

CITY OF MILLS
FINANCIAL STATEMENTS
JUNE 30, 2021

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CITY OF MILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021
(UNAUDITED)

As management of the City of Mills, we offer readers of the City of Mills financial statements this narrative overview and analysis of the financial activities of the City of Mills for the fiscal year ended June 30, 2021.

Financial Highlights

The assets of the City of Mills exceeded its liabilities at the close of the most recent fiscal year by \$11,977,949 (*net position*). Of this amount, \$(2,400,918) (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.

- The government's total net position increased by \$47,160.
- As of the close of the current fiscal year, the City of Mills governmental fund reported ending fund balance of \$1,176,284.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Mills basic financial statements. The City 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 City of Mills finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City 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 City 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 City 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 City of Mills include general government, public safety, highways and public works, and planning. The business-type activities of the City of Mills include water, sewer, golf, and environmental 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 City 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 City 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

CITY OF MILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021
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governmental activities in the government-wide financial statements. By doing so, readers may better 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 City 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 City 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 City 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 City 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 City 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 City 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 City 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 City of Mills uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City 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.

**CITY OF MILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021
(UNAUDITED)**

**City of Mills
Comparative Statement of Net Position
June 30, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current assets	\$ 2,263,431	\$ 1,939,349	\$ 681,094	\$ 645,829	\$ 2,944,525	\$ 2,585,178
Net capital assets	9,303,086	8,634,335	7,457,873	6,918,044	16,760,959	15,552,379
Total assets	<u>11,566,517</u>	<u>10,573,684</u>	<u>8,138,967</u>	<u>7,563,873</u>	<u>19,705,484</u>	<u>18,137,557</u>
Deferred outflows of resources	<u>1,362,919</u>	<u>1,777,007</u>	<u>168,690</u>	<u>189,650</u>	<u>1,531,609</u>	<u>1,966,657</u>
Liabilities						
Current liabilities	539,141	407,117	587,050	182,548	1,126,191	589,665
Long-term liabilities	2,293,619	1,982,445	2,944,982	2,837,711	5,238,601	4,820,156
Total Liabilities	<u>2,832,760</u>	<u>2,389,562</u>	<u>3,532,032</u>	<u>3,020,259</u>	<u>6,364,792</u>	<u>5,409,821</u>
Deferred inflows of resources	<u>2,680,647</u>	<u>2,511,944</u>	<u>213,705</u>	<u>215,660</u>	<u>2,894,352</u>	<u>2,727,604</u>
Net Position						
Net investment in capital assets	8,978,598	8,520,629	4,723,144	4,628,139	13,701,742	13,148,768
Restricted						
Fire department	37,920	218,191	-	-	37,920	218,191
Future repairs	639,205	-	-	428,931	639,205	428,931
Unrestricted	<u>(2,239,694)</u>	<u>(1,289,635)</u>	<u>(161,224)</u>	<u>(575,466)</u>	<u>(2,400,918)</u>	<u>(1,865,101)</u>
Total net position	<u>\$ 7,416,029</u>	<u>\$ 7,449,185</u>	<u>\$ 4,561,920</u>	<u>\$ 4,481,604</u>	<u>\$ 11,977,949</u>	<u>\$ 11,930,789</u>

A portion of the City of Mills net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$(2,400,918) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Mills is not able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

CITY OF MILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021
(UNAUDITED)

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

City of Mills
Comparative Statement of Changes in Net Position
June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Charges for services	\$ 159,526	\$ 150,374	\$ 2,209,368	\$ 2,070,523	\$ 2,368,894	\$ 2,220,897
Operating grants and contributions	1,358,934	366,810	-	-	1,358,934	366,810
Capital grants and contributions	17,843	350,847	134,882	-	152,725	350,847
Taxes						
Property taxes	432,700	354,220	-	-	432,700	354,220
Other taxes	3,697,098	3,845,261	-	-	3,697,098	3,845,261
Unrestricted investment earnings	293	35,288	-	-	293	35,288
Donation of capital asset	-	-	365,200	-	-	-
Miscellaneous revenue	318,076	375,533	(42,250)	-	275,826	375,533
Total revenues	5,984,470	5,478,333	2,667,200	2,070,523	8,286,470	7,548,856
Expenses						
General government	2,920,513	2,453,354	-	-	2,920,513	2,453,354
Public safety	2,536,402	2,407,924	-	-	2,536,402	2,407,924
Highway and public works	121,879	109,212	-	-	121,879	109,212
Planning	313,889	218,877	-	-	313,889	218,877
Culture and recreation	102,014	96,885	-	-	102,014	96,885
Health and social services	74,611	141,237	-	-	74,611	141,237
Wastewater, water distribution and sanitation	-	-	2,535,202	2,813,087	2,535,202	2,813,087
Total expenses	6,069,308	5,427,489	2,535,202	2,813,087	8,604,510	8,240,576
Excess (deficiency) of revenues over expenses before transfers	(84,838)	50,844	131,998	(742,564)	(318,040)	(691,720)
Transfers	51,682	(56,608)	(51,682)	56,608	-	-
Change in net position	(33,156)	(5,764)	80,316	(685,956)	(318,040)	(691,720)
Net position - beginning of year, as previously stated	7,449,185	9,629,800	4,481,604	2,975,694	11,930,789	12,605,494
Prior period adjustment	-	(2,174,851)	-	2,191,866	-	17,015
Net position - beginning of year, as restated	7,449,185	7,454,949	4,481,604	5,167,560	11,930,789	12,622,509
Total Net position	\$ 7,416,029	\$ 7,449,185	\$ 4,561,920	\$ 4,481,604	\$ 11,612,749	\$ 11,930,789

