</u>	<u>200</u>	<u>9,745</u>	<u>(3,901,911)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Loan proceeds	3,321,610	-	-	-	3,321,610
Transfers in	500,000	-	-	-	500,000
Total other financing sources (uses)	<u>3,821,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,821,610</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(602,485)</u>	<u>512,239</u>	<u>200</u>	<u>9,745</u>	<u>(80,301)</u>
<b><u>FUND BALANCE - BEGINNING</u></b>	<u>(488,446)</u>	<u>420,681</u>	<u>17,345</u>	<u>9,762</u>	<u>(40,658)</u>
<b><u>FUND BALANCE - ENDING</u></b>	<u>\$ (1,090,931)</u>	<u>\$ 932,920</u>	<u>\$ 17,545</u>	<u>\$ 19,507</u>	<u>\$ (120,959)</u>

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

**TOWN OF LUSK, WYOMING**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE**  
**STATEMENT OF ACTIVITIES MODIFIED CASH BASIS**  
**Year Ended June 30, 2023**

Net changes in fund balances - total governmental funds		\$ (80,301)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays are exceeded by depreciation expense in the period:</p>		
Capital Outlays	3,992,004	
Less: depreciation expense	<u>(392,594)</u>	
		3,599,410
<p>Governmental funds report loan proceeds as other financing sources and report principal payments as expenditures. However, only the interest payment is included in the statement of activities.</p>		
Loan proceeds	(3,321,610)	
Lease principal payments	<u>4,995</u>	
		(3,316,615)
<p>Pension expense reported in the government-wide statement of activities does not require the use of current financial resources and therefore is not reported as an expense in governmental funds.</p>		
		<u>(35,478)</u>
Change in net position of governmental activities		<u><u>\$ 167,016</u></u>

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

**TOWN OF LUSK, WYOMING**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**MODIFIED CASH BASIS**  
**June 30, 2023**

	Major Funds				Total Enterprise Funds
	Electric Fund	Water Fund	Sanitation Fund	Sewer Fund	
<b><u>ASSETS</u></b>					
Current assets:					
Cash and cash equivalents	\$ 1,734,534	\$ 434,246	\$ 297,649	\$ 362,320	\$ 2,828,749
Restricted cash	-	308,455	-	260,020	568,475
Due from other funds	-	-	-	-	-
Total current assets	<u>1,734,534</u>	<u>742,701</u>	<u>297,649</u>	<u>622,340</u>	<u>3,397,224</u>
Noncurrent assets:					
Capital assets:					
Non-depreciable	481	7,409,988	25,255	7,802,498	15,238,222
Depreciable, net of accumulated depreciation	204,204	427,616	1,444,669	552,852	2,629,341
Total noncurrent assets	<u>204,685</u>	<u>7,837,604</u>	<u>1,469,924</u>	<u>8,355,350</u>	<u>17,867,563</u>
Total assets	<u>1,939,219</u>	<u>8,580,305</u>	<u>1,767,573</u>	<u>8,977,690</u>	<u>21,264,787</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>					
Related to pensions	31,711	17,821	22,936	17,822	90,290
Total deferred outflows of resources	<u>31,711</u>	<u>17,821</u>	<u>22,936</u>	<u>17,822</u>	<u>90,290</u>
<b><u>LIABILITIES</u></b>					
Current liabilities:					
Sales tax payable	11,215	-	-	-	11,215
Accrued liabilities	210,784	1,049,960	-	781,800	2,042,544
Due to other funds	-	13,487	-	15,200	28,687
Current portion of long term liabilities	-	78,446	26,575	39,764	144,785
Total current liabilities	<u>221,999</u>	<u>1,141,893</u>	<u>26,575</u>	<u>836,764</u>	<u>2,227,231</u>
Noncurrent liabilities:					
Net pension liability	172,281	96,819	124,608	96,819	490,527
Long term liabilities	-	5,138,719	354,855	4,864,248	10,357,822
Total noncurrent liabilities	<u>172,281</u>	<u>5,235,538</u>	<u>479,463</u>	<u>4,961,067</u>	<u>10,848,349</u>
Total liabilities	<u>394,280</u>	<u>6,377,431</u>	<u>506,038</u>	<u>5,797,831</u>	<u>13,075,580</u>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>					
Related to pensions	1,092	614	789	614	3,109
Total deferred inflows of resources	<u>1,092</u>	<u>614</u>	<u>789</u>	<u>614</u>	<u>3,109</u>
<b><u>NET POSITION</u></b>					
Invested in capital assets, net of related debt	204,685	2,620,439	1,088,494	3,451,338	7,364,956
Restricted for:					
Wyoming water development reserves	-	24,600	-	-	24,600
Unrestricted	1,370,873	(424,958)	195,188	(254,271)	886,832
Total net position	<u>\$ 1,575,558</u>	<u>\$ 2,220,081</u>	<u>\$ 1,283,682</u>	<u>\$ 3,197,067</u>	<u>\$ 8,276,388</u>

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

**TOWN OF LUSK, WYOMING**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**MODIFIED CASH BASIS**  
**Year Ended June 30, 2023**

	Major Funds				Total Enterprise Funds
	Electric Fund	Water Fund	Sanitation Fund	Sewer Fund	
<b><u>OPERATING REVENUES</u></b>					
Charges for sales and services	\$ 2,027,990	\$ 427,137	\$ 366,338	\$ 327,174	\$ 3,148,639
Total operating revenues	<u>2,027,990</u>	<u>427,137</u>	<u>366,338</u>	<u>327,174</u>	<u>3,148,639</u>
<b><u>OPERATING EXPENSES</u></b>					
Salaries and benefits	231,503	180,990	136,406	139,620	688,519
Repairs and maintenance	1,504,314	11,670	31,374	4,422	1,551,780
Contractual services	-	-	-	23,175	23,175
Materials and supplies	54,760	124,002	98,112	16,124	292,998
Depreciation	17,476	41,079	55,944	27,677	142,176
Total operating expenses	<u>1,808,053</u>	<u>357,741</u>	<u>321,836</u>	<u>211,018</u>	<u>2,698,648</u>
Operating income (loss)	219,937	69,396	44,502	116,156	449,991
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>					
Debt forgiveness	-	1,578,582	-	2,339,967	3,918,549
Interest revenue	-	19	-	-	19
Interest and fees expense	-	(26,549)	-	(5,566)	(32,115)
Bonding expense	-	(18,481)	-	-	(18,481)
Total non-operating revenues	<u>-</u>	<u>1,533,571</u>	<u>-</u>	<u>2,334,401</u>	<u>3,867,972</u>
Income (loss) before transfers	219,937	1,602,967	44,502	2,450,557	4,317,963
Transfers in (out)	<u>(500,000)</u>	<u>222,917</u>	<u>-</u>	<u>(222,917)</u>	<u>(500,000)</u>
Change in net position	(280,063)	1,825,884	44,502	2,227,640	3,817,963
<b><u>NET POSITION - BEGINNING</u></b>	<u>1,855,621</u>	<u>394,197</u>	<u>1,239,180</u>	<u>969,427</u>	<u>4,458,425</u>
<b><u>NET POSITION - ENDING</u></b>	<u>\$ 1,575,558</u>	<u>\$ 2,220,081</u>	<u>\$ 1,283,682</u>	<u>\$ 3,197,067</u>	<u>\$ 8,276,388</u>

