

TOWN OF MILLS
FINANCIAL STATEMENTS
JUNE 30, 2020

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TOWN OF MILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)

As management of the Town of Mills, we offer readers of the Town of Mills financial statements this narrative overview and analysis of the financial activities of the Town of Mills for the fiscal year ended June 30, 2020.

Financial Highlights

The assets of the Town of Mills exceeded its liabilities at the close of the most recent fiscal year by \$11,930,789 (*net position*).

- The government's total net position decreased by \$674,705.
- As of the close of the current fiscal year, the Town of Mills governmental funds reported ending fund balances of \$1,364,990.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Mills basic financial statements. The Town of Mills basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Mills finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Mills assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Mills is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Mills that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Mills include general government, public safety, highways and public works, planning, culture and recreation, and health and social services. The business-type activities of the Town of Mills include water, sewer, and sanitation services.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Mills like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Mills can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better

TOWN OF MILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020
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understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Mills maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

The Town of Mills adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds. The Town of Mills maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Mills uses an enterprise fund to account for its Wastewater, Water Distribution and Sanitation operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Wastewater, Water Distribution and Sanitation operations, of which are considered to be a major fund of the Town of Mills.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town of Mills progress in funding its obligation to provide pension benefits to its employees.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Mills net position reflect its investment in capital assets (e.g., land, buildings, furniture, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Mills uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town of Mills investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**TOWN OF MILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)**

**Town of Mills
Comparative Statement of Net Position
June 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current assets	\$ 1,939,349	\$ 938,366	\$ 645,829	\$ 1,781,107	\$ 2,585,178	\$ 2,719,473
Net capital assets	8,634,335	11,304,179	6,918,044	4,185,594	15,552,379	15,489,773
Total assets	<u>10,573,684</u>	<u>12,242,545</u>	<u>7,563,873</u>	<u>5,966,701</u>	<u>18,137,557</u>	<u>18,209,246</u>
Deferred outflows of resources	<u>1,777,007</u>	<u>2,346,205</u>	<u>189,650</u>	<u>258,051</u>	<u>1,966,657</u>	<u>2,604,256</u>
Liabilities						
Current liabilities	407,117	438,625	182,548	202,536	589,665	641,161
Long-term liabilities	1,982,445	3,340,682	2,873,711	2,965,970	4,856,156	6,306,652
Total Liabilities	<u>2,389,562</u>	<u>3,779,307</u>	<u>3,056,259</u>	<u>3,168,506</u>	<u>5,445,821</u>	<u>6,947,813</u>
Deferred inflows of resources	<u>2,511,944</u>	<u>1,179,643</u>	<u>215,660</u>	<u>80,522</u>	<u>2,727,604</u>	<u>1,260,165</u>
Net Position						
Net investment in capital assets	8,520,629	11,304,179	4,628,139	4,185,594	13,148,768	15,489,773
Restricted						
Fire department	218,191	-	-	-	218,191	-
Future repairs	-	-	428,931	-	428,931	-
Unrestricted	<u>(1,289,635)</u>	<u>(1,674,379)</u>	<u>(575,466)</u>	<u>(1,209,900)</u>	<u>(1,865,101)</u>	<u>(2,884,279)</u>
Total net position	<u>\$ 7,449,185</u>	<u>\$ 9,629,800</u>	<u>\$ 4,481,604</u>	<u>\$ 2,975,694</u>	<u>\$ 11,930,789</u>	<u>\$ 12,605,494</u>

A portion of the Town of Mills net position represents resources that are subject to external restrictions on how they may be used. Recording the net pension liability reduces net position by \$2,782,944 and results in a negative *unrestricted net position* \$1,865,101. Without the pension liability and related items there is a balance of unrestricted net position of \$917,843 that may be used to meet the government's ongoing obligations to citizens and creditors.

**TOWN OF MILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)**

Governmental and Business-Type Activities. The Statement of Changes in Net Position provides a perspective of the activities of the activities for the Town of Mills and were as follows:

**Town of Mills
Comparative Statement of Changes in Net Position
June 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Charges for services	\$ 150,374	\$ 196,586	\$ 2,070,523	\$ 1,800,152	\$ 2,220,897	\$ 1,996,738
Operating grants and contributions	366,810	1,047,444	-	-	366,810	1,047,444
Capital grants and contributions	350,847	-	-	-	350,847	-
Taxes						
Property taxes	354,220	340,815	-	-	354,220	340,815
Other taxes	3,845,261	3,481,854	-	-	3,845,261	3,481,854
Unrestricted investment earnings	35,288	34,897	-	-	35,288	34,897
Miscellaneous revenue	375,533	865,908	-	853	375,533	866,761
Total revenues	5,478,333	5,967,504	2,070,523	1,801,005	7,548,856	7,768,509
Expenses						
General government	2,453,354	3,587,236	-	1,855,516	2,453,354	5,442,752
Public safety	2,407,924	2,557,922	-	-	2,407,924	2,557,922
Highway and public works	109,212	137,200	-	-	109,212	137,200
Planning	218,877	366,347	-	-	218,877	366,347
Culture and recreation	96,885	-	-	-	96,885	-
Health and social services	141,237	-	-	-	141,237	-
Wastewater, water distribution and sanitation	-	-	2,813,087	-	2,813,087	-
Total expenses	5,427,489	6,648,705	2,813,087	1,855,516	8,240,576	8,504,221
Excess (deficiency) of revenues over expenses before transfers						
	50,844	(681,201)	(742,564)	(54,511)	(691,720)	(735,712)
Transfers	(56,608)	(101,151)	56,608	101,151	-	-
Change in net position	(5,764)	(782,352)	(685,956)	46,640	(691,720)	(735,712)
Net position - beginning of year, as previously stated						
	9,629,800	10,412,152	2,975,694	2,929,054	12,605,494	13,341,206
Prior period adjustment	(2,174,851)	-	2,191,866	-	17,015	-
Net position - beginning of year, as restated						
	7,454,949	10,412,152	5,167,560	2,929,054	12,622,509	13,341,206
Total Net position	\$ 7,449,185	\$ 9,629,800	\$ 4,481,604	\$ 2,975,694	\$ 11,930,789	\$ 12,605,494

The Town of Mills is very active in searching and obtaining grants to maintain the level of service and living conditions for our residents. We have received Homeland Security grants, as well as grant funds for a DCI Officer and a Victims Witness Coordinator. Additionally, the Town of Mills received grants to support the infrastructure maintenance for water and sewer lines.

**TOWN OF MILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)**

Expenses and Program Revenues – Governmental Activities

General Government is our major expense. This division is comprised of Town Council, Judicial, Executive, Attorney, Community Development/Engineering, Treasurer/Clerk, Urban Renewal, and General Services.

Our Public Works Departments include Administration and Street Divisions. For the most part, expenses closely paralleled inflation and growth in the demand for services.

To monitor the expense of services to the community, the Town of Mills has structured the divisions to better analyze our expenses. Therefore, the Town of Mills can review the cost of specific services to provide more fiscal responsibility.

Revenues by Source – Governmental Activities

Local sales and use tax, mineral and severance taxes, general property tax, fuel, cigarette, license and permits, fines and forfeitures are the general revenues sources used to support overall government functions. These taxes and distributions make up 77% of revenues, charges for services 3%, operating and capital grants 13%, unrestricted interest income 1%, and miscellaneous revenue 6% of total revenues.

Business-type Activities.

Grant funds made it possible to update sewer lines and replace Well 6 on the West Belt Loop.

Financial Analysis of the Government's Funds

As noted earlier, the Town of Mills uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus on the Town of Mills *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Mills financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Town's negative unassigned fund balance is the result of recording the Town's portion of the unfunded pension liability, which is required to be recorded by Governmental Accounting Standards. The impact of recording this liability is \$2,782,944. Without this liability the unassigned fund balance would be \$1,493,309.