**CITY OF MILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021
(UNAUDITED)**

Expenses and Program Revenues – Governmental Activities

General Government is our major expense. This division is comprised of City 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 City of Mills has structured the divisions to better analyze our expenses. Therefore, the City 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, gasoline, tobacco, license and permits, fines and forfeitures are the general revenues sources used to support overall government functions. These taxes and distributions make up 69% of revenues, charges for services 3%, operating and capital grants 23%, and miscellaneous revenue 5% of total revenues.

Business-type Activities. The enterprise fund added to the City of Mills assets because of grant funds that made it possible to update the waterline for Tank #3.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus on the City 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 City 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 City's negative unassigned fund balance is the result of recording the City's portion of the unfunded pension liability which is required by Governmental Accounting Standards. The impact of recording this liability is \$2,175,761. Without this liability the unrestricted fund balance would be \$63,933.

The general fund is the chief operating fund of the City of Mills. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,063,952, while total general fund balance reached \$1,176,284. 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 City of Mills decreased by \$188,706 during the current fiscal year.

The long-term liabilities of \$2,413,527, 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 City 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 \$(161,224), while total net position reached \$4,561,920. The total increase in net position for these funds was \$80,316.

**CITY OF MILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021
(UNAUDITED)**

General Fund Budgetary Highlights

The original budget appropriations for the General Fund were \$6,035,421.

Capital Asset and Debt Administration

Capital assets. The City of Mills investment in capital assets for its governmental and business type activities as of June 30, 2021 amounts to \$16,760,959 (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 Tank #3 Waterline
- Completion of the Fire Department Remodel
- Completion of work on landscaping the parks and upgrading the play ground equipment

**City of Mills
Comparative Statement of Capital Assets
June 30, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 688,157	\$ 688,157	\$ 183,959	\$ 183,959	\$ 872,116	\$ 872,116
Construction in progress	376,072	238,577	294,359	472,845	670,431	711,422
Buildings and improvements	4,070,326	3,590,411	7,519,826	7,519,827	11,590,152	11,110,238
Vehicles and equipment	2,198,083	1,747,404	6,803,160	6,159,028	9,001,243	7,906,432
Infrastructure	11,713,498	11,713,498	5,485,752	4,864,520	17,199,250	16,578,018
Accumulated depreciation	(9,743,050)	(9,343,712)	(12,829,183)	(12,282,134)	(22,572,233)	(21,625,846)
Total	<u>\$ 9,303,086</u>	<u>\$ 8,634,335</u>	<u>\$ 7,457,873</u>	<u>\$ 6,918,045</u>	<u>\$ 16,760,959</u>	<u>\$ 15,552,380</u>

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

Long-term debt

**City of Mills
Comparative Statement of Outstanding Debt
June 30, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Accrued compensated absences	\$ 153,219	\$ 152,896	\$ 22,865	\$ 38,076	\$ 176,084	\$ 190,972
Note payable	686,459	113,705	2,257,875	2,326,509	2,944,334	2,440,214
Capital lease	-	-	221,900	-	221,900	-
Sales tax repayment	47,901	69,191	-	-	47,901	69,191
Pension liability	1,525,948	1,766,370	549,132	684,866	2,075,080	2,451,236
Total	<u>\$ 2,413,527</u>	<u>\$ 2,102,162</u>	<u>\$ 3,051,772</u>	<u>\$ 3,049,451</u>	<u>\$ 5,465,299</u>	<u>\$ 5,151,613</u>

The City of Mills total debt is \$5,465,299 for the current fiscal year. Additional information on the City of Mills long-term debt is provided in the notes to the financial statements.

**CITY OF MILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021
(UNAUDITED)**

Economic Factors and Next Year's Budgets and Rates

Due to the Pandemic and economic downturn in the oil and gas industry, the City of Mills prepared the budget for the 2022 fiscal year including cuts of 30%. In order to help address rising economic costs and inflation, the City raised water rates to help cover the additional costs. The extent to which the COVID-19 pandemic impacts the City'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 City 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 City cannot reasonably estimate the impact at this time.

Requests for Information

The financial report is designed to provide a general overview of the City 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, 704 4th Street, Mills, Wyoming 82604 or PO Box 789 Mills, Wyoming 82644.

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 City Council
City 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 City of Mills, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City'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 City of Mills, as of June 30, 2021, 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 33 and the Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Pension Contributions on pages 31 & 32 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mills' basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basis financial statements.

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

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 33 and the Schedule of Changes in Net Pension Liability

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2022 on our consideration of the City 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 City 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 City of Mills' internal control over financial reporting and compliance.