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



**TOWN OF LUSK, WYOMING**  
**STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**MODIFIED CASH BASIS**  
**Year Ended June 30, 2023**

	Major Funds				Total Enterprise Funds
	Electric Fund	Water Fund	Sanitation Fund	Sewer Fund	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>					
Receipts from customers	\$ 2,027,990	\$ 427,137	\$ 366,338	\$ 327,174	\$ 3,148,639
Payments to suppliers	(1,386,033)	877,512	(132,886)	705,923	64,516
Payments to employees	(239,724)	(178,395)	(131,419)	(137,026)	(686,564)
Net cash provided by (used in) operating activities	<u>402,233</u>	<u>1,126,254</u>	<u>102,033</u>	<u>896,071</u>	<u>2,526,591</u>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>					
Interfund activity	(451,560)	222,917	-	(222,917)	(451,560)
Net cash provided (used) by non-capital financing activities	<u>(451,560)</u>	<u>222,917</u>	<u>-</u>	<u>(222,917)</u>	<u>(451,560)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>					
Purchases of capital assets	(46,231)	(4,985,485)	-	(5,013,967)	(10,045,683)
Principal paid on capital debt	-	(1,419,658)	(26,574)	(760,000)	(2,206,232)
Proceeds from debt issuance	-	3,966,942	-	2,915,981	6,882,923
Debt forgiveness	-	1,578,582	-	2,339,967	3,918,549
Bonding expense	-	(18,481)	-	-	(18,481)
Interest paid on capital debt	-	(26,549)	-	(5,566)	(32,115)
Net cash provided (used) by capital and related financing activities	<u>(46,231)</u>	<u>(904,649)</u>	<u>(26,574)</u>	<u>(523,585)</u>	<u>(1,501,039)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>					
Interest and dividends received	-	19	-	-	19
Net cash provided (used) by investing activities	<u>-</u>	<u>19</u>	<u>-</u>	<u>-</u>	<u>19</u>
Net increase (decrease) in cash and cash equivalents	(95,558)	444,541	75,459	149,569	574,011
Cash and cash equivalents, beginning	<u>1,830,092</u>	<u>298,160</u>	<u>222,190</u>	<u>472,771</u>	<u>2,823,213</u>
Cash and cash equivalents, ending	<u>\$ 1,734,534</u>	<u>\$ 742,701</u>	<u>\$ 297,649</u>	<u>\$ 622,340</u>	<u>\$ 3,397,224</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 219,937	\$ 69,396	\$ 44,502	\$ 116,156	\$ 449,991
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	17,476	41,079	55,944	27,677	142,176
(Increase) Decrease in net pension resources	(8,221)	2,595	4,987	2,594	1,955
Increase (Decrease) in sales tax payable	595	-	-	-	595
Increase (Decrease) in accrued liabilities	172,446	1,013,184	(3,400)	749,644	1,931,874
Total adjustments	<u>182,296</u>	<u>1,056,858</u>	<u>57,531</u>	<u>779,915</u>	<u>2,076,600</u>
Net cash provided (used) by operating activities	<u>\$ 402,233</u>	<u>\$ 1,126,254</u>	<u>\$ 102,033</u>	<u>\$ 896,071</u>	<u>\$ 2,526,591</u>

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

**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

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

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

**Basis of Presentation**

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

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

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

Governmental Funds

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

Major Governmental Funds:

General Fund

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

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

Proprietary Funds

Enterprise Funds

The Proprietary Utility Funds record the Town's activities that are operated similar to private business enterprises, where determination of net income is necessary or useful for financial administration. The four proprietary funds of the Town are the Electric Fund which provides electricity to the residents of the Town; Water Fund which provides water to the residents of the Town; the Sewer Fund which receives and treats wastewater; and the Sanitation Fund which collects garbage. Proprietary funds are accounted for using a modified cash basis of accounting.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

In the government-wide statement of net position and statement of activities and the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting. This basis recognized assets, liabilities, net position/fund balance, revenues, and expenditures/expenses when they result from cash transactions with provisions for payroll liabilities, including net pension obligation related to the Town's estimated portion of the Wyoming Retirement System unfunded pension liability, and depreciation in the government-wide statements and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid) are not recorded in these financial statements.

**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

Budgetary Data

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

While the Town is reporting financial position, results of operations, and changes in fund balance on the modified cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenues, expenditures, and changes in fund balance budget and actual presented for the general fund is presented on the budgetary basis to provide meaningful comparison of actual results with the budget. The major difference between budget basis and modified cash basis are as follows: Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (Modified Cash Basis).

**Assets, Liabilities and Net Position**

Cash and Cash Equivalents

Cash and cash equivalents include all demand and savings accounts and certificates of deposits or short-term investments with an original maturity of twelve months or less. These deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) or secured by pledge of assets including bonds, debentures and other securities, which by law, the State Treasurer may invest. At June 30, 2023, all deposits were fully insured with a combination of FDIC insurance and pledged collateral held in the name of the Town.

Investments

The Town's investment policy requires investments to comply with state statutes, which generally allows the Town to invest in U.S. state and local government securities and accounts of any bank and savings associations which are federally insured or secured by pledge of assets including bonds, debentures and other securities in which the State Treasurer may by law invest. All investments made during the year were made within these statutory limits. The Town's investment policy does require all time deposits and repurchase agreements to be collateralized at 120% of the amount invested including accrued interest, based on the lower of par or market value of the collateral.

**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Position (Continued)**

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business type activity columns in the government-wide financial statements.

Acquired or constructed capital assets are valued at historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs to these assets that do not add materially to the value of the asset are expensed as incurred.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Street infrastructure assets are entered into the system on a network basis since these assets consist of several different components of road and street construction.

Capital assets are defined by the Town as assets with an estimated useful life in excess of one year and cost in excess of \$1,000.

All property, plant and equipment of governmental or business type activities are depreciated using the straight-line method with the following estimated useful lives:

<u>Classes of Assets</u>	<u>Useful Life</u>
Buildings and improvements	7-50 years
Furniture, fixtures and equipment	5-30 years
Infrastructure	7-20 years
Vehicles	3-7 years

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

Payables and Accrued Liabilities

Payables and accrued liabilities related to sales tax and deposits payable are reported in the government-wide financial statements and payables and accrued liabilities related to sales tax and deposits from enterprise funds are reported on the enterprise fund financial statements.

Long-Term Debt

Accounting for long-term debt varies depending upon the source of repayment and the measurement focus applied, and whether the debt is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from proprietary fund resources are reported as liabilities, as incurred. Long-term debt consists primarily of net pension liability and notes payable.

**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Position (Continued)**

Long-Term Debt

Accounting for long-term debt varies depending upon the source of repayment and the measurement focus applied, and whether the debt is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from proprietary fund resources are reported as liabilities, as incurred. Long-term debt consists primarily of net pension liability and notes payable.