The general fund is the chief operating fund of the Town of Mills. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,100,487, while total general fund balance reached \$1,364,990. As a measure of a governmental funds' liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The general fund balance of the Town of Mills increased by \$28,315 during the current fiscal year.

The long-term liabilities of \$4,975,873, which include accrued compensated absences, repayment of sales tax, note payable and pension obligation, are not due and payable in the current period and therefore are not reported in the funds.

Proprietary funds. The Town of Mills proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Wastewater, Water Distribution and Sanitation operation at the end of the year amounted to \$(575,466). The total decrease in unrestricted net position for these funds was \$685,956.

**TOWN OF MILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)**

General Fund Budgetary Highlights

The original budget appropriations for the General Fund were \$6,654,378. No adjustments were made to the original expenditure budget during the year.

Capital Asset and Debt Administration

Capital assets. The Town of Mills investment in capital assets for its governmental and business type activities as of June 30, 2020 amounts to \$15,552,380 (net of accumulated depreciation). This investment in capital assets include land, buildings and improvements, vehicles and equipment, and infrastructure.

Major capital asset events during the current fiscal year included the following:

- Completion of Outer Loop and Well 6 project
- Continued work on Tank #3 Waterline
- Continued work on the Fire Department Remodel
- Continued work on landscaping the parks and upgrading the playground equipment

**Town of Mills
Comparative Statement of Capital Assets (Net of Depreciation)
June 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 688,157	\$ 688,157	\$ 183,959	\$ 183,959	\$ 872,116	\$ 872,116
Construction in progress	238,577	-	472,845	866,807	711,422	866,807
Buildings and improvements	3,590,411	3,423,801	7,519,827	7,508,157	11,110,238	10,931,958
Vehicles and equipment	1,747,404	1,577,277	6,159,028	6,159,028	7,906,432	7,736,305
Infrastructure	11,713,498	11,692,813	4,864,520	4,470,558	16,578,018	16,163,371
Accumulated depreciation	(9,343,712)	(8,942,290)	(12,282,134)	(11,699,094)	(21,625,846)	(20,641,384)
Total	\$ 8,634,335	\$ 8,439,758	\$ 6,918,045	\$ 7,489,415	\$ 15,552,380	\$ 15,929,173

Additional information on the Town of Mills capital assets can be found in the notes to the financial statements.

Long-term debt

**Town of Mills
Comparative Statement of Outstanding Debt
June 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Accrued compensated absences	\$ 152,896	\$ 126,076	\$ 41,221	\$ 38,076	\$ 194,117	\$ 164,152
Note payable	113,705	113,705	2,289,905	2,326,509	2,403,610	2,440,214
Sales tax repayment	69,191	90,481	-	-	69,191	90,481
Pension liability	1,766,370	3,157,785	542,585	684,866	2,308,955	3,842,651
Total	\$ 2,102,162	\$ 3,488,047	\$ 2,873,711	\$ 3,049,451	\$ 4,975,873	\$ 6,537,498

The Town of Mills total debt is \$4,975,873 for the current fiscal year. Additional information on the Town of Mills long-term debt is provided in the notes to the financial statements.

**TOWN OF MILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)**

Economic Factors and Next Year's Budgets and Rates

Due to the Pandemic and economic downturn in the oil and gas industry, the Town of Mills prepared the budget for the 2021 fiscal year including cuts of 15%. The extent to which the COVID-19 pandemic impacts the Town's results of operations and financial condition will depend on future developments, which are uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic. Even after the COVID-19 pandemic has subsided, the Town may continue to experience impacts to its operations as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Town cannot reasonably estimate the impact at this time.

Requests for Information

The financial report is designed to provide a general overview of the Town of Mills finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Treasurer, 1200 Main Street, Town of Mills, 82930.

Larry D. Graham, CPA
Richard P. Reimann, CPA
Stephen A. Willadson, CPA
Stephanie L. Means, CPA
Jack E. Lenhart, CPA - Retired



Joni Kumor, CPA
John A. Smith, CPA
Scott Buckingham, CPA
Andrew J. Beyeler, CPA
Rick Mason, CPA - Retired
Larry G. Bean, CPA - Of Counsel

INDEPENDENT AUDITORS' REPORT

To the Members of the Town Council
Town of Mills
Mills, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mills, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mills, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i-xx and budgetary comparison information on page 31 and the Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Pension Contributions on pages 29 & 30 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2021 on our consideration of the Town of Mills' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Mills' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Mills' internal control over financial reporting and compliance.

Lenhart, Mason & Associates, LLC

Lenhart, Mason & Associates, LLC
Casper, Wyoming
July 7, 2021

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

**TOWN OF MILLS
STATEMENTS OF NET POSITION
JUNE 30, 2020**

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents (includes pooled cash)	\$ 1,173,642	\$ 451,435	\$ 1,625,077
Accounts receivable	353,640	194,393	548,033
Property tax receivable	289,568	-	289,568
Investments	76,187	-	76,187
Prepaid expenses	46,312	-	46,312
Capital assets, not being depreciated	926,734	656,805	1,583,539
Capital assets, net of depreciation	7,707,601	6,261,240	13,968,841
Total assets	<u>10,573,684</u>	<u>7,563,873</u>	<u>18,137,557</u>
DEFERRED OUTFLOWS OF RESOURCES FOR PENSION PLAN			
	<u>1,777,007</u>	<u>189,650</u>	<u>1,966,657</u>
LIABILITIES			
Accounts payable	207,143	88,433	295,576
Accrued liabilities	80,257	21,015	101,272
Unearned revenue/customer deposits	-	73,100	73,100
Noncurrent liabilities			
Due within one year	119,717	72,548	192,266
Due in more than one year	216,075	2,258,578	2,474,652
Net pension liability	1,766,370	542,585	2,308,955
Total liabilities	<u>2,389,562</u>	<u>3,056,259</u>	<u>5,445,821</u>
DEFERRED INFLOWS OF RESOURCES			
Pension contributions	2,224,986	215,660	2,440,646
Unavailable property tax revenue	286,958	-	286,958
Total deferred inflows of resources	<u>2,511,944</u>	<u>215,660</u>	<u>2,727,604</u>
NET POSITION			
Net investment in capital assets	8,520,629	4,628,140	13,148,769
Restricted			
Fire department	218,191	-	218,191
Future repairs	-	428,931	428,931
Unrestricted	(1,289,635)	(575,467)	(1,865,102)
Total net position	<u>\$ 7,449,185</u>	<u>\$ 4,481,604</u>	<u>\$ 11,930,789</u>

**TOWN OF MILLS
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,453,354	\$ 150,374	\$ 366,810	\$ -	\$ (1,936,170)	\$ -	\$ (1,936,170)
Public safety	2,407,924	-	-	-	(2,407,924)	-	(2,407,924)
Highways and public works	109,212	-	-	350,847	241,635	-	241,635
Planning	218,877	-	-	-	(218,877)	-	(218,877)
Culture and recreation	96,885	-	-	-	(96,885)	-	(96,885)
Health and social services	141,237	-	-	-	(141,237)	-	(141,237)
Total governmental activities	<u>5,427,489</u>	<u>150,374</u>	<u>366,810</u>	<u>350,847</u>	<u>(4,559,458)</u>	<u>-</u>	<u>(4,559,458)</u>
Business-type activities:							
Wastewater, water distribution and sanitation	2,813,088	2,070,523	-	-	-	(742,565)	(742,565)
Total business-type activities	<u>2,813,088</u>	<u>2,070,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(742,565)</u>	<u>(742,565)</u>
Total primary government	<u>\$ 8,240,577</u>	<u>\$ 2,220,897</u>	<u>\$ 366,810</u>	<u>\$ 350,847</u>	<u>(4,559,458)</u>	<u>(742,565)</u>	<u>(5,302,023)</u>
General revenues:							
Property taxes					354,220	-	354,220
General sales and use tax					2,454,422	-	2,454,422
Severance and mineral royalties					271,996	-	271,996
Cigarette tax					56,778	-	56,778
Fuel tax					222,125	-	222,125
Intergovernmental					392,636	-	392,636
Licenses and permits					180,346	-	180,346
Fines and forfeitures					266,958	-	266,958
Unrestricted investment earnings					35,288	-	35,288
Transfers					(56,608)	56,608	-
Miscellaneous income					375,533	-	375,533
Total general revenues					<u>4,553,694</u>	<u>56,608</u>	<u>4,610,302</u>
Change in net position					<u>(5,764)</u>	<u>(685,957)</u>	<u>(691,721)</u>
Net position - beginning					9,629,800	2,975,695	12,605,495
Prior period adjustment					<u>(2,174,851)</u>	<u>2,191,866</u>	<u>17,015</u>
Net position - beginning as restated					<u>7,454,949</u>	<u>5,167,561</u>	<u>12,622,510</u>
Net position - ending					<u>\$ 7,449,185</u>	<u>\$ 4,481,604</u>	<u>\$ 11,930,789</u>