Lenhart, Mason & Associates, LLC

Lenhart, Mason & Associates, LLC
Casper, Wyoming
March 17, 2022

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

**CITY OF MILLS
STATEMENTS OF NET POSITION
JUNE 30, 2021**

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents (includes pooled cash)	\$ 1,172,998	\$ 468,153	\$ 1,641,151
Accounts receivable	357,026	212,941	569,967
Property tax receivable	327,854	-	327,854
Due from other funds	254,954	-	254,954
Investments	76,187	-	76,187
Prepaid expenses	74,412	-	74,412
Capital assets, not being depreciated	1,064,229	478,317	1,542,546
Capital assets, net of depreciation	8,238,857	6,979,556	15,218,413
Total assets	<u>11,566,517</u>	<u>8,138,967</u>	<u>19,705,484</u>
DEFERRED OUTFLOWS OF RESOURCES			
FOR PENSION PLAN	<u>1,362,919</u>	<u>168,690</u>	<u>1,531,609</u>
LIABILITIES			
Accounts payable	339,974	122,820	462,794
Accrued liabilities	79,259	21,014	100,273
Unearned revenue/customer deposits	-	81,472	81,472
Due to other funds	-	254,954	254,954
Noncurrent liabilities			
Due within one year	119,908	106,790	226,698
Due in more than one year	767,671	2,395,850	3,163,521
Net pension liability	1,525,948	549,132	2,075,080
Total liabilities	<u>2,832,760</u>	<u>3,532,032</u>	<u>6,364,792</u>
DEFERRED INFLOWS OF RESOURCES			
Pension contributions	2,012,732	213,705	2,226,437
Grant revenues	345,056	-	345,056
Unavailable property tax revenue	322,859	-	322,859
Total deferred inflows of resources	<u>2,680,647</u>	<u>213,705</u>	<u>2,894,352</u>
NET POSITION			
Net investment in capital assets	8,978,598	4,723,144	13,701,742
Restricted			
Fire department	37,920	-	37,920
Future repairs - utilities	639,205	-	639,205
Unrestricted	(2,239,694)	(161,224)	(2,400,918)
Total net position	<u>\$ 7,416,029</u>	<u>\$ 4,561,920</u>	<u>\$ 11,977,949</u>

**CITY OF MILLS
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

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	\$ 2,920,513	\$ 159,526	\$ 1,268,986	\$ 17,843	\$ (1,474,158)	\$ -	\$ (1,474,158)
Public safety	2,536,402	-	89,948	-	(2,446,454)	-	(2,446,454)
Highways and public works	121,879	-	-	-	(121,879)	-	(121,879)
Planning	313,889	-	-	-	(313,889)	-	(313,889)
Culture and recreation	102,014	-	-	-	(102,014)	-	(102,014)
Health and social services	74,611	-	-	-	(74,611)	-	(74,611)
Total governmental activities	<u>6,069,308</u>	<u>159,526</u>	<u>1,358,934</u>	<u>17,843</u>	<u>(4,533,005)</u>	<u>-</u>	<u>(4,533,005)</u>
Business-type activities:							
Wastewater, water distribution and sanitation	2,535,202	2,209,368	-	134,882	-	(190,952)	(190,952)
Total business-type activities	<u>2,535,202</u>	<u>2,209,368</u>	<u>-</u>	<u>134,882</u>	<u>-</u>	<u>(190,952)</u>	<u>(190,952)</u>
Total primary government	<u>\$ 8,604,510</u>	<u>\$ 2,368,894</u>	<u>\$ 1,358,934</u>	<u>\$ 152,725</u>	<u>(4,533,005)</u>	<u>(190,952)</u>	<u>(4,723,957)</u>
General revenues:							
Property taxes					432,700	-	432,700
General sales and use tax					2,396,665	-	2,396,665
Severance and mineral royalties					271,655	-	271,655
Cigarette tax					54,815	-	54,815
Fuel tax					202,400	-	202,400
Intergovernmental					354,392	-	354,392
Licenses and permits					181,586	-	181,586
Fines and forfeitures					235,585	-	235,585
Unrestricted investment earnings					293	-	293
Transfers					51,682	(51,682)	-
Donation of capital asset					-	365,200	365,200
Miscellaneous income					318,076	(42,250)	275,826
Total general revenues					<u>4,499,849</u>	<u>271,268</u>	<u>4,771,117</u>
Change in net position					(33,156)	80,316	47,160
Net position - beginning					<u>7,449,185</u>	<u>4,481,604</u>	<u>11,930,789</u>
Net position - ending					<u>\$ 7,416,029</u>	<u>\$ 4,561,920</u>	<u>\$ 11,977,949</u>

**FUND
FINANCIAL STATEMENTS**

**CITY OF MILLS
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2021**

	General Fund	Total Governmental Fund
ASSETS		
Cash and cash equivalents	\$ 1,172,998	\$ 1,172,998
Receivables, net		
Other receivables	154,411	154,411
Sales tax	187,085	187,085
Property tax	327,854	327,854
Other taxes	15,530	15,530
Investments	76,187	76,187
Prepaid expense	74,412	74,412
Due from other funds	254,954	254,954
Total assets	\$ 2,263,431	\$ 2,263,431
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 339,973	\$ 339,973
Accrued liabilities	79,259	79,259
Total liabilities	419,232	419,232
 DEFERRED INFLOWS OF RESOURCES		
For grant revenues	345,056	345,056
For property taxes	322,859	322,859
Total deferred inflows of resources	667,915	667,915
 FUND BALANCES		
Nonspendable	74,412	74,412
Restricted for fire department	37,920	37,920
Unassigned:		
General fund	1,063,952	1,063,952
Total fund balances	1,176,284	1,176,284
 Total liabilities and fund balances	\$ 2,263,431	\$ 2,263,431