Equity Classifications

1. Government-Wide and Proprietary Fund Financial Statements:

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

2. Governmental Fund Financial Statements:

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

- a. Restricted Fund Balances – These fund balances are the net balance of assets and liabilities that are externally imposed. These are grants or other funds that are restricted by the debt covenants, grantor, contributor, or by laws or regulations of external governments. In general, these include legally enforceable requirements that the resources be used only for specific purposes stipulated in the grant, debt covenant, or by law.
- b. Assigned Fund Balances – This fund balance represents amounts intended to be used by the government for specific purposes.
- c. Unassigned Fund Balances – These fund balances represent amounts that have not been restricted, committed or assigned to a specific purpose.

**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Internal and Inter-Fund Balances and Activities**

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

Government-Wide Financial Statements:

Inter-fund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities

Amounts reported as inter-fund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as transfers.

Property Taxes

The Town is permitted to and has levied eight mills of the assessed valuation in the Town. The Town levies taxes on assessed property through Niobrara County (the County), who act as the agents to levy and collect property tax within the county. The taxes are levied on the assessed valuation of the prior year according to the tax calendar below. Collections are distributed after the end of each month. Consequently, the vast majority of taxes have been levied and collected within the Town's fiscal year. Effective, January 1, 2022, mineral ad valorem property taxes are billed and collected monthly by the Department of Revenue, with a true-up following the annual assessment on January 1. Assessed valuation and tax levies are subject to adjustment for prior years (rebates and supplemental), as controlled by the County or State. The Town does not adjust or record estimates for these adjustments, as they are adjusted to current year tax receipts when they are approved. All taxes are included as revenue in the financial statements when received from the County. The tax calendar is as follows:

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

Use of estimates

The preparation of the financial statements in conformity with other comprehensive basis of accounting (OCBOA) requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results may differ from those estimates. The estimate of pension liabilities is especially significant to the Town. It is reasonably possible that this estimate will change within one year of the date of the financial statements due to one or more future events. The effect of the change could be material to the financial statements and could result in a loss.

**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**2. CAPITAL ASSETS**

Capital asset activity related to governmental and business-type activities for the year ended June 30, 2023 was as follows:

	Beginning Balance	Transfers / Increase	Transfers/ Decrease	Ending Balance
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 849,741	\$ -	\$ -	\$ 849,741
Construction-in-progress	2,178,817	3,907,147		6,085,964
Total	<u>\$ 3,028,558</u>	<u>\$ 3,907,147</u>	<u>\$ -</u>	<u>\$ 6,935,705</u>
Depreciable capital assets:				
Buildings and improvements	\$ 4,299,584	\$ -	\$ -	\$ 4,299,584
Furniture, fixtures and equipment	2,723,255	16,749		2,740,004
Infrastructure	7,043,863	-	-	7,043,863
Airport	4,406,472	-	-	4,406,472
Vehicles	1,020,347	68,108	(26,439)	1,062,016
Right of use - buildings and improvements	36,370	-	-	36,370
Right of use - equipment	22,030	-	-	22,030
Total	<u>19,551,921</u>	<u>84,857</u>	<u>(26,439)</u>	<u>19,610,339</u>
Accumulated depreciation for:				
Buildings and improvements	(1,320,123)	(80,955)	3,637	(1,397,441)
Furniture, fixtures and equipment	(2,250,845)	(58,151)	2,962	(2,306,034)
Infrastructure	(6,914,448)	(11,901)	-	(6,926,349)
Airport	(3,138,975)	(192,166)	-	(3,331,141)
Vehicles	(881,355)	(46,258)	26,439	(901,174)
Right of use - buildings and improvements	(30,650)	(2,083)	(3,637)	(36,370)
Right of use - equipment	(17,988)	(1,080)	(2,962)	(22,030)
Total accumulated depreciation	<u>(14,554,384)</u>	<u>(392,594)</u>	<u>26,439</u>	<u>(14,920,539)</u>
Total capital assets, being depreciated, net	<u>\$ 4,997,537</u>			<u>\$ 4,689,800</u>
Governmental activities capital assets, net	<u>\$ 8,026,095</u>			<u>\$ 11,625,505</u>



**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**2. CAPITAL ASSETS (Continued)**

	Beginning Balance	Transfers / Increase	Transfers/ Decrease	Ending Balance
<b>Business-Type Activities :</b>				
Capital assets not being depreciated:				
Land	\$ 62,279	\$ -	\$ -	\$ 62,279
Construction in Progress	5,185,544	9,990,399	-	15,175,943
Total	<u>\$ 5,247,823</u>	<u>\$ 9,990,399</u>	<u>\$ -</u>	<u>\$ 15,238,222</u>
Depreciable capital assets:				
Buildings	\$ 1,992,893	\$ -	\$ -	\$ 1,992,893
Equipment	1,767,990	12,245	-	1,780,235
Vehicles	569,106	-	-	569,106
Water distribution system	4,326,347	-	-	4,326,347
Sewer system	898,796	-	-	898,796
Electrical system	2,689,421	43,039	-	2,732,460
Total	<u>12,244,553</u>	<u>55,284</u>	<u>-</u>	<u>12,299,837</u>
Accumulated depreciation for:				
Buildings	(600,718)	(30,374)	-	(631,092)
Equipment	(1,456,506)	(33,453)	-	(1,489,959)
Vehicles	(532,504)	(18,209)	-	(550,713)
Water distribution system	(3,872,850)	(36,452)	-	(3,909,302)
Sewer system	(521,415)	(8,496)	-	(529,911)
Electrical system	(2,544,327)	(15,192)	-	(2,559,519)
Total accumulated depreciation	<u>(9,528,320)</u>	<u>(142,176)</u>	<u>-</u>	<u>(9,670,496)</u>
Total capital assets, being depreciated, net	<u>\$ 2,716,233</u>			<u>\$ 2,629,341</u>
Business-type activities capital assets, net	<u>\$ 7,964,056</u>			<u>\$ 17,867,563</u>

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**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**2. CAPITAL ASSETS (Continued)**

Depreciation expense for the fiscal year ended June 30, 2023, was charged to the following activities in the statement of activities.

**Governmental Activities:**

General Government	\$ 38,242
Public Safety	80,019
Streets and Public Works	57,023
Parks and Recreation	25,144
Airport	<u>192,166</u>
	<u>392,594</u>

**Business-Type Activities:**

Electric	17,476
Water	41,079
Sanitation	55,944
Sewer	<u>27,677</u>
	<u>142,176</u>
Total depreciation expense	<u><u>\$ 534,770</u></u>

**3. INTERFUND ACTIVITY**

Transfers were used to move cash to the fund for which statute or budget requires the expenditure to be made and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The primary government's interfund receivable and payable balances for the year ended June 30, 2023, were as follows:

	Due from Other Funds	Due to Other Funds	Net
<b>Governmental Activities:</b>			
General Fund	\$ 28,687	\$ 900,513	\$ (871,826)
1% Specific Purpose Tax	<u>900,513</u>	<u>-</u>	<u>900,513</u>
	<u><u>\$ 929,200</u></u>	<u><u>\$ 900,513</u></u>	<u><u>\$ 28,687</u></u>
<b>Business-type Activities:</b>			
Water	\$ -	\$ 13,487	\$ (13,487)
Sewer	<u>-</u>	<u>15,200</u>	<u>(15,200)</u>
	<u>-</u>	<u>28,687</u>	<u>(28,687)</u>
	<u><u>\$ 929,200</u></u>	<u><u>\$ 929,200</u></u>	<u><u>\$ -</u></u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursed expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**4. DEBT**