**FUND
FINANCIAL STATEMENTS**

**TOWN OF MILLS
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2020**

	<u>General Fund</u>	<u>Total Governmental Fund</u>
ASSETS		
Cash and cash equivalents	\$ 1,173,642	\$ 1,173,642
Receivables, net		
Other receivables	156,898	156,898
Sales tax	174,763	174,763
Property tax	289,568	289,568
Other taxes	21,979	21,979
Investments	76,187	76,187
Prepaid expense	46,312	46,312
Total assets	<u>\$ 1,939,349</u>	<u>\$ 1,939,349</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 207,144	\$ 207,144
Accrued liabilities	80,257	80,257
Total liabilities	<u>287,401</u>	<u>287,401</u>
 DEFERRED INFLOWS OF RESOURCES FOR PROPERTY TAXES		
	<u>286,958</u>	<u>286,958</u>
 FUND BALANCES		
Nonspendable	46,312	46,312
Restricted for fire department	218,191	218,191
Unassigned:		
General fund	1,100,487	1,100,487
Total fund balances	<u>1,364,990</u>	<u>1,364,990</u>
 Total liabilities and fund balances	 <u>\$ 1,939,349</u>	 <u>\$ 1,939,349</u>

TOWN OF MILLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Total Governmental Fund
REVENUES		
Taxes		
Sales and use	\$ 2,454,422	\$ 2,454,422
Property	354,220	354,220
Fuels	222,125	222,125
Cigarette	56,778	56,778
Severance and mineral royalties	271,996	271,996
Licenses and permits	180,346	180,346
Fines and forfeitures	266,958	266,958
Intergovernmental	392,636	392,636
Grant revenue	717,657	717,657
Charges for services	150,374	150,374
Miscellaneous revenue	375,536	375,536
Investment earnings	35,288	35,288
Total revenues	5,478,336	5,478,336
EXPENDITURES		
Current		
Public safety	2,407,927	2,407,927
General government	1,799,701	1,799,701
Highways and public works	109,212	109,212
Planning	218,877	218,877
Culture and recreation	96,885	96,885
Health and social services	141,237	141,237
Repayment of sales tax due to incorrect distribution	21,290	21,290
Capital outlay	598,284	598,284
Total expenditures	5,393,413	5,393,413
Excess of revenues over expenditures	84,923	84,923
Other financing uses		
Transfers out	(56,608)	(56,608)
Total other financing uses	(56,608)	(56,608)
Net change in fund balance	28,315	28,315
Fund balance - beginning	499,741	499,741
Correction of prior period errors	836,934	836,934
Fund balance - beginning as restated	1,336,675	1,336,675
Fund balance - ending	\$ 1,364,990	\$ 1,364,990

**TOWN OF MILLS
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION - GOVERNMENTAL FUND
JUNE 30, 2020**

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

Total fund balances - governmental fund types:		\$ 1,364,990
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Total capital assets, governmental funds		8,634,336
Long-term liabilities, including compensated absences, that pertain to governmental funds are not due and payable in the current period and therefore are not reported in the governmental funds		
Notes payable	(113,705)	
Repayment of sales tax due to incorrect distribution	(69,191)	
Compensated absences	(152,896)	
Net pension liability	<u>(1,766,370)</u>	(2,102,162)
Deferred outflows and inflows of resources are not available revenue or available to pay for current period expenditures, and therefore, the underlying resources are not reported in the governmental funds.		
Deferred outflows of resources for pension plan	1,777,007	
Deferred inflows of resources for pension plan	<u>(2,224,986)</u>	<u>(447,979)</u>
Net position of governmental activities		<u><u>\$ 7,449,185</u></u>

**TOWN OF MILLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

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

Net changes in fund balances - total governmental funds	\$	28,315
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Amount reported for governmental activities in the statement of activities are different because:

Borrowings and repayment of principal on long-term debt is revenue and expenditures in the governmental funds, but these amount impact long-term liabilities in the statement of net position. This amount is the amount that borrowings exceed repayments.

Repayment of sales tax due to incorrect distribution	<u>21,290</u>	21,290
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Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, net of dispositions.

Total additions to capital assets	598,284	
Depreciation expense	<u>(403,707)</u>	194,577

Long-term liabilities for compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.

Total accrued compensated absences prior year	\$ 126,076	
Total accrued comensated absences current year	<u>(152,896)</u>	(26,820)

Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmentantl funds.

Pension liability prior year	3,157,785	
Pension liability current year	(1,766,370)	
Deferred outflow of resources for pension plan prior year	(2,346,205)	
Deferred outflow of resources for pension plan current year	1,777,007	
Deferred inflows of resources for pension plan prior year	1,179,643	
Deferred inflows of resources for pension plan current year	<u>(2,224,986)</u>	<u>(223,126)</u>

Change in net position of governmental activities	\$	<u><u>(5,764)</u></u>
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**TOWN OF MILLS
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020**

	<u>Wastewater/ Water Distribution/ Sanitation</u>
ASSETS	
Current assets	
Cash	\$ 451,435
Accounts receivable	194,393
Total current assets	<u>645,828</u>
Capital assets, not being depreciated	656,805
Capital assets, net of depreciation	<u>6,261,240</u>
Net capital assets	<u>6,918,045</u>
Total assets	<u>7,563,873</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan items	<u>189,650</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Current liabilities	
Accounts payable	88,433
Accrued liabilities	62,236
Unearned revenue and refundable customer deposits	73,100
Note payable, current	47,815
Total current liabilities	<u>271,584</u>
Noncurrent liabilities, net of current maturities	
Note payable	2,242,090
Net pension liability	<u>542,585</u>
Total noncurrent liabilities	<u>2,784,675</u>
Total liabilities	<u>3,056,259</u>
DEFERRED INFLOWS OF RESOURCES	
Pension plan items	<u>215,660</u>
NET POSITION	
Net investment in capital assets	4,628,140
Restricted - Future repairs	428,931
Unrestricted	<u>(575,467)</u>
Total net position	<u>\$ 4,481,604</u>

TOWN OF MILLS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Wastewater/ Water Distribution/ Sanitation</u>
Operating revenues	
Charges for services	<u>\$ 2,070,523</u>
Operating expenses	
Wastewater	
Personnel	306,533
Pension expense	36,643
Supplies, materials & other	667,330
Depreciation expense	583,040
Water Distribution	
Personnel	85,392
Pension expense	7,150
Supplies, materials & other	545,210
Sanitation	
Personnel	161,212
Pension expense	17,435
Supplies, materials & other	269,747
Total operating expenses	<u>2,679,692</u>
Operating income	<u>(609,169)</u>
Nonoperating revenues (expenses)	
Interest expense	<u>(133,396)</u>
Total nonoperating revenues (expenses)	<u>(133,396)</u>
Loss before transfers	<u>(742,565)</u>
Transfers in (out)	<u>56,608</u>
Change in net position	<u>(685,957)</u>
Net position - beginning	2,975,695
Correction of prior year transfers	(202,099)
Prior period adjustment	2,393,965
Net position - beginning, as restated	<u>5,167,561</u>
 Total net position - ending	 <u><u>\$ 4,481,604</u></u>