CITY OF MILLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Total Governmental Fund
REVENUES		
Taxes		
Sales and use	\$ 2,396,665	\$ 2,396,665
Property	432,700	432,700
Fuels	202,400	202,400
Cigarette	54,815	54,815
Severance and mineral royalties	271,655	271,655
Licenses and permits	181,586	181,586
Fines and forfeitures	235,585	235,585
Intergovernmental	354,392	354,392
Grant revenue	1,376,777	1,376,777
Charges for services	159,526	159,526
Miscellaneous revenue	318,077	318,077
Investment earnings	293	293
Total revenues	5,984,471	5,984,471
EXPENDITURES		
Current		
Public safety	2,536,402	2,536,402
General government	2,540,696	2,540,696
Highways and public works	121,879	121,879
Planning	313,889	313,889
Culture and recreation	102,014	102,014
Health and social services	74,611	74,611
Debt service - principal	27,978	27,978
Capital outlay	1,086,832	1,086,832
Total expenditures	6,804,301	6,804,301
Excess of expenditures over revenues	(819,830)	(819,830)
Other financing uses		
Construction loan proceeds	579,442	579,442
Transfers in	51,682	51,682
Total other financing uses	631,124	631,124
Net change in fund balance	(188,706)	(188,706)
Fund balance - beginning	1,364,990	1,364,990
Fund balance - ending	\$ 1,176,284	\$ 1,176,284

**CITY OF MILLS
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION - GOVERNMENTAL FUND
JUNE 30, 2021**

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

Total fund balances - governmental fund types:		\$ 1,176,284
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Total capital assets, governmental funds		9,303,085
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	\$ (734,360)	
Compensated absences	(153,219)	
Net pension liability	<u>(1,525,948)</u>	(2,413,527)
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	1,362,919	
Deferred inflows of resources for pension plan	<u>(2,012,732)</u>	<u>(649,813)</u>
Net position of governmental activities		<u><u>\$ 7,416,029</u></u>

**CITY 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, 2021**

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

Net changes in fund balances - total governmental funds	\$	(188,706)
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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.

Construction loan proceeds	\$ (579,442)	
Payment of principal on notes payable	<u>27,977</u>	(551,465)

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	1,086,831	
Depreciation expense	<u>(418,081)</u>	668,750

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	152,896	
Total accrued compensated absences current year	<u>(153,219)</u>	(323)

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 governmental funds.

Pension liability prior year	1,766,370	
Pension liability current year	(1,525,948)	
Deferred outflow of resources for pension plan prior year	(1,777,007)	
Deferred outflow of resources for pension plan current year	1,362,919	
Deferred inflows of resources for pension plan prior year	2,224,986	
Deferred inflows of resources for pension plan current year	<u>(2,012,732)</u>	<u>38,588</u>

Change in net position of governmental activities	\$	<u><u>(33,156)</u></u>
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**CITY OF MILLS
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021**

	Wastewater/ Water Distribution/ Sanitation
ASSETS	
Current assets	
Cash	\$ 468,153
Accounts receivable	212,941
Total current assets	681,094
Capital assets, not being depreciated	478,317
Capital assets, net of depreciation	6,979,556
Net capital assets	7,457,873
Total assets	8,138,967
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan items	168,690
LIABILITIES AND NET POSITION	
LIABILITIES	
Current liabilities	
Accounts payable	122,820
Accrued liabilities	43,879
Unearned revenue and refundable customer deposits	81,472
Due to general fund	254,954
Note payable, current	93,071
Total current liabilities	596,196
Noncurrent liabilities, net of current maturities	
Note payable	2,386,704
Net pension liability	549,132
Total noncurrent liabilities	2,935,836
Total liabilities	3,532,032
DEFERRED INFLOWS OF RESOURCES	
Pension plan items	213,705
NET POSITION	
Net investment in capital assets	4,723,144
Unrestricted	(161,224)
Total net position	\$ 4,561,920

CITY OF MILLS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Wastewater/ Water Distribution/ Sanitation</u>
Operating revenues	
Charges for services	<u>\$ 2,209,368</u>
Operating expenses	
Wastewater	
Personnel	323,376
Pension expense	14,637
Supplies, materials & other	903,347
Water Distribution	
Personnel	72,112
Pension expense	3,425
Supplies, materials & other	55,170
Sanitation	
Personnel	194,502
Pension expense	7,493
Supplies, materials & other	253,630
Depreciation expense	<u>569,800</u>
Total operating expenses	<u>2,397,492</u>
Operating loss	<u>(188,124)</u>
Nonoperating revenues (expenses)	
Loss on disposition of equipment	(42,250)
Donation of capital asset	365,200
Capital grant	134,882
Interest expense	<u>(137,710)</u>
Total nonoperating revenues (expenses)	<u>320,122</u>
Income before transfers	131,998
Transfers out	<u>(51,682)</u>
Change in net position	80,316
Net position - beginning	<u>4,481,604</u>
Total net position - ending	<u>\$ 4,561,920</u>