The following is a summary of long-term liability transactions for the Town for the year ended June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
Note payable:					
Phase 1 Street Replacement	\$ 1,939,046	\$ 1,825,852	\$ -	\$ 3,764,898	\$ -
Phase 2 Street Replacement	128,555	1,495,758	-	1,624,313	-
Total note payable	<u>2,067,601</u>	<u>3,321,610</u>	<u>-</u>	<u>5,389,211</u>	<u>-</u>
Lease liabilities:					
Copier	1,849	-	1,849	-	-
Shop heaters	18,878	-	3,146	15,732	3,146
Total lease liabilities	<u>20,727</u>	<u>-</u>	<u>4,995</u>	<u>15,732</u>	<u>3,146</u>
Net pension liability (Note 5)	951,050	314,001	-	1,265,051	-
Total	<u>\$ 3,039,378</u>	<u>\$ 3,635,611</u>	<u>\$ 4,995</u>	<u>\$ 6,669,994</u>	<u>\$ 3,146</u>
<b>Business-Type Activities:</b>					
Note payables:					
<b>Water Fund</b>					
Water system	\$ 78,646	\$ -	\$ 78,646	\$ -	\$ -
Lusk Well No. 10	64,822	-	64,822	-	-
Water system improvements	134,297	-	134,297	-	-
Water system replacement	2,392,117	5,113,885	2,288,837	5,217,165	78,446
<b>Total Water Fund</b>	<u>2,669,882</u>	<u>5,113,885</u>	<u>2,566,602</u>	<u>5,217,165</u>	<u>78,446</u>
<b>Sanitation Fund</b>					
Transfer station	328,285	-	21,885	306,400	21,886
MSW Cease and Transfer	79,719	-	4,689	75,030	4,689
<b>Total Sanitation Fund</b>	<u>408,004</u>	<u>-</u>	<u>26,574</u>	<u>381,430</u>	<u>26,575</u>
<b>Sewer Fund</b>					
Sewer system replacement	2,748,031	4,786,987	2,631,006	4,904,012	39,764
<b>Total Sewer Fund</b>	<u>2,748,031</u>	<u>4,786,987</u>	<u>2,631,006</u>	<u>4,904,012</u>	<u>39,764</u>
Total notes payable	<u>5,825,917</u>	<u>9,900,872</u>	<u>5,224,182</u>	<u>10,502,607</u>	<u>144,785</u>
Net pension liability (Note 5)					
Electric Fund	102,548	69,733	-	172,281	-
Water Fund	52,694	44,125	-	96,819	-
Sanitation Fund	66,691	57,917	-	124,608	-
Sewer Fund	52,694	44,125	-	96,819	-
Total	<u>\$ 6,100,544</u>	<u>\$ 10,116,772</u>	<u>\$ 5,224,182</u>	<u>\$ 10,993,134</u>	<u>\$ 144,785</u>

**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**4. DEBT (Continued)**

**Governmental Activities - Phase 1 Street Replacement, Phase 2 Street Replacement - Capital Construction:** The Town has obtained multiple capital construction loans (CCL-21005 and CL-21008) with a 2.50 percent interest rate from the State of Wyoming Office of State Lands and Investments to finance the streets replacement project. As of June 30, 2023 the amount disbursed under these loans was \$5,389,211. As of the date of this report, the project was not complete and had not yet entered into repayment, accordingly a maturity schedule for these loans is not presented in the footnotes.

**Governmental Activities - Shop Heaters:** The Town obtained a lease for purchase of shop heaters from Wyoming Local Government Energy Lease Purchase Program with 0% interest, dated February 14, 2018. This money was paid upfront to the Town and was used to purchase new shop heaters. Payments are due in quarterly installments of \$787 through September 2028.

**Governmental Activities - Maturity Schedule:** As stated previously, the capital construction loan for the street replacement project is not in repayment, accordingly, its outstanding balance of \$5,389,211 is not included below, principal and interest payments associated with leases for the year ending June 30 2023, are as follows:

Payment Date	Principal	Interest	Total
2024	\$ 3,146	\$ -	\$ 3,146
2025	3,146	-	3,146
2026	3,148	-	3,148
2027	3,146	-	3,146
2028	3,146	-	3,146
	\$ 15,732	\$ -	\$ 15,732

**Business – Type Activities - Water System:** The Town obtained a \$704,000 loan with 4.875 percent interest from the USDA Rural Utilities Service on August 25, 1997, to finance improvements of the Town’s water system. As part of the loan agreement, the Town agreed to secure the loan with the water system equipment and all revenues generated by user fees. The Town paid this loan in full during fiscal year 2023.

**Business – Type Activities - Lusk Well No. 10:** The Town obtained a \$136,950 loan with 4.00 percent interest from the State of Wyoming Water Development Commission to finance connection of the Lusk Well No. 10 to the Town’s water system. As part of the loan agreement, the Town agreed to secure the loan with the water system equipment and all revenues generated by user fees. The Town paid this loan in full during fiscal year 2023.

**Business – Type Activities - Water System Improvements:** The Town obtained a \$268,950 loan with 2.50 percent interest from the State of Wyoming Office of State Lands and Investments to finance improvements in the Town’s water system. As part of the loan agreement, the Town agreed to secure the loan with the water system equipment and all revenues generated by user fees. The Town paid this loan in full during fiscal year 2023.

**Business – Type Activities - Transfer Station:** The Town obtained a not to exceed \$381,250 loan with zero percent interest from the State of Wyoming Office of State Lands and Investments on June 4, 2015, amended April 17, 2017 not to exceed \$455,500 to finance the Town’s transfer station. Total draws on the loan as of June 30, 2023 was \$437,715. As part of the loan agreement, the Town agreed to secure the loan with the sanitation department’s revenues generated by user fees.

**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**4. DEBT (Continued)**

**Business – Type Activities - MSW Cease and Transfer:** The Town obtained a not to exceed \$157,500 loan with zero percent interest from the State of Wyoming Office of State Lands and Investments on June 4, 2015, to finance the Town’s landfill closure. As part of the loan agreement, the Town agreed to secure the loan with the sanitation department’s revenues generated by user fees. Annual payments in the amount of \$4,689 are due on December 1<sup>st</sup> through 2038.

**Business – Type Activities – Water & Sewer System Replacement Projects:** The Town has obtained multiple drinking water and clean water state revolving fund loans (DWSRF-237, DWSRF-237GR, DW242, DW242-GR, CWSRF-186, CWSRF-191) with 2.50 percent interest rates from the State of Wyoming Office of State Lands and Investments to finance the replacement of the Town’s water and sewer systems. As part of the loan agreements, the Town agreed to secure the loan with the water/sewer system equipment and all revenues generated by user fees and 6th Penny Tax proceeds. Upon completion of the project and prior to repayment of the loan, the loan shall be granted principal forgiveness up to 57.67 and 75 percent of the drawn loan funds for water and sewer loans, respectively. The Town will be required to pay the accrued loan interest in full at the time of the principal forgiveness award and calculated repayment amounts will be required over 30 years. As of the date of this report, loans DWSRF-237 and CWSRF-186 had entered the forgiveness/repayment phase. The amount forgiven during the year ended June 30, 2023, was \$3,918,549.