**TOWN OF MILLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Wastewater/ Water Distribution/ Sanitation</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,070,523
Payments to suppliers	(1,441,440)
Payments to employees	<u>(553,137)</u>
Net cash provided by operating activities	<u>75,946</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfers in (out)	<u>56,608</u>
Net cash provided by noncapital financing activities	<u>56,608</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for capital acquisitions	(11,669)
Principal payments on notes payable	(36,604)
Interest paid	<u>(133,396)</u>
Net cash used in capital and related financing activities	<u>(181,669)</u>
Net decrease in cash and cash equivalents	(49,115)
Cash and cash equivalents - beginning	<u>500,550</u>
Cash and cash equivalents - ending	<u>\$ 451,435</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ (609,169)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	583,040
Decrease in accounts receivable	(25,791)
Increase in accounts payable	30,007
Increase in accrued expenses	15,963
Unearned revenues and refundable customer deposits	20,668
Deferred inflows/outflows	203,509
Pension liability	<u>(142,281)</u>
Total adjustments	<u>685,115</u>
Net cash provided by operating activities	<u>\$ 75,946</u>

TOWN OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity – The Town has a number of departments to provide police, fire services, water, sewer & sanitation. In addition, the Town Hall houses various general governmental employees.

Government-wide and fund financial statements – The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Measurement focus, basis of accounting and financial statement presentation – The government-wide financial statements are reported using the *economic resources measurements focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Rent and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government.

The *Enterprise Fund* is used to account for the operations on a self-supporting basis as required by Wyoming statute.

Amounts reported as *program revenues* include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

**TOWN OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the wastewater, water distribution and sanitation enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, liabilities and net position/fund balance

Deposits and investments – The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents include \$1,330,939 invested in Wyoming Government Investment Fund (WGIF) liquid asset series which is a short-term money market portfolio.

Receivables and payables – The Town records receivables for utility services, tax collections, ambulance services and other miscellaneous payments. Utility accounts due exceeding 30 days are sent delinquent notices with applicable services being shut off 15 days later. Ambulance receivables are billed to the party responsible for payment and every reasonable effort is made to collect payment. Because the Town provides services to all individuals without regard to the individual’s ability to pay, a significant portion of the receivables may be uncollectible. As a result, management has established a reserve for uncollectible accounts in the amount of \$108,000.

Capital assets – Capital assets which include property, plant, and equipment are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at cost for insurance purposes.

Normal repairs and maintenance of capital assets are not capitalized. These are costs that do not add to the value of the asset, or materially extend the asset’s life.

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

Asset	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and improvements	15 - 40	-
Infrastructure	20 - 50	-
Furniture and equipment	5 - 20	5 - 40
Transportation equipment	5	5 - 10

TOWN OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences – It is the Town’s policy to permit employees to accumulate a limited amount of earned and unused vacation and sick leave, which will be paid to employees upon separation from the Town’s service. In governmental funds, the cost of vacation and sick leave is recognized when payments are made to employees. The long-term obligation is recorded and expense recognized as the leave is earned in the governmental activities and proprietary funds.

Defined Benefit Pensions – For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wyoming Retirement System (WRS) and additions to/deductions from the WRS’s fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Accrued liabilities and long-term obligations – all payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities, and long-term obligations payable from enterprise funds are reported on the enterprise fund financial statements.

Deferred Inflows and Outflows – In addition to assets, the financial statements include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a decrease of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to the liabilities, the financial statements include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred outflows and deferred inflows of resources as follows:

Unavailable Revenues – Unavailable revenue is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide statement of net position, property tax revenue is reported as a deferred inflow of resources in the year the taxes are levied.

Pension-Related Revenues – In the government-wide and proprietary funds statement of net position, a deferred outflow or deferred inflow of resources is reported for the unrecognized items not yet charged to pension expense related to the net pension liability. This includes the unamortized portion of the net difference between projected and actual earnings on pension plan investments and other differences between expected and actual experience. Deferred outflows for the net difference between projected and actual investment earnings are recognized over a period of five years, while the deferred inflows or deferred outflows for the differences between expected and actual experience for economic/demographic assumptions are recognized over the remaining service life for all active and inactive members.

TOWN OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund balance/net position – Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Town Council through approval of resolutions, the Council’s highest level of decision-making authority. Assigned fund balance is a limitation imposed by the Town Council through measures less than a resolution or by their designee. Unassigned fund balance in the general fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements. When both restricted and unrestricted resources are available for use, it is the Board’s policy to use restricted resources first, then unrestricted resources as they are needed. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Property Taxes – Property taxes attach as an enforceable lien on property as of January 1. The current year property taxes were levied as of July 1, 2019 and were due in two installments. Installments are due on September 1 and March 1 and are collectible on November 10 and May 10. If the first installment payment is made after November 10, the entire amount is due by December 31. Delinquent taxes have been recognized as revenue to the extent they have been collected within 60 days after June 30, 2020. Property taxes receivable are included in “due from other governments” in the accompanying balance sheet. Property taxes are assessed, billed, collected, and distributed by the Natrona County Treasurer and the Natrona County Assessor. Property taxes which are not current receivables are offset by deferred revenues on the fund financials, but are reported on the government-wide financial statements as revenues and receivables, with no amount being deferred. Property taxes receivable are recognized as of the lien date; however, revenue is not recognized until the levy date.

Accounting estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE 2 – ADJUSTMENTS TO GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION AND ADJUSTMENTS TO STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES

Explanation of certain differences between the governmental fund balance sheet and the statement of net position – The governmental fund balance sheet/statement of net position includes several adjustments between fund balances – total governmental funds and statement of net position. The details of these adjustments are as follows:

Capital assets used in governmental activities are not financial resources and; therefore, are not reported in the governmental fund statements. As capital assets used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in the governmental funds.

TOWN OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 – ADJUSTMENTS TO GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION AND ADJUSTMENTS TO STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES (CONTINUED)

The unassigned fund balances for each fund reported in the governmental fund statements have been eliminated in order to reflect the total unrestricted net position in the full-accrual government-wide statement of net position.

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and change in fund balances/statement of activities – The governmental fund statement of revenues, expenditures, and changes in fund balances/statement of activities includes several adjustments between the governmental fund statement of revenues, expenditures, and changes in fund balances/statement of activities. The details of these adjustments are as follows:

Governmental funds report capital outlays as expenditures.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information – The Town adopts an annual budget for the General Fund. The budget is presented in the Statement of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual (Budgetary Basis) - General Fund. The budgets for the general fund and enterprise fund are adopted on a cash basis (Budgetary). Such basis is not consistent with generally accepted accounting principles (GAAP).

NOTE 4 – DEPOSITS AND INVESTMENTS

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. Wyoming Statutes allow investment in WGIF even though the funds are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The series is rated AAAM by Standard & Poor’s. Wyoming Statutes require that the Town’s deposits in banks in excess of the Federal depository insurance amount be collateralized. At June 30, 2020, the Town’s bank deposits were fully collateralized or insured.

NOTE 5 – INDIVIDUAL FUND TRANSFERS

Transfers are used to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During the fiscal year ended June 30, 2020, general fund transferred \$133,836 to the Wastewater/Water Distribution/Sanitation fund.