**CITY OF MILLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Wastewater/ Water Distribution/ Sanitation</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,209,368
Payments to suppliers	(1,206,296)
Payments to employees	<u>(589,990)</u>
Net cash provided by operating activities	<u>413,082</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfers out	<u>(51,682)</u>
Net cash provided by noncapital financing activities	<u>(51,682)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for capital acquisitions	(564,778)
Principal payments on notes payable	(32,030)
Capital grant	134,882
Interest paid	(137,710)
Advances from general fund	<u>254,954</u>
Net cash used in capital and related financing activities	<u>(344,682)</u>
Net decrease in cash and cash equivalents	16,718
Cash and cash equivalents - beginning	<u>451,435</u>
Cash and cash equivalents - ending	<u><u>\$ 468,153</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ (188,124)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	569,800
Decrease in accounts receivable	(18,548)
Increase in accounts payable	34,387
Decrease in accrued expenses	(18,357)
Increase in unearned revenues and refundable customer deposits	8,372
Change in deferred inflows/outflows	19,005
Increase in pension liability	6,547
Total adjustments	<u>601,206</u>
Net cash provided by operating activities	<u><u>\$ 413,082</u></u>
Noncash transactions	
Donation of capital asset	\$ 365,200
Capital asset acquired under capital lease	221,900

CITY OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mills, Wyoming (the City) was incorporated in 1921 under the laws of the State of Wyoming. An elected Mayor and City Council consisting of five members are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. The City's major operations include maintenance of streets and park areas, fire mitigation, building inspection and permits, judicial services (municipal court), public safety (police) and general administrative services. The City is located in Natrona County, Wyoming.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the City are discussed below.

Reporting entity – The reporting entity consists of (a) the primary government; i.e., the City and (b) organizations for which the City is financially accountable. The City is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the City. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes or issue debt without approval by the City. Organizations for which the nature and significance of their relationship with the City are such exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the City is not financially accountable for any other entity nor is the City a component unit of any other government.

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.

CITY OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting and financial statement presentation (continued)

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 statutes.

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.

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 City'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 \$1,033,694 invested in Wyoming Government Investment Fund (WGIF) liquid asset series which is a short-term money market portfolio.

**CITY OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, liabilities and net position/fund balance (continued)

Receivables and payables – The City 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 City provides services to all individuals without regard to the individual’s ability to pay, a significant portion of the ambulance receivables may be uncollectible. As a result, management has established a reserve for uncollectible accounts in the amount of \$108,000.

Inter-fund balances – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end for the fiscal year are referred to as either “due to/from other funds. The composition of interfund receivables and payables as of June 30, 2021 was in the amount of \$254,954 between the governmental fund and business type fund.”

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 historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

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

Compensated Absences – It is the City’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 City’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.

CITY OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, liabilities and net position/fund balance (continued)

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 City 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 or 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.

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 City Council through approval of resolutions, the Council's highest level of decision-making authority. Assigned fund balance is a limitation imposed by the City 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.

CITY OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020 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, 2021. 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.

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.

CITY OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information – The City 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 modified cash basis (Budgetary). Such basis is not consistent with generally accepted accounting principles (GAAP).

For the year-ended June 30, 2021, the general fund expenses exceeded its budget by \$819,830, a violation of Wyoming Statute.

NOTE 4 – DEPOSITS AND INVESTMENTS

Investments authorized by the City’s investment policy – The City follows the guidelines set forth in Wyoming State Statute 9-4-831 as it relates to the investment of public funds. The City’s investment policy requires investments to comply with Wyoming State Statutes, which generally allow the City to invest in U.S., state, and local government securities and accounts of any bank or savings association that is Federally insured or secured by a pledge of assets, including bonds, debentures, and other securities in which the City may by law invest. All investments made during the year were made within these statutory limits.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the City’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 City’s deposits in banks in excess of the Federal depository insurance amount be collateralized. The carrying amount of the City’s deposits with financial institutions at June 30, 2021 was \$586,304 and a bank balance of \$1,053,185. At June 30, 2021, the City’s bank deposits were fully collateralized or insured.

For an investment, this is the risk that, in the event of the failure of the counterparty(e.g. broker-dealer) to a transaction, the City will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. Wyoming Statutes limit the type of investments the City can use. Wyoming Statutes limit investments primarily to U.S., state and local government securities and accounts of any bank or savings association that are Federally insured or secured by a pledge of assets, including bonds, debentures, and other securities in which the State Treasurer may by law invest, thereby reducing the City’s exposure to custodial credit risk for their investments. As of June 30, 2021, all investment securities were held by the City’s custodians and registered in the City’s name.

Interest rate risk – In order to mitigate interest rate risk and provide for cash flow needs, it is the City’s policy to invest only in short-term government securities with maturities of less than a year.

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, 2021, Wastewater/Water Distribution/Sanitation fund transferred \$51,682 to the General Fund.