Additionally, the Town has obtained multiple loans with the United States Department of Agriculture to finance phase one of the Sewer and Water line projects. These loans, in total, were for \$4,935,200, and have interest rates between 1.25 and 1.375 percent. Payments are due annually through April 2063. As of the date of this report, these loans were closed and have entered the repayment phase.

**Business – Type Activities -Maturity Schedule:** As stated previously, a portion of the water system replacement and sewer system replacement loans are not yet in repayment, accordingly, their outstanding balance of \$5,185,978 are not included below for the business type activities. Principal and interest payments due on long-term capital lease debt for the years ending June 30, are as follows:

Payment Date	Principal	Interest	Total
2024	\$ 144,785	\$ 64,814	\$ 209,599
2025	146,336	63,262	209,598
2026	147,909	61,689	209,598
2027	149,502	60,096	209,598
2028	151,116	58,482	209,598
2029 - 2033	758,662	267,442	1,026,104
2034 - 2038	802,327	223,778	1,026,105
2039 - 2043	764,725	177,164	941,889
2044 - 2048	787,716	127,399	915,115
2049 - 2053	840,499	74,270	914,769
2054 - 2058	301,651	33,049	334,700
2059 - 2063	321,400	12,743	334,143
	<u>\$ 5,316,629</u>	<u>\$ 1,224,187</u>	<u>\$ 6,540,816</u>

**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM**

The Town employees participate in either the Public Employee Pension Plan or the Law Enforcement Pension Plan within the Wyoming Retirement System (WRS or the Plan), which is a multiple employer cost sharing defined benefit plan. GASB standards require that the Town recognize a liability for its proportionate share of the net pension liability. This proportion is required to be determined on a basis that is consistent with the manner in which contributions to the plan are determined. The Town derived their portion of the net pension liability by applying the actual contribution as a percentage of total contributions to the Plan.

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

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

Significant Accounting Policies

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

Actuarial Valuation

**Public Employee Pension Plan:** An actuarial valuation of the Plan's assets and net pension liability is performed annually. At the date of the most recent actuarial valuation, January 1, 2023, the fiduciary net position as a percentage of total pension liability decreased from 86.03 percent on January 1, 2022 to 75.47 percent on January 1, 2023. The net pension liability as a percentage of covered payroll increased from 83.78 percent to 151.36 percent as of January 1, 2022 and 2023, respectively. The net pension liability was \$2.73 billion as of January 1, 2023 compared to \$1.52 billion as of January 1, 2022. This is an increase from the prior year.

**Law Enforcement Pension Plan:** An actuarial valuation of the Plan's assets and net pension liability is performed annually. At the date of the most recent actuarial valuation, January 1, 2023, the fiduciary net position as a percentage of total pension liability decreased from 75.62 percent on January 1, 2022 to 70.30 percent on January 1, 2023. The net pension liability as a percentage of covered payroll increased from 171.27 percent to 211.06 percent as of January 1, 2022 and 2023, respectively. The net pension liability was \$340.65 million as of January 1, 2023 compared to \$284.5 million as of January 1, 2022. This is an increase from the prior year.

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

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

Vesting

Participants are fully vested within the Plan after the equivalent of four years of service for the Public Employee and Law Enforcement Plans.

**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)**

Contributions

As a condition of participation in the Plan, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by Wyoming State Statute and specified by the WRS Board. Contributions are actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. The contribution rate for fiscal year 2022 was 18.62 percent for the Public Employee Pension Plan and 17.20 percent for the Law Enforcement Pension Plan.

Benefits – Public Employee Pension Plan

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

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

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

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

Benefits – Law Enforcement Pension Plan

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

Actuarial Assumptions

An actuarial valuation of each WRS defined benefit plan is performed annually. The funded status of each plan is shown in the Schedules of Funding Progress, which is located in the Actuarial section of the WRS ACFR. It is important to note that in November 2021 and also in February 2022, the WRS Board changed assumptions used by the actuary to value the plans. The new assumptions are reflected in the valuation results and have been incorporated into the Town's proportionate share of the net pension liability. In general, the new assumptions reflect an update to the mortality tables, adjustments to the demographic and salary scale, as well as a lower long-term investment return.

**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)**

For all plans except the Paid Firemen’s Pension Plan A, beginning July 1, 2012, all future COLA’s must be granted by the State Legislators. In addition, the WRS board cannot recommend the COLA unless the plan is considered actuarially sound, and the unfunded liability must not drop below 100% after the award of the COLA.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the Plan’s target asset allocation as of January 1, 2023 the best estimates are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Arithmetic Real Return</u>	<u>Geometric Real Return</u>
Cash	0.50%	0.32%	0.30%
Gold	1.50%	0.72%	2.34%
Fixed income	20.00%	4.05%	3.59%
Equity	51.50%	9.00%	7.09%
Marketable alternatives	16.00%	6.02%	5.14%
Private markets	10.50%	7.67%	6.05%
<b>Total</b>	<b>100.00%</b>	<b>7.23%</b>	<b>5.86%</b>

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects 1) a long-term expected rate of return on pension plan investments (to the extent that the Plan’s fiduciary net position is projected to be sufficient to pay benefits using a 100-year analysis) and 2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For purposes of this valuation, the expected rate of return on pension plan investments is 6.80% and the municipal bond rate is 4.05%, which is based upon fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s 20-Year Municipal GO AA Index as of December 31, 2022.

The projection of cash flows used to determine the rate assumed that plan member contributions and employer contributions will be made at the current contribution rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)**

Pension Liabilities, Deferred Outflows and Deferred Inflows

The net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. The Town's proportion of the net pension liability was based on the Town's share of contributions to the Plan relative to the total contributions of all participating Plan members, the following table presents the changes in the Town's proportion as compared to the prior year:

	<b>Proportionate Share of the Net Pension (The Town's Percentage of total Plan contributions)</b>		
	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Public Employee Pension Plan	0.042330%	0.043043%	-0.000713%
Wyoming Law Enforcement Pension Plan	0.175771%	0.200112%	-0.024340%

At June 30, 2023, the composition of the Town's net pension liability is as follows:

	<u><b>Net Pension Liability</b></u>
<b>Governmental Activities:</b>	
Public Employee Plan	\$ 666,277
Law Enforcement Plan	598,774
Total	<u>\$ 1,265,051</u>
 <b>Business-Type Activities:</b>	
Electric, Public Employee Pension	\$ 172,281
Water, Public Employee Pension	96,819
Sanitation, Public Employee Pension	124,608
Sewer, Public Employee Pension	96,819
Total	<u>\$ 490,527</u>

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**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)**

At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Public Employee Pension Plan	Law Enforcement Pension Plan	Total
<b>Non-cash Pension expense (revenue)</b>	\$ (8,006)	\$ 45,439	\$ 37,433
<b>Deferred outflow of resources</b>			
Difference between expected and actual experience	\$ 5,801	\$ 14,138	\$ 19,939
Change in assumptions	31,046	247,976	279,022
Net Difference between projected and actual earnings on pension plan investments	99,578	42,027	141,605
Contributions subsequent to the measurement date	76,498	24,189	100,687
<b>Total deferred outflows of resources</b>	<b>\$ 212,923</b>	<b>\$ 328,330</b>	<b>\$ 541,253</b>
<b>Deferred inflows of resources</b>			
Difference between expected and actual experience	\$ 7,333	\$ 18,883	\$ 26,216
Change in assumptions	-	92,601	92,601
<b>Total deferred inflows of resources</b>	<b>\$ 7,333</b>	<b>\$ 111,484</b>	<b>\$ 118,817</b>