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TOWN OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 – CAPITAL ASSETS

Capital asset activity for governmental and business-type activities for the year ended June 30, 2020 was as follows:

	Beginning Balance July 1, 2019	Prior period adjustment	Beginning Balance Restated	Additions	Retirements/ Reclassifications	Ending Balance June 30, 2020
Governmental activities						
Capital assets not being depreciated						
Land	\$ 688,157	\$ -	\$ 688,157	\$ -	\$ -	\$ 688,157
Construction in progress	444,421	(444,421)	-	238,577	-	238,577
Total capital assets not being depreciated	<u>1,132,578</u>	<u>(444,421)</u>	<u>688,157</u>	<u>238,577</u>	<u>-</u>	<u>926,734</u>
Capital assets being depreciated						
Buildings & improvements	3,423,801	-	3,423,801	166,610	-	3,590,411
Infrastructure	16,163,371	(4,470,558)	11,692,813	20,685	-	11,713,498
Vehicles & Equipment	4,377,759	(2,800,482)	1,577,277	172,412	(2,285)	1,747,404
Total capital assets being depreciated	<u>23,964,931</u>	<u>(7,271,040)</u>	<u>16,693,891</u>	<u>359,707</u>	<u>(2,285)</u>	<u>17,051,313</u>
Less accumulated depreciation for						
Buildings, improvements and infrastructure	1,582,737	-	1,582,737	73,912	-	1,656,649
Infrastructure	8,270,492	(2,332,141)	5,938,351	241,171	-	6,179,522
Vehicles & Equipment	3,940,101	(2,518,899)	1,421,202	88,624	(2,285)	1,507,541
Total accumulated depreciation	<u>13,793,330</u>	<u>(4,851,040)</u>	<u>8,942,290</u>	<u>403,707</u>	<u>(2,285)</u>	<u>9,343,712</u>
Total capital assets being depreciated, net	<u>10,171,601</u>	<u>(2,420,000)</u>	<u>7,751,601</u>	<u>(44,000)</u>	<u>-</u>	<u>7,707,601</u>
Governmental activities capital assets, net	<u>\$ 11,304,179</u>	<u>\$ (2,864,421)</u>	<u>\$ 8,439,758</u>	<u>\$ 194,577</u>	<u>\$ -</u>	<u>\$ 8,634,335</u>
Business-type activities						
Capital assets not being depreciated						
Land	\$ 183,959	\$ -	\$ 183,959	\$ -	\$ -	\$ 183,959
Construction in progress	-	866,807	866,807	-	(393,962)	472,845
Total capital assets not being depreciated	<u>183,959</u>	<u>866,807</u>	<u>1,050,766</u>	<u>-</u>	<u>(393,962)</u>	<u>656,804</u>
Capital assets being depreciated						
Buildings & improvements	7,477,526	30,631	7,508,157	11,669	-	7,519,826
Infrastructure	-	4,470,558	4,470,558	-	393,962	4,864,520
Vehicles & Equipment	3,358,546	2,800,482	6,159,028	-	-	6,159,028
Total depreciable assets	<u>10,836,072</u>	<u>7,301,671</u>	<u>18,137,743</u>	<u>11,669</u>	<u>393,962</u>	<u>18,543,374</u>
Less accumulated depreciation for						
Buildings & improvements	4,061,277	13,616	4,074,893	187,038	-	4,261,931
Infrastructure	-	2,332,141	2,332,141	90,506	-	2,422,647
Vehicles & Equipment	2,773,160	2,518,900	5,292,060	305,496	-	5,597,556
Total accumulated depreciation	<u>6,834,437</u>	<u>4,864,657</u>	<u>11,699,094</u>	<u>583,040</u>	<u>-</u>	<u>12,282,134</u>
Total capital assets being depreciated, net	<u>4,001,635</u>	<u>2,437,014</u>	<u>6,438,649</u>	<u>(571,371)</u>	<u>393,962</u>	<u>6,261,240</u>
Business-type activities capital assets, net	<u>\$ 4,185,594</u>	<u>\$ 3,303,821</u>	<u>\$ 7,489,415</u>	<u>\$ (571,371)</u>	<u>\$ -</u>	<u>\$ 6,918,044</u>

Depreciation expense for the governmental activities was charged to the general government function.

TOWN OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – DEFINED BENEFIT PENSION PLAN

All eligible Town employees are covered under one of three retirement plans in the Wyoming Retirement System:

Wyoming Retirement System

Public Employee Pension Plan (PEPP)

The Town participates in the Public Employees' Pension Plan ("PEPP"), a statewide cost-sharing multiple-employer defined benefit, contributory retirement plan administered by the State of Wyoming Retirement System Board. Substantially all Town full-time employees are eligible to participate.

Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The Town currently pays 8.62% of the covered payroll, while the employees pay the remaining 8.5%.

The Town's contributions to the PEPP for the years ended June 30, 2020, 2019, and 2018, were \$124,018, \$103,120, and \$93,850, respectively, while the employees' portion was \$118,268, \$101,667, and \$92,504, respectively, equal to the required contributions for each year. As of July 1, 2020, the required employer contribution rate will increase by 0.25% from 8.87% to 9.12% and the required employee contribution rate will increase by 0.25% from 8.75% to 9%.

Through legislation passed during the 2014 legislative session, two tiers of benefits were established for participants of this plan. For Tier 1 (first contribution before 9/1/2012), 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 or more years of service but will result in a reduction of benefits based on the length of time remaining to age 60. For Tier 2 (first contribution on or after 9/1/2012), 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 bases that the sum of the member's age and service is at least 85.

Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. The PEPP 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 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).

TOWN OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Wyoming Retirement System (continued)

Law Enforcement Pension Plan

The Town participates in the Law Enforcement Retirement Plan (“LEPP”), a statewide, cost-sharing, multiple-employer, defined benefit, contributory retirement plan administered by the State of Wyoming Retirement System Board.

The LEPP statutorily provides retirement, disability and death benefits according to predetermined amounts primarily 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 or participant contributions plus accumulated interest.

The LEPP is funded by amounts withheld from participating employees’ salaries and by contributions from the Town. These contributions are determined by state statutes and, as of June 30, 2020, the percentages to be contributed on compensation were 8.60% for the employees and the same for the Town. The City currently pays 8.6% of the covered payroll and the police officers pay the remaining 8.6%.

For the years ended June 30, 2020, 2019, and 2018 the Town’s contributions to the Wyoming Law Enforcement Retirement Plan were \$83,017, \$84,551, and \$75,218, respectively, while the employees’ portion was \$81,151, \$87,552, and \$75,218, respectively, equal to the required contributions for each year.

Paid Firemen’s Pension Plan B

The Town participates in the Paid Firemen’s Pension Fund (“Fund”), a cost-sharing multiple-employer defined benefit, contributory retirement plan administered by the State of Wyoming Retirement System Board. All paid Town firemen are eligible to participate. Plan B relates to members hired after July 1, 1981.

Plan B provides retirement, disability and death benefits according to predetermined formulas. The State Legislature grants any cost of living adjustment provided to retirees. 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 received refunds of participant contributions without interest.

The Town’s contributions to Plan B for the years ended June 30, 2020, 2019, and 2018 were \$69,146, \$58,240, and \$68,170, respectively, while the employees’ portion was \$51,405, \$44,868, and \$50,765, respectively, equal to the required contributions each year. As of July 1, 2020, the employee contribution rate will increase by 0.50% from 9.745% to 10.245% and the employer contribution rate will increase by 1% from 13% to 14%.