CITY OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 – CAPITAL ASSETS

Capital asset activity for governmental and business-type activities for the year ended June 30, 2021 was as follows:

	Beginning Balance July 1, 2020	Additions	Retirements/ Reclassifications	Ending Balance June 30, 2021
Governmental activities				
Capital assets not being depreciated				
Land	\$ 688,157	\$ -	\$ -	\$ 688,157
Construction in progress	238,577	718,624	(581,129)	376,072
Total capital assets not being depreciated	<u>926,734</u>	<u>718,624</u>	<u>(581,129)</u>	<u>1,064,229</u>
Capital assets being depreciated				
Buildings & improvements	3,590,411	37,527	442,388	4,070,326
Infrastructure	11,713,498	-	-	11,713,498
Vehicles & Equipment	1,747,404	330,681	119,998	2,198,083
Total capital assets being depreciated	<u>17,051,313</u>	<u>368,208</u>	<u>562,386</u>	<u>17,981,907</u>
Less accumulated depreciation for				
Buildings, improvements and infrastructure	1,656,649	87,292	-	1,743,941
Infrastructure	6,179,522	241,826	-	6,421,348
Vehicles & Equipment	1,507,541	88,963	(18,743)	1,577,761
Total accumulated depreciation	<u>9,343,712</u>	<u>418,081</u>	<u>(18,743)</u>	<u>9,743,050</u>
Total capital assets being depreciated, net	<u>7,707,601</u>	<u>(49,873)</u>	<u>581,129</u>	<u>8,238,857</u>
Governmental activities capital assets, net	<u>\$ 8,634,335</u>	<u>\$ 668,751</u>	<u>\$ -</u>	<u>\$ 9,303,086</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 183,959	\$ -	\$ -	\$ 183,959
Construction in progress	472,845	442,746	(621,233)	294,358
Total capital assets not being depreciated	<u>656,804</u>	<u>442,746</u>	<u>(621,233)</u>	<u>478,317</u>
Capital assets being depreciated				
Buildings & improvements	7,519,826	-	-	7,519,826
Infrastructure	4,864,520	-	621,233	5,485,753
Vehicles & Equipment	6,159,028	709,132	(65,000)	6,803,160
Total capital assets being depreciated	<u>18,543,374</u>	<u>709,132</u>	<u>556,233</u>	<u>19,808,739</u>
Less accumulated depreciation for				
Buildings & improvements	4,261,931	187,038	-	4,448,969
Infrastructure	2,422,647	103,654	-	2,526,301
Vehicles & Equipment	5,597,556	279,107	(22,750)	5,853,913
Total accumulated depreciation	<u>12,282,134</u>	<u>569,799</u>	<u>(22,750)</u>	<u>12,829,183</u>
Total capital assets being depreciated, net	<u>6,261,240</u>	<u>139,333</u>	<u>578,983</u>	<u>6,979,556</u>
Business-type activities capital assets, net	<u>\$ 6,918,044</u>	<u>\$ 582,079</u>	<u>\$ (42,250)</u>	<u>\$ 7,457,873</u>

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

CITY OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 – DEFINED BENEFIT PENSION PLAN

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

Wyoming Retirement System

Public Employee Pension Plan (PEPP)

The City 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 City 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 City currently pays 9.12% of the covered payroll, while the employees pay the remaining 9.0%.

The City's contributions to the PEPP for the years ended June 30, 2021, 2020, and 2019, were \$125,282, \$124,018, and \$103,120, respectively, while the employees' portion was \$123,633, \$118,268, and \$101,667, respectively, equal to the required contributions for each year. As of July 1, 2021, the required employer contribution rate will increase by 0.25% from 9.12% to 9.37% and the required employee contribution rate will increase by 0.25% from 9% to 9.25%.

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).

CITY OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Wyoming Retirement System (continued)

Law Enforcement Pension Plan

The City 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 City. These contributions are determined by state statutes and, as of June 30, 2021, the percentages to be contributed on compensation were 8.60% for the employees and the same for the City. 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, 2021, 2020, and 2019 the City’s contributions to the Wyoming Law Enforcement Retirement Plan were \$87,715, \$83,017, and \$84,551, respectively, while the employees’ portion was \$87,716 \$81,151, and \$87,552, respectively, equal to the required contributions for each year.

Paid Firemen’s Pension Plan B

The City 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 City 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 City’s contributions to Plan B for the years ended June 30, 2021, 2020, and 2019 were \$74,348, \$69,146, and \$58,240, respectively, while the employees’ portion was \$54,407, \$51,405, and \$44,868, respectively, equal to the required contributions each year. As of July 1, 2021, the employee contribution rate will increase by 0.50% from 10.245% to 10.745% and the employer contribution rate will increase by 1% from 14% to 15%.

CITY OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Wyoming Retirement System (continued)

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Public Employees Plan			
Employer contribution rate	9.120%	8.870%	8.620%
Employee contribution rate	9.000%	8.750%	8.500%
Total Contribution Rate	<u>18.120%</u>	<u>17.620%</u>	<u>17.120%</u>
	<u>2021</u>	<u>2020</u>	<u>2019</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>2021</u>	<u>2020</u>	<u>2019</u>
Paid Firemen's Plan			
Employer contribution rate	14.000%	13.000%	12.000%
Employee contribution rate	10.245%	9.740%	9.245%
Total Contribution Rate	<u>24.245%</u>	<u>22.740%</u>	<u>21.245%</u>