The Town reported \$76,498 and \$24,189 for the public employee pension plan and law enforcement pension plan respectively, as deferred outflows of resources related to the pension resulting from the Town's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

	Public Employee Pension Plan		Law Enforcement Pension Plan		Total	
Year ended	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
December 31,						
2023	\$ (27,693)	\$ (3,135)	\$ 105,069	\$ (49,677)	\$ 77,376	\$ (52,812)
2024	21,759	(3,135)	123,804	(32,341)	145,563	(35,476)
2025	34,709	(1,063)	33,042	(29,466)	67,751	(30,529)
2026	107,650	-	42,226	-	149,876	-
	<b>\$ 136,425</b>	<b>\$ (7,333)</b>	<b>\$ 304,141</b>	<b>\$ (111,484)</b>	<b>\$ 440,566</b>	<b>\$ (118,817)</b>

**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)**

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

The following table sets forth the Town’s proportionate share of the net pension liability calculated using the Discount Rate for the Public Employee Plan and the Law Enforcement Plan. This table also presents what the Town’s proportionate share would be if it were calculated using a discount rate that is both 1 percentage point higher and lower than the current rate:

	1% Decrease	Discount Rate	1% Increase
Public Employee Plan	\$ 1,708,183	\$ 1,156,804	\$ 699,859
Law Enforcement Plan	901,188	598,774	355,695
Total	\$ 2,609,371	\$ 1,755,578	\$ 1,055,554

Other Detailed Information

For more detailed information regarding the Plan see the separately issued 2022 Wyoming Retirement System Comprehensive Annual Financial Report which is available at <http://retirement.state.wy.us>.

**6. JOINT VENTURES**

Niobrara County Long Term Recovery Joint Powers Board (NCLTR JPB)

Pursuant to certain provisions of Wyoming State Statutes, the Town entered into an agreement with the Board of Commissioners of Niobrara County, the Town of Manville, Wyoming, and the Town of Van Tassell, Wyoming, to oversee the long term recovery of the areas of the Participating Agencies damaged or otherwise affected by the flood occurring in June of 2015. The NCLTR JPB has the authority to make applications for grants, enter into contracts with organizations or professionals, and to provide a point of contact person, as may be necessary to facilitate the long-term recovery process.

NCLTR JPB consists of five voting members. Each Participating Agency appoints one member. The Participating Agencies shall each own an undivided one-quarter interest in any property, real or personal, acquired by the NCLTR JPB. For the year ended June 30, 2023, the Town paid no monies to NCLTR JPB. This project has been completed, however no formal resolution dissolving the NCLTR JPB has been proposed or approved.

There were no financial transactions entered into by the NCLTR JPB and all funds were processed through Niobrara County.

**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**7. CONTINGENCIES AND COMMITMENTS**

At various times, claims and lawsuits are pending against the Town. The Town is of the opinion that the liability, if any, arising from such claims will not have a material adverse effect on its financial statements. Under the terms of federal and state grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Town management believes disallowances, if any, would not be significant to the Town's financial statements.

**Risk of loss:** The Town is subject to risk of loss from various events, including torts, theft, damage to assets, business interruption, errors and omissions, and job-related injuries to employees, as well as acts of God.

The Town purchased commercial insurance and workers' compensation coverage to minimize their risks of loss. No settlements occurred during the current year, and no significant reduction in coverage against losses from year to year has occurred.

Employees of the Town are covered by the Town's medical plan. The Town's costs for this plan are reflected in the funds paying the coverage, premiums, and administrative costs.

**Vendor Contracts:** The Town had the remaining construction project commitments at June 30, 2023:

Vendor	Contract Amount	Paid	Contract Remaining
AVI Engineering, Phase 2	\$ 1,777,470	\$ 739,058	\$ 1,038,413
Oftedal Construction- Phase 1	11,301,065	10,738,238	562,827
Oftedal Construction- Phase II	12,457,857	7,697,375	4,760,483
AVI Engineering, 3rd Street/Concrete	35,000	913	34,087
AVI Engineering, 3rd Street/Surfacing	35,000	988	34,012
Oftedal Construction- 3rd St/Concrete	876,149	-	876,149
STC- 3rd St/Surfacing	776,731	-	776,731
HDR- TAP Grant Design	276,274		276,274

**8. SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE COSTS**

The Town has completed closure of the landfill and is no longer accepting waste. The total outstanding liability associated with the closure of the landfill is listed in Note 4 and is made up of two outstanding notes with the State of Wyoming Office of State Lands and Investment in the Sanitation Fund. The Town expects to incur costs for annual testing to be conducted at the landfill to ensure compliance with all state and federal laws and regulations.

**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**9. RISK MANAGEMENT**

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

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

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

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

Wyoming Statute 27-3-101 created the Unemployment Compensation Act. This act requires the Town to pay the cost of the actual claims incurred. For the period ending June 30, 2023, the Town paid no unemployment claims.

**10. RELATED PARTY TRANSACTIONS**

The Town collects lodging taxes on behalf of the local Lodging Tax Board and forwards the funds collected to the Board on a monthly basis. Payments to the Lodging Tax Board are included in general government expenditures shown in the statement of revenues, expenditures and changes in fund balances – governmental funds – modified cash basis.

**11. WYOMING EDUCATORS BENEFIT TRUST**

The Town is a member of the Wyoming Educators Benefit Trust, which was established for the purpose of pooling employers to stabilize employee benefit costs. The pool is available to Wyoming public educational employers and public-sector municipalities. The pool is partially self-insured and has developed substantial reserves for long-term financial stability. This financial security is enhanced by purchasing stop loss insurance to protect the Trust from large claims. Centennial Employee Benefit Consultants, Inc. is the exclusive agent/consultant for the Trust and Blue Cross Blue Shield of Wyoming is responsible for payment of claims. The Town pays the premium at the beginning of the month for that respective month's coverage.

**TOWN OF LUSK, WYOMING**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended June 30, 2023**

**12. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 28, 2023, the date the financial statements were available to be issued, and there were no matters other than those described above that materially affect the carrying amounts of assets, liabilities, and fund balance as of June 30, 2023.