Wyoming Retirement System Contributions – The plans are funded by amounts withheld from participating employees’ salaries and by contributions from the Town. These contributions are determined by state statutes. Contribution rates applicable to the Town are as follows for the years ended June 30:

TOWN OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Wyoming Retirement System (continued)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Public Employees Plan			
Employer contribution rate	8.870%	8.620%	8.375%
Employee contribution rate	8.750%	8.500%	8.250%
Total Contribution Rate	<u>17.620%</u>	<u>17.120%</u>	<u>16.625%</u>
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Law Enforcement Plan			
Employer contribution rate	8.600%	8.600%	8.600%
Employee contribution rate	8.600%	8.600%	8.600%
Total Contribution Rate	<u>17.200%</u>	<u>17.200%</u>	<u>17.200%</u>
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Paid Firemen's Plan			
Employer contribution rate	13.000%	12.000%	12.000%
Employee contribution rate	9.745%	9.245%	9.245%
Total Contribution Rate	<u>22.745%</u>	<u>21.245%</u>	<u>21.245%</u>

Wyoming Retirement System Contributions (continued) –Contributions by the Town to the Plans are as follows for the years ended June 30:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer Contributions			
Public Employees Plan	\$ 124,018	\$ 103,120	\$ 93,850
Law Enforcement Plan	83,017	84,551	75,218
Paid Firemen's Plan	69,147	58,240	68,170
Total contributions	<u>\$ 276,182</u>	<u>\$ 245,911</u>	<u>\$ 237,238</u>

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions - At June 30, 2020 the Town reported a liability of \$2,308,955 for its proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of January 1, 2019, applied to all prior periods included in the measurement. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. An experience study was conducted covering the five year period ending December 31, 2016. The net pension liability as of December 31, 2019 is based on the results of an actuarial valuation as of January 1, 2019, rolled forward to a measurement date of December 31, 2019, and taking into consideration information from the recent experience study. At December 31, 2019, the Town's liability as well as their proportion were as follows for each plan in which the Town participates:

**TOWN OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

	Pension liability at December 31, 2019	Proportion at December 31, 2019	Increase (decrease) from December 31, 2018
Public Employees' Pension Plan	\$ 1,654,762	0.07042%	0.00407%
Law Enforcement Pension Plan	522,227	0.60584%	0.01746%
Paid Firemen's Plan	131,966	1.85673%	-0.04010%
	<u>\$ 2,308,955</u>		

For the year ended June 30, 2020, the Town recognized pension expense of \$284,355.

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions (continued) – At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

The Town reported \$139,953 as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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TOWN OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

	<u>Deferred Outflows of Resources</u>			<u>Total Outflows</u>
	<u>Public Employees</u>	<u>Law Enforcement</u>	<u>Paid Firemen</u>	
				-
Net difference between projected and actual earnings on pension plan investment	\$ 305,953	\$ 235,838	\$ 178,265	\$ 720,056
Difference due to changes in assumption	49,739	410,582	341,878	802,199
Difference between expected and actual experience rate	-	92,910	7,491	100,401
Changes in employers portion	157,845	37,966	8,237	204,048
Amortizing deferred outflows	513,537	777,296	535,871	1,826,704
Contributions subsequent to the measurement date	66,753	41,538	31,662	139,953
Total	<u>\$ 580,290</u>	<u>\$ 818,834</u>	<u>\$ 567,533</u>	<u>\$ 1,966,657</u>

	<u>Deferred Inflows of Resources</u>			<u>Total Inflows</u>
	<u>Public Employees</u>	<u>Law Enforcement</u>	<u>Paid Firemen</u>	
Net difference between projected and actual earnings on pension plan investment	\$ (552,989)	\$ (417,409)	\$ (311,627)	\$ (1,282,025)
Difference due to changes in assumption	-	(521,395)	(426,807)	(948,202)
Difference between expected and actual experience rate	(29,942)	(40,411)	(117,278)	(187,631)
Changes in employers portion	-	(54)	(22,734)	(22,788)
Amortizing deferred inflows	<u>\$ (582,931)</u>	<u>\$ (979,269)</u>	<u>\$ (878,446)</u>	<u>\$ (2,440,646)</u>

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions (continued) – Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2021	\$ 664,342	\$ (684,824)
2022	597,198	(673,098)
2023	453,473	(521,755)
2024	73,334	(420,535)
2025	37,244	(101,314)
Thereafter	1,113	(39,120)
	<u>\$ 1,826,704</u>	<u>\$ (2,440,646)</u>

TOWN OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions – The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions and Methods	
Valuation date	January 1, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset valuation method	5 year smoothed market
Inflation	2.25%
Salary increases	
PEPP	2.5% to 6.5%, including inflation
LEPP	4.75% to 8.5%, including inflation
Fire B	4.5% to 7.5%, including inflation
Payroll growth rate	2.50%
Cost of living increase	0.00%
Investment rate of return	7.00%, net of pension plan investment expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2012 - 2016.
Post-Retirement Mortality	RP-2014 Healthy Annuitant Mortality Table, fully generational, projected with Scale MP-2017
PEPP, LEPP, Fire B	Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 88%
Pre-Retirement Mortality	RP-2014 Employee Mortality Table, fully generational, projected with Scale MP-2017
PEPP, LEPP, Fire B	Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 100%

The plan's trustees adopted the assumed rate of investment return after considering input from the plan's investment consultant(s) and actuary(s). Additional information about the assumed rate of investment return is included in the WRS actuarial valuation report as of January 1, 2019. In addition, a five-year experience study was completed as of December 31, 2016 and this study provides a detailed analysis regarding recommendations on the long-term rates for inflation and the real rate of return. The assumed rate of investment return of 7.00% (real return net of inflation of 4.75%) falls within a reasonable range of the long-term expected rate of return.

Long-term Expected Rate of Return – 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 adding expected inflation. For each major asset class that is included in the pension plans target allocation for the fiscal year 2019. These best estimates are summarized in the following table:

**TOWN OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Geometric Real Rate of Return</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>
Cash	2.00%	-0.20%	-0.19%
Fixed income	21.00%	1.32%	1.67%
Equity	48.50%	5.43%	7.42%
Marketable alternatives	19.00%	3.46%	4.33%
Private markets	9.50%	4.46%	5.58%
Total	<u>100.00%</u>	<u>3.99%</u>	<u>5.30%</u>

Experience analysis – An experience study was conducted on behalf of all WRS’ plans covering the five-year period ended December 31, 2016. That study provided a detailed analysis concerning the development of the long-term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g., mortality, salary increases, retirement, termination and disability) and proposed assumptions consistent with the findings.

Discount rate – The discount rate used to measure the total pension liability was 7.00% for the Public Employee, Law Enforcement, and Paid Firemen’s B Plans. 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) 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 7.00%, the municipal bond rate is 2.75% (based on the weekly rate closest to but not later than the measurement date of the “state and local bonds” rate from the Federal Reserve statistical release (H.15); and the resulting single discount rates listed above.

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**TOWN OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the employer’s proportionate share of the net pension liability to changes in the discount rate – The following presents the Town’s proportionate share of the net pension liability calculated using the above discount rates, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using discount rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

Proportionate share of the net pension liabilities	Current Single Discount		
	1% Decrease	Rate Assumption	1% Increase
	(6.00%)	(7.00%)	(8.00%)
Public Employee's Plan	\$ 2,500,066	\$ 1,654,762	\$ 949,278
	(6.00%)	(7.00%)	(8.00%)
Law Enforcement Plan	\$ 1,130,664	\$ 522,227	\$ (2,517)
	(6.00%)	(7.00%)	(8.00%)
Paid Firemen's Plan	\$ 584,127	\$ 131,966	\$ (243,030)

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued WRS financial report available from the Wyoming Retirement System, 6101 Yellowstone Road, Cheyenne, Wyoming 82002 or at <https://retirement.state.wy.us/home/index.html>.

NOTE 8 –LONG TERM OBLIGATIONS

Long-Term Debt – Governmental Activities

Long-term debt obligations consist of the following:

0% Note payable to a government agency, payable in annual installments of \$6,689, due October 2036	\$ 113,706
Less current portion	(6,689)
Long-term portion	<u>\$ 107,017</u>

Long-Term Debt – Business-type Activities

Long-term debt obligations consist of the following:

5.38% Note payable to a government agency, payable in annual installments of \$169,740 including interest, due June 2047	\$ 2,289,905
Less current portion	(47,815)
Long-term portion	<u>\$ 2,242,090</u>

TOWN OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 –LONG TERM OBLIGATIONS (CONTINUED)

Long-Term Debt – Governmental Activities

Principal maturities and interest payable on long-term debt over future periods are as follows:

Year	Principal	Interest	Total
2021	\$ 6,689	\$ -	\$ 6,689
2022	6,689	-	6,689
2023	6,689	-	6,689
2024	6,689	-	6,689
2025	6,689	-	6,689
2026-2030	33,443	-	33,443
2031-2035	33,443	-	33,443
2036-2040	13,375	-	13,375
	<u>\$ 113,706</u>	<u>\$ -</u>	<u>\$ 113,706</u>

Long-Term Debt – Business Type Activities

Principal maturities and interest payable on long-term debt over future periods are as follows:

Year	Principal	Interest	Total
2021	\$ 47,815	\$ 121,925	\$ 169,740
2022	50,352	119,388	169,740
2023	53,024	116,716	169,740
2024	55,837	113,903	169,740
2025	58,800	110,940	169,740
2026-2030	344,250	504,451	848,701
2031-2035	445,805	402,897	848,702
2036-2040	577,320	271,381	848,701
2041-2045	656,702	101,067	757,769
	<u>\$ 2,289,905</u>	<u>\$ 1,862,668</u>	<u>\$ 4,152,573</u>

For the year ended June 30, 2020, interest expense on long-term debt obligations totaled \$133,396.