Contributions by the City to the Plans are as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employer Contributions			
Public Employees Plan	\$ 125,282	\$ 124,018	\$ 103,120
Law Enforcement Plan	87,715	83,017	84,551
Paid Firemen's Plan	74,348	69,146	58,240
Total contributions	<u>\$ 287,345</u>	<u>\$ 276,181</u>	<u>\$ 245,911</u>

**CITY OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions - At June 30, 2021 the City reported a liability of \$2,075,080 for its proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of January 1, 2021, applied to all prior periods included in the measurement. The net pension liability as of December 31, 2021 is based on the results of an actuarial valuation as of January 1, 2021 and taking into consideration information from the recent experience study. At December 31, 2021, the City’s liability as well as their proportion were as follows for each plan in which the City participates:

	Pension liability at December 31, 2021	Proportion at December 31, 2020	Increase (decrease) from December 31, 2019
Public Employees' Pension Plan	\$ 1,701,372	0.07828%	0.00787%
Law Enforcement Pension Plan	414,214	0.60805%	0.00221%
Paid Firemen's Plan	(40,506)	1.73844%	-0.11829%
	<u>\$ 2,075,080</u>		

For the year ended June 30, 2021, the City recognized pension expense of \$258,290.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Year ended June 30,	Deferred Outflows	Deferred Inflows
2022	\$ 674,075	\$ (781,150)
2023	530,350	(629,806)
2024	143,471	(528,411)
2025	40,077	(209,541)
2026	1,113	(67,615)
Thereafter	-	(9,914)
	<u>\$ 1,389,086</u>	<u>\$ (2,226,437)</u>

The City reported \$142,523 as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

**CITY OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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>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	\$ 201,210	\$ 155,275	\$ 117,118	\$ 473,603
Difference due to changes in assumption	8,106	231,818	258,970	498,894
Difference between expected and actual experience rate	32,331	102,046	6,138	140,515
Changes in employers portion	244,395	25,266	6,413	276,074
Amortizing deferred outflows	486,042	514,405	388,639	1,389,086
Contributions subsequent to the measurement date	63,226	43,660	35,637	142,523
Total	\$ 549,268	\$ 558,065	\$ 424,276	\$ 1,531,609

	<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	\$ (556,510)	\$ (417,884)	\$ (303,275)	\$ (1,277,669)
Difference due to changes in assumption	-	(367,514)	(362,855)	(730,369)
Difference between expected and actual experience rate	(12,514)	(20,246)	(142,984)	(175,744)
Changes in employers portion	-	(24)	(42,631)	(42,655)
Amortizing deferred inflows	\$ (569,024)	\$ (805,668)	\$ (851,745)	\$ (2,226,437)

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CITY OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions – The total pension liability in the December 31, 2020 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, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	
PEPP	27 years
LEPP	25 years
Fire B	24 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 8.75%, 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%
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
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

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, 2020. 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.

**CITY OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 as of January 1, 2020. These best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Cash	2.00%	-1.00%	-1.00%
Fixed income	21.00%	1.00%	1.34%
Equity	48.50%	5.23%	7.34%
Marketable alternatives	19.00%	3.47%	4.50%
Private markets	9.50%	4.53%	5.82%
	<u>100.00%</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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CITY OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 City’s proportionate share of the net pension liability calculated using the above discount rates, as well as what the City’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	\$ 2,665,856	\$ 1,701,372	\$ 113,671
	(6.00%)	(7.00%)	(8.00%)
Law Enforcement Plan	\$ 1,094,876	\$ 414,214	\$ (142,204)
	(6.00%)	(7.00%)	(8.00%)
Paid Firemen's Plan	\$ 399,054	\$ (40,506)	\$ (405,273)

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	\$ 107,018
Less current portion	<u>(6,689)</u>
Long-term portion	<u>\$ 100,329</u>
2.7% Construction note with First State Bank, total line available of \$2,100,000, due November 2022	<u>\$ 579,442</u>
Long-term portion	<u>\$ 579,442</u>
0% Note payable to a government agency, payable in annual installments of \$5,322, due October 2023	\$ 47,902
Less current portion	<u>(21,290)</u>
Long-term portion	<u>\$ 26,612</u>

**CITY OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 –LONG TERM OBLIGATIONS (CONTINUED)

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	\$ 2,257,875
Less current portion	(50,352)
Long-term portion	<u>\$ 2,207,523</u>
Lease purchase obligation on a garbage truck due in annual installments of \$48,428 including interest of 3.194%, through August 2026	\$ 221,900
Less current maturities of capital lease obligations	(42,719)
Long-term portion	<u>\$ 179,181</u>

Long-Term Debt – Governmental Activities

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

Year	Principal	Interest	Total
2022	\$ 27,977	\$ -	\$ 27,977
2023	607,419	-	607,419
2024	12,015	-	12,015
2025	6,689	-	6,689
2026	6,689	-	6,689
2027-2031	33,443	-	33,443
2032-2036	33,443	-	33,443
2037-2038	6,687	-	6,687
	<u>\$ 734,362</u>	<u>\$ -</u>	<u>\$ 734,362</u>

Interest on construction note with First State Bank has not been calculated as this is a line of credit in which additional draws will be taken before the initial repayment is made in November 2022.