**REQUIRED SUPPLEMENTAL INFORMATION**

**TOWN OF LUSK, WYOMING**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>REVENUES</u></b>				
Taxes:				
Sales and use	\$ 1,245,000	\$ 1,325,000	\$ 1,322,179	\$ (2,821)
Property	102,000	102,000	111,038	9,038
Fuels	90,000	90,000	82,151	(7,849)
Cigarette	10,000	10,000	8,711	(1,289)
Lodging	60,000	60,000	47,604	(12,396)
Severance and mineral royalties	208,000	243,000	295,251	52,251
Licenses and permits	16,700	17,300	20,954	3,654
Wyoming Lottery distribution	10,000	20,000	21,055	1,055
Intergovernmental	580,158	580,158	345,688	(234,470)
Charges for services	274,000	274,000	229,711	(44,289)
Fines and forfeitures	25,000	25,000	22,064	(2,936)
Miscellaneous	34,400	83,733	77,054	(6,679)
Investment earnings	1,815	61,815	91,445	29,630
Total revenues	<u>2,657,073</u>	<u>2,892,006</u>	<u>2,674,905</u>	<u>(217,101)</u>
<b><u>EXPENDITURES</u></b>				
General government	717,792	717,792	591,464	(126,328)
Public safety	1,056,794	1,098,994	984,409	(114,585)
Highways and public works	7,099,333	7,102,333	3,931,310	(3,171,023)
Parks and recreation	380,891	387,591	290,531	(97,060)
Airport	228,518	232,518	75,247	(157,271)
Total expenditures	<u>9,483,328</u>	<u>9,539,228</u>	<u>5,872,961</u>	<u>(3,666,267)</u>
Excess of revenues over expenditures - budget basis	<u>\$ (6,826,255)</u>	<u>\$ (6,647,222)</u>	<u>\$ (3,198,056)</u>	<u>\$ (3,883,368)</u>

**BUDGETARY TO MODIFIED CASH BASIS REPORTING RECONCILIATION**

Excess of revenues over expenditure and other financing uses - budget basis	\$ (3,198,056)
Revenue adjustments	(513,175)
Expenditure accruals	<u>(712,864)</u>
Excess of revenues over (under) expenditures - modified cash basis	<u>\$ (4,424,095)</u>

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



**TOWN OF LUSK, WYOMING**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**WYOMING RETIREMENT SYSTEM**  
**As of December 31,**  
**Last 10 Years \***

	Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered-employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
Public Employee Pension Plan	2014	0.0391000%	\$689,203	\$675,352	102.05%	79.08%
	2015	0.0373613%	\$870,273	\$675,036	128.92%	73.40%
	2016	0.0386983%	\$935,531	\$700,714	133.51%	73.42%
	2017	0.0406228%	\$925,932	\$721,129	128.40%	76.35%
	2018	0.0415752%	\$1,266,084	\$724,161	174.83%	69.17%
	2019	0.0415036%	\$975,302	\$742,525	131.35%	76.83%
	2020	0.0445740%	\$968,754	\$816,485	118.65%	79.24%
	2021	0.0430427%	\$656,282	\$783,497	83.76%	86.03%
	2022	0.0423301%	\$1,156,804	\$795,128	145.49%	75.47%
	Law Enforcement Pension Plan	2014	0.1518000%	\$44,737	\$237,213	18.86%
2015		0.1289278%	\$96,851	\$196,816	49.21%	87.49%
2016		0.1487927%	\$112,326	\$250,882	44.77%	88.11%
2017		0.1473563%	\$126,792	\$228,201	55.56%	87.99%
2018		0.1694013%	\$410,074	\$265,462	154.48%	71.22%
2019		0.1729253%	\$149,060	\$278,860	53.45%	89.05%
2020		0.2085562%	\$142,074	\$350,860	40.49%	91.82%
2021		0.2001117%	\$569,395	\$328,952	173.09%	75.62%
2022		0.1757714%	\$598,774	\$297,352	201.37%	70.30%

\* In accordance with GASB 68, employers are required to disclose a 10-year history of their proportionate share of the "net pension liability" in their RSI. The 10-year schedule will need to be presented prospectively. Accordingly, the schedule presents information for years 2014 - 2022.

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

**TOWN OF LUSK, WYOMING  
SCHEDULE OF CONTRIBUTIONS  
WYOMING RETIREMENT SYSTEM**

**As of June 30,  
Last 10 Years \***

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
Public Employee Pension Plan	2015	\$ 107,178	\$ 107,178	\$ -	\$ 675,352	15.87%
	2016	112,191	112,191	-	675,036	16.62%
	2017	116,459	116,459	-	700,714	16.62%
	2018	119,852	119,852	-	721,129	16.62%
	2019	123,446	123,446	-	725,141	17.02%
	2020	133,434	133,434	-	757,287	17.62%
	2021	142,437	142,437	-	786,078	18.12%
	2022	148,415	148,415	-	797,073	18.62%
	2023	155,640	155,640	-	835,874	18.62%
	Law Enforcement Pension Plan	2015	40,801	40,801	-	237,213
2016		33,852	33,852	-	196,816	17.20%
2017		43,152	43,152	-	250,882	17.20%
2018		39,251	39,251	-	228,201	17.20%
2019		45,104	45,104	-	262,234	17.20%
2020		55,080	55,080	-	320,230	17.20%
2021		56,605	56,605	-	329,100	17.20%
2022		56,789	56,789	-	330,162	17.20%
2023		50,539	50,539	-	293,830	17.20%

\* Amounts presented are presented on a fiscal year basis. Employers are required to report amounts prospectively in this table in future years to show 10 years of information. The schedule above is only for the fiscal years ended in 2015 - 2023.

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

## **OTHER SUPPLEMENTAL INFORMATION**

**TOWN OF LUSK, WYOMING**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2023**

Program Title	Federal ALN	State Project Number	Expenditures
<b>U.S. Department of Agriculture</b>			
<i>Passed through Rural Development</i>			
USDA Water and Waste Disposal Systems for Rural Commodities	10.760		\$ 4,935,223
<b>Subtotal Department of Transportation</b>			<b>4,935,223</b>
<b>U.S. Department of Transportation</b>			
<i>Passed through State of Wyoming Department of Transportation</i>			
Airport Improvement Program	20.106	ALS002A	10,796
<b>Subtotal Department of Transportation</b>			<b>10,796</b>
<b>Environmental Protection Agency</b>			
<i>Passed through State of Wyoming Wyoming Office State Lands and Investments</i>			
Drinking Water State Revolving Fund	66.468	DWSRF#237	2,870,775
Clean Water State Revolving Fund	66.458	CWSRF#186	2,443,901
<b>Subtotal Environmental Protection Agency</b>			<b>5,314,676</b>
<b>U.S. Department of Homeland Security</b>			
<i>Passed through State of Wyoming Department of Homeland Security</i>			
Homeland Security Grant Program	97.067	20-SHSP-LUS-HRP20	54,435
<b>Subtotal Department of Homeland Security</b>			<b>54,435</b>
<b>Total Federal Funds Expended</b>			<b>\$ 10,315,130</b>
<b>Loans and Loan Guarantees</b>			
<i>Loans Guaranteed by the Environmental Protection Agency</i>			
Drinking Water State Revolving Fund	66.468		\$ 8,187,302
Clean Water State Revolving Fund	66.458		7,050,000
USDA Water & Waste Disposal Systems RC Rural Communities	10.760		4,935,223
<b>Total Loans and Loan Guarantees</b>			<b>\$ 20,172,525</b>

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

**TOWN OF LUSK, WYOMING**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2023**

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes federal grant activity of the Town of Lusk, Wyoming (the Town). The SEFA 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.