The agreements contain restrictive covenants which, among other things, require annual financial statements be provided within 150 days of the close of each fiscal year. The Town was not in compliance with this covenant for the year ended June 30, 2020.

TOWN OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – LONG TERM OBLIGATIONS (CONTINUED)

Changes in long-term debt obligations are as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 126,076	\$ 102,466	\$ 75,646	\$ 152,896	\$ 91,738
Repayment of sales tax due to incorrect distribution	90,481		21,290	69,191	21,290
Note payable	113,705	-	-	113,705	6,689
Total governmental activities	<u>330,262</u>	<u>102,466</u>	<u>96,936</u>	<u>335,792</u>	<u>119,717</u>
Business-type activities:					
Compensated absences	38,076	25,991	22,846	41,221	24,733
Note payable	2,326,509	-	36,604	2,289,905	47,815
Total business-type activities	<u>2,364,585</u>	<u>25,991</u>	<u>59,450</u>	<u>2,331,126</u>	<u>72,548</u>
Total long-term obligations	<u>\$ 2,694,847</u>	<u>\$ 128,457</u>	<u>\$ 156,386</u>	<u>\$ 2,666,918</u>	<u>\$ 192,265</u>

NOTE 9 – RISK MANAGEMENT

The Town is exposed to various risks of loss including torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town has purchased commercial insurance for these risks that include insurance for property and liability. The coverage under each type of insurance policy varies in amounts and deductibles. The uninsured risk retention is the amount by which claims exceeded coverage. The Town has not had significant settlements exceeding insurance coverage in any of the past three fiscal years. The Town has had no significant reductions in insurance coverage from coverage in prior years.

NOTE 10 – PRIOR PERIOD ADJUSTMENT AND MISSTATEMENTS

A prior period adjustment was required to record the purchase of fixed assets and associated accumulated depreciation not recorded in the prior year. In addition, prior period adjustments were required to reclassify fixed assets inadvertently recorded in the incorrect fund. These corrections are identified in note 6..

Interfund transfers were misstated in the prior year; therefore, fund balances have been corrected as of June 30, 2019. These corrections have no effect on the results of the prior or current year operations.

Fund balance on the prior year fund balance sheet was understated by \$147,366 as a result of overstating liabilities. This has been corrected in the current year.

Beginning government and enterprise fund balances have been adjusted by \$2,174,851 and \$(2,191,866), respectively, with offsets to cash and net position in each fund.

TOWN OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 11 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This standard is effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. The requirements of this Statement are now effective for reporting periods beginning after December 15, 2019. GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponed the effective date for GASB Statement No. 84 for one year from the original effective date to provide relief to governments and other stakeholders in light of the COVID-19 pandemic.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides accounting and financial reporting guidance for subscription-based information technology arrangements. The requirements of the Statement are effective for reporting periods after June 15, 2021.

Management has not completed its assessment of the effects of implementing these standards.

NOTE 12 – SUBSEQUENT EVENT

In July 2020, the Town Council passed a resolution to certify First Class City status for Mills, Wyoming.

Subsequent to year-end, the Town applied for and was awarded various grants, one of which will require matching funds of \$213,278 which will come from the fiscal year 2022 budget.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

TOWN OF MILLS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 7 fiscal years ** (Unaudited)

	2020	2019	2018	2017	2016	2015	2014
Public Employees Pension Plan							
Proportion of the net pension liability	0.070%	0.066%	0.060%	0.058%	0.057%	0.052%	0.046%
Proportionate share of the net pension liability	\$ 1,654,762	\$ 2,020,335	\$ 1,368,806	\$ 1,407,616	\$ 1,316,328	\$ 910,391	\$ 703,933
Covered employee payroll	1,224,008	1,155,266	1,066,762	1,128,255	934,771	939,118	1,149,001
Proportionate share of the net pension liability as a percentage of its covered payroll	135.19%	174.88%	128.31%	124.76%	140.82%	96.94%	61.26%
Plan fiduciary net position as a percentage of the total pension liability	76.83%	69.17%	76.35%	73.42%	73.40%	79.08%	**
Law Enforcement Pension Plan							
Proportion of the net pension liability	0.606%	0.588%	0.526%	0.527%	0.482%	0.787%	0.448%
Proportionate share of the net pension liability	\$ 522,227	\$ 1,424,301	\$ 452,753	\$ 397,496	\$ 361,981	\$ 231,987	\$ 81,838
Covered payroll	944,212	893,739	807,942	888,494	707,064	737,169	654,843
Proportionate share of the net pension liability as a percentage of its covered payroll	55.31%	159.36%	56.04%	44.74%	51.19%	31.47%	12.50%
Plan fiduciary net position as a percentage of the total pension liability	89.05%	71.22%	87.99%	88.11%	87.49%	94.76%	**
Paid Firemen's Plan							
Proportion of the net pension liability	1.857%	1.897%	1.991%	1.902%	1.676%	1.535%	1.370%
Proportionate share of the net pension liability	\$ 131,966	\$ 398,016	\$ 821,147	\$ 600,168	\$ 512,323	\$ 17,264	\$ 49,420
Covered payroll	520,412	508,560	561,766	602,645	450,628	425,775	414,678
Proportionate share of the net pension liability as a percentage of its covered payroll	25.36%	78.26%	146.17%	99.59%	113.69%	4.05%	11.92%
Plan fiduciary net position as a percentage of the total pension liability	95.93%	87.07%	77.98%	80.16%	79.33%	100.98%	**

*This schedule is to be built prospectively until it contains ten years of data.

**Information not available

SCHEDULE 2

**TOWN OF MILLS
SCHEDULE OF PENSION CONTRIBUTIONS
LAST 7 FISCAL YEARS* (UNAUDITED)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Public Employees Plan							
Contractually required contribution	\$ 242,286	\$ 204,787	\$ 186,354	\$ 187,516	\$ 155,359	\$ 149,038	\$ 167,984
Contributions in relation to the contractually required contribution	<u>(242,286)</u>	<u>(204,787)</u>	<u>(186,354)</u>	<u>(187,516)</u>	<u>(155,359)</u>	<u>\$ (149,038)</u>	<u>\$ (167,984)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	1,375,063	\$ 1,196,186	\$ 1,120,926	\$ 1,128,255	\$ 934,771	\$ 939,118	\$ 1,149,001
Contributions as a percentage of covered payroll	17.62%	17.12%	16.625%	16.62%	16.62%	15.87%	14.62%
Law Enforcement Pension Plan							
Contractually required contribution	\$ 164,168	\$ 172,103	\$ 150,436	\$ 152,821	\$ 121,615	\$ 126,793	\$ 112,633
Contributions in relation to the contractually required contribution	<u>(164,168)</u>	<u>(172,103)</u>	<u>(150,436)</u>	<u>(152,821)</u>	<u>(121,615)</u>	<u>\$ (126,793)</u>	<u>\$ (112,633)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 954,464	\$ 1,000,599	\$ 874,628	\$ 888,494	\$ 707,064	\$ 737,169	\$ 654,843
Contributions as a percentage of covered payroll	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%
Paid Firemen's Plan							
Contractually required contribution	\$ 120,551	\$ 103,108	\$ 118,935	\$ 128,032	\$ 95,736	\$ 90,456	\$ 85,942
Contributions in relation to the contractually required contribution	<u>(120,551)</u>	<u>(103,108)</u>	<u>(118,935)</u>	<u>(128,032)</u>	<u>(95,736)</u>	<u>\$ (90,456)</u>	<u>\$ (85,942)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 530,010	\$ 485,328	\$ 559,826	\$ 602,645	\$ 450,628	\$ 425,775	\$ 414,678
Contributions as a percentage of covered payroll	22.745%	21.245%	21.245%	21.245%	21.245%	21.245%	20.725%

*This schedule is to be built prospectively until it contains ten years of data.

SCHEDULE 3

**TOWN OF MILLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes and intergovernmental	\$ 2,992,450	\$ 2,992,450	3,752,177	\$ 759,727
Licenses and permits	144,600	144,600	180,346	35,746
Special revenues - State Grant	1,528,000	1,528,000	717,657	(810,343)
Fines and forfeitures	370,000	370,000	266,958	(103,042)
Miscellaneous revenue	532,620	732,620	525,910	(206,710)
Investment earnings	20,000	20,000	35,288	15,288
Total revenues	<u>5,587,670</u>	<u>5,787,670</u>	<u>5,478,336</u>	<u>(309,334)</u>
EXPENDITURES				
Current:				
General government	3,126,108	3,126,108	2,390,202	735,906
Public safety	2,946,511	2,946,511	2,608,839	337,672
Highways and public works	222,172	222,172	109,212	112,960
Parks and recreation	359,587	359,587	285,160	74,427
Total expenditures	<u>6,654,378</u>	<u>6,654,378</u>	<u>5,393,413</u>	<u>1,260,965</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ (1,066,708)</u>	<u>\$ (866,708)</u>	<u>\$ 84,923</u>	<u>\$ 951,631</u>

TOWN OF MILLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

NOTE 1 – CHANGES IN BENEFIT TERMS

There were no changes in benefit terms for vested members between the December 31, 2018 measurement date and the December 31, 2019 measurement date.

NOTE 2 – CHANGES IN ASSUMPTIONS

Changes in assumptions December 31, 2015 – There were changes in assumptions made between the December 31, 2014 measurement date and the December 31, 2015 measurement date for the Paid Firemen’s Plan. The changes resulted in a \$20,165,038 increase to deferred outflows of resources by source to be recognized in future pension expenses. The portion allocable to the Town was \$337,895.

Changes in assumptions December 31, 2016 – There were changes in assumptions made between the December 31, 2015 measurement date and the December 31, 2016 measurement date for the Paid Firemen’s Plan. The changes resulted in a \$1,498,059 increase to deferred inflows of resources by source to be recognized in future pension expenses. The portion allocable to the Town was \$28,487.

Changes in assumptions December 31, 2017 – There were changes in assumptions made between the December 31, 2016 measurement date and the December 31, 2017 measurement date for the Public Employees Plan, the Law Enforcement Plan, and the Paid Firemen’s Plan. The changes resulted in a \$358,962,042 increase to deferred outflows of resources by source to be recognized in future pension expenses. The portion allocable to the Town was \$778,544.

Changes in assumptions December 31, 2018 – There were changes in assumptions made between the December 31, 2017 measurement date and the December 31, 2018 measurement date for the Law Enforcement Plan and the Paid Firemen’s Plan. The Law Enforcement Plan changes resulted in a \$94,255,216 increase to deferred outflows of resources to be recognized in future pension expenses. The portion allocable to the Town was \$554,577. The Paid Firemen’s Plan changes resulted in a \$29,804,719 increase to deferred inflows of resources to be recognized in future pension expenses. The portion allocable to the Town was \$565,344.

Changes in assumptions December 31, 2019 – There were changes in assumptions made between the December 31, 2018 measurement date and the December 31, 2019 measurement date for the Law Enforcement Plan. The Law Enforcement Plan changes resulted in a \$111,460,988 increase to deferred inflows of resources to be recognized in future pension expenses. The portion allocable to the Town was \$675,276.

TOWN OF MILLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

NOTE 3 – BASIS OF BUDGETING

The Town's budgets are prepared on the budgetary basis of accounting using the cash basis. Under this basis amounts for non-cash items, including depreciation and bad debt are not budgeted as revenues or expenditures. All budget amendments are approved by the Town Council and are presented within the final budget figures.

**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**

Members of the Town Council
Town of Mills
Mills, 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 government activities, the business-type activities, and each major fund of Town of Mills, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Mills basic financial statements, and have issued our report thereon dated July 7, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Mills' 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 Town of Mills' internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Mills' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described below as items 2020-001 and 2020-002 that we consider to be material weaknesses.

2020-001: Check Signers – Material Weakness

Condition: The Town has designated the Town Clerk and the Town Treasurer as check signers on multiple bank accounts.

Criteria: A sound internal control system separates the functions of a transaction so that no one person authorizes, records and has control of the asset.

Cause: The Town does not have sufficient staffing to allow them strong segregation of duties in this area.

Effect: Having the same person recording a transaction that can sign a check allows the opportunity for fraud to occur.

Identification as a Repeat Finding: This is a repeat finding from June 30, 2019 - See 2019-001

Recommendation: The Town should continue to monitor their check signing procedures.

Views of responsible officials and planned corrective actions: Management feels that their procedures do not create an internal control weakness. See attached letter.

2020-002: Town Court – Material Weakness

Condition: The Town Court assess fines and maintains a record of these. However the Town does not record the amounts due as revenue until the fines are paid. The Court uses the court module of the accounting software used by the town, however a receivable is not booked on the general ledger.

Criteria: Under generally accepted accounting principles for government wide financial statements, the amount of outstanding fines should be recorded at the time the fine is assessed..

Cause: The Town has not established a procedure that integrates the court data into the general ledger to record fines when assessed at the recommendation of their software company.

Effect: The statement of position does not reflect outstanding fines; however daily receipted payments and bonds are recorded. Revenues may not be recorded in the proper accounting period.

Identification as a Repeat Finding: This is a repeat finding from June 30, 2019 – See 2019-002

Recommendation: The Town should record outstanding fines to their accounting records for the government wide financial statements.

Views of responsible officials and planned corrective actions: The Court utilizes the accounting system to track fines and will work with the Town Clerk to determine if the outstanding collectible fines are significant to the Town's financial statements..

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Mills' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Lenhart, Mason & Associates, LLC

Lenhart, Mason & Associates, LLC
Casper, Wyoming
July 7, 2021



TOWN OF MILLS

EST. 1921

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Mills, WY 82644

P: 307-234-6679 F: 307-234-6528

December 11, 2020

In reference to Audit 2020 Internal Controls Check Signers – Material Weakness, the below is an explanation as to how this is rectified to the best of the ability of the Town given the staffing and requirements available.

While there is the possibility for either the Clerk or the Treasurer to cut a check and also sign that check, the Mayor (or designated Councilman in the Mayor's absence) is also required to sign the check as well. It is the procedure of the Clerk and Treasurer Offices to have the Clerk enter any manual checks for immediate payment and give them to the Treasurer to verify and sign the check. It is the procedure also for the Treasurer to enter all the Accounts Payable invoices for the check runs approved by Council and for the Clerk to verify and sign the checks.

The Clerk of Court submits documentation for any Bond Refunds, which the Town Clerk cuts the check and then the Clerk of Court signs once it is returned to her with the Mayor's signature.

Considering the number of employees working in an administrative capacity for the Town, this procedure that has been adopted is the most feasible option. It requires a minimum of three people to execute and therefore the Town does not believe this to be a weakness in our internal controls. Also, every member of the Town Administrative staff that cuts and signs checks has undergone a background investigation that also includes a polygraph.



Christine Trumbull – Clerk



Seth Coleman – Mayor