**Summary of Significant Accounting Policies**

Federal program expenditures included in the accompanying schedule are presented on the modified cash basis of accounting, the same as the Town of Lusk. Revenues are recognized when they are received. Expenditures are recorded when cash is paid; however, the Town has accrued current liabilities related to payroll and goods and services provided, and long-term obligations related to financing and the Town's portion of an unfunded pension liability. The information in the schedule is presented in accordance with requirements of Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

**Indirect Cost Rate**

The Town has not elected to utilize the 10 percent de minimis indirect cost rate.

**Subrecipients**

The Town did not pass any portion of federal awards to subrecipients.

**Loans Outstanding**

The outstanding loans during the year are included in the SEFA. These loans were not fully drawn and accordingly had not entered the forgiveness/repayment phase at June 30, 2023. The Town had the following loan balances outstanding at June 30, 2023:

<b><u>Program Title</u></b>	<b><u>CFDA #</u></b>	<b><u>7/1/2022</u></b>	<b><u>Advances/ (Payments)</u></b>	<b><u>6/30/2023</u></b>
Drinking Water State Revolving Fund	66.468	\$2,137,188	\$6,050,114	\$8,187,302
Clean Water State Revolving Fund	66.458	\$2,631,005	\$2,487,685	\$4,418,995
Water and Waste Disposal Systems For Rural Communities	10.760		\$4,935,223	\$4,935,223

**OTHER INDEPENDENT AUDITORS' REPORT**

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

To the Honorable Mayor and Members of the Town Council  
Town of Lusk, 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 financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Town of Lusk (the Town) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 28, 2023.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

### ***Report on 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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The Town's Response to Finding**

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

### **Purpose of this Report**

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

*Carver Florek & James, CPAs*

December 28, 2023  
Sheridan, Wyoming



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

The Honorable Mayor and Members of the Town Council  
Town of Lusk, Wyoming  
201 E. 3<sup>rd</sup> Street  
Lusk, Wyoming 82225

**Report on Compliance for Each Major Federal Program**

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

We have audited the Town of Lusk, 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, 2023. 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 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, 2023.

***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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 GAAS, *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 GAAS, *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.

*Carver Flock & James, CPAs*

December 28, 2023  
Sheridan, Wyoming

**TOWN OF LUSK, WYOMING**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2023**

**SECTION I – Summary of the Auditors’ Results:**

Financial Statements

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

Internal control over financial reporting:

- Material weakness identified? X Yes    No
- Significant deficiency identified? X Yes    No

Noncompliance material to financial statements noted?    Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness identified?    Yes X No
- Significant deficiency identified?    Yes X No

An unmodified report was issued regarding compliance for each major program and on internal control over compliance required by the OMB’s Uniform Guidance.

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

Identification of major federal programs:

- USDA Water and Waste Disposal Systems for Rural Communities ALN - 10.760

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee?    Yes X No

**TOWN OF LUSK, WYOMING**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2023**

**SECTION II – GAGAS Financial Statement Findings**

**Significant Deficiency in Internal Control**

2023-001: Segregation of Duties

**Criteria:** Segregation of duties is a basic, key internal control and often one of the most difficult to achieve, especially in a small organization. The concept is that one individual should not be able to handle or dominate transactions from initiation to posting, having access to both assets and accounting records. Reconciling all cash balances on a monthly basis and reporting such balances to those charged with governance is a basic key control.

**Condition:** The Town has a limited number of administrative staff and accordingly a proper segregation of duties does not exist. Neither is it practicable for the Town to maintain such segregation.

**Effect:** Certain personnel often handle the recording of transactions and the control of assets or results of those transactions. As it relates to the financial statements, this is a significant deficiency. Reviews by management, the Council and other agencies are in place to help mitigate this condition.

**Recommendation:** The Town should be aware of and continue to evaluate the impact of this deficiency.

**Responsible Official's Response:** See last page for management's response as prepared on Town letterhead.

**Material Weakness in Internal Control**

2023-002: Accounting for Debt Transactions

**Criteria:** The Town should have controls in place to accurately account for debt transactions in accordance with Generally Accepted Accounting Principles (GAAP).

**Condition:** During our testing we found that management had not accounted for debt in accordance with GAAP, this included debt proceeds that were booked to revenue accounts in proprietary funds as well as the associated capital asset purchases being booked to this same account.

**Effect:** The trial balance provided for audit was not presented in accordance with GAAP. Considerable effort was required to present these accounts in accordance with GAAP.

**Recommendation:** The Town should seek additional training and guidance to ensure that debt transactions are accounted for in accordance with GAAP.

**Responsible Official's Response:** See last page for management's response as prepared on Town letterhead.

**TOWN OF LUSK, WYOMING**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2023**

**SECTION III – Federal Awards Findings**

No findings reported.

**Status of Prior Audit Findings**

2022-001 Segregation of Duties: This has not been corrected, however, segregation of duties has been and will continue to be a significant deficiency.

2022-002 Written Debarred, Suspended Vendors & Federal Standards of Conflict: This has been corrected and resolved.

# Town of Lusk

December 28, 2023

Re: Segregation of Duties; Accounting for Debt Transactions

To Whom It May Concern,

During the 2022-2023 Audit of the financials for the Town of Lusk, it revealed a lack of segregation of duties. "Segregation of duties is a basic, key internal control and often one of the most difficult to achieve, especially in a small organization." Also noted was the lack of internal controls accounting for debt transactions. "The Town should have controls in place to accurately account for debt transactions in accordance with Generally Accepted Accounting Principles (GAAP)."

To address "Significant Deficiency in Internal Controls" 2023-001 *Segregation of Duties*, the Town of Lusk has implemented the following separation of duties:

Utility Billing Clerk:

- All duties related to Utility billing and customers
- Receives and distributes daily mail
- Enters Payments received in person and via mail or phone

Deputy Clerk/Treasurer:

- Picks up mail and gives to Utility Billing Clerk
- Reconciles daily payments and receipts received by Utility Billing Clerk
- Prepares the Bank Deposit and takes the deposit to the bank
- Enters invoices in A/P and prepares checks for Council approval/payment
- Has access to all bank statements
- Prepares payroll

Town Clerk/Treasurer:

- Picks up mail when the Deputy Clerk/Treasurer is gone
- Reconciles Bank Statements
- Reviews payrolls
- Prepares and presents financial condition reports for Town Council Meetings/approval
- Prepares quarterly financial reports for Town Council
- Prepares departmental financial statements for review of expenditures quarterly

Mayor/Town Council:

- Receives separate set of bank statements (Mayor)
- The Mayor signs checks for A/P and payroll
- Reviews report of financial condition
- Reviews/approves invoices/vouchers for payment

P.O. Box 390 • 201 East 3<sup>rd</sup> St. • Lusk, Wyoming 82225 • (307) 334-3612 • Fax (307) 334-2154  
TTY/TDD 1-800-877-9965

"This institution is an equal opportunity provider and employer."

"If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov)."

# Town of Lusk

To address “Material Weakness in Internal Controls” *2023-002 Accounting for Debt Transactions*, the Town of Lusk will implement the following processes to ensure accuracy and accountability in our financial operations:

1. Recording Draw Downs
2. Spending of Debt Proceeds
3. Repayment of Debt

If you have further questions, do not hesitate to contact me.

Sincerely,



Desirae Matthews-LeLeux  
Clerk/Treasurer