CITY OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 –LONG TERM OBLIGATIONS (CONTINUED)

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
2022	\$ 93,071	\$ 125,097	\$ 218,168
2023	95,729	122,439	218,168
2024	99,906	118,262	218,168
2025	104,277	113,891	218,168
2026	108,851	109,317	218,168
2027-2031	362,516	486,184	848,700
2032-2036	469,461	379,239	848,700
2037-2041	607,955	240,745	848,700
2042-2046	538,009	65,804	603,813
	<u>\$ 2,479,775</u>	<u>\$ 1,760,978</u>	<u>\$ 4,240,753</u>

For the year ended June 30, 2021, interest expense on long-term debt obligations totaled \$137,710.

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 City was not in compliance with this covenant for the year ended June 30, 2021.

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CITY OF MILLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – LONG TERM OBLIGATIONS (CONTINUED)

Changes in long-term debt obligations are as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 152,896	\$ 269,825	\$ 269,502	\$ 153,219	\$ 91,931
Note payable	182,896	-	27,978	154,918	27,977
Construction note payable	-	579,442	-	579,442	-
Total governmental activities	<u>335,792</u>	<u>849,267</u>	<u>297,480</u>	<u>887,579</u>	<u>119,908</u>
Business-type activities:					
Compensated absences	41,221	70,912	89,268	22,865	13,719
Capital lease	-	221,900	-	221,900	42,719
Note payable	2,289,905	-	32,030	2,257,875	50,352
Total business-type activities	<u>2,331,126</u>	<u>292,812</u>	<u>121,298</u>	<u>2,502,640</u>	<u>106,790</u>
Total long-term obligations	<u>\$ 2,666,918</u>	<u>\$ 1,142,079</u>	<u>\$ 418,778</u>	<u>\$ 3,390,219</u>	<u>\$ 226,698</u>

NOTE 9 – RISK MANAGEMENT

The City 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 City 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 City has not had significant settlements exceeding insurance coverage in any of the past three fiscal years. The City has had no significant reductions in insurance coverage from coverage in prior years.

NOTE 10 – COMMITMENTS

As of June 30, 2021, the City has entered into a construction/engineering contract resulting in a commitment for future capital expenditures. The Buffalo Meadows contract had expenditures to date at June 30, 2021 of \$665,567 with a total contract of \$1,600,986 resulting in a commitment at June 30, 2021 of \$935,419. The funding for this contract is being provided by the \$2.1 million construction loan identified in Note 8 governmental activities.

NOTE 11 – SUBSEQUENT EVENTS

Subsequent to year end, the City signed purchase agreements for various capital assets for approximately \$433,000.

The City has approved the issuance of bonds in the aggregate principal amount of \$4,765,600 in order to refinance various debt obligations.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2021	2020	2019	2018	2017	2016	2015	2014
Public Employees Pension Plan								
Proportion of the net pension liability	0.078%	0.070%	0.066%	0.060%	0.058%	0.057%	0.052%	0.046%
Proportionate share of the net pension liability	\$ 1,701,372	\$ 1,654,762	\$ 2,020,385	\$ 1,368,806	\$ 1,407,616	\$ 1,316,328	\$ 910,391	\$ 703,933
Covered employee payroll	\$ 1,393,804	\$ 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	122.07%	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	79.24%	76.83%	69.17%	76.35%	73.42%	73.40%	79.08%	**
Law Enforcement Pension Plan								
Proportion of the net pension liability	0.608%	0.588%	0.588%	0.526%	0.527%	0.482%	0.787%	0.448%
Proportionate share of the net pension liability	\$ 414,215	\$ 507,175	\$ 1,424,301	\$ 452,753	\$ 397,496	\$ 361,981	\$ 231,987	\$ 81,838
Covered payroll	\$ 977,371	\$ 916,996	\$ 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	42.38%	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	91.82%	89.05%	71.22%	87.99%	88.11%	87.49%	94.76%	**
Paid Firemen's Plan								
Proportion of the net pension liability	1.738%	1.857%	1.897%	1.991%	1.902%	1.676%	1.535%	1.370%
Proportionate share of the net pension liability	\$ (40,506)	\$ 131,966	\$ 398,016	\$ 821,147	\$ 600,168	\$ 512,323	\$ 17,264	\$ 49,420
Covered payroll	\$ 496,463	\$ 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	-8.16%	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	101.27%	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

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

	2021	2020	2019	2018	2017	2016	2015	2014
Public Employees Plan								
Contractually required contribution	\$ 248,915	\$ 242,286	\$ 204,787	\$ 186,354	\$ 187,516	\$ 155,359	\$ 149,038	\$ 167,984
Contributions in relation to the contractually required contribution	<u>(248,915)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 1,373,703	\$ 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	18.12%	17.62%	17.12%	16.625%	16.62%	16.62%	15.87%	14.62%
Law Enforcement Pension Plan								
Contractually required contribution	\$ 175,431	\$ 164,168	\$ 172,103	\$ 150,436	\$ 152,821	\$ 121,615	\$ 126,793	\$ 112,633
Contributions in relation to the contractually required contribution	<u>(175,431)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 1,019,948	\$ 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%	17.20%
Paid Firemen's Plan								
Contractually required contribution	\$ 128,755	\$ 120,551	\$ 103,108	\$ 118,935	\$ 128,032	\$ 95,736	\$ 90,456	\$ 85,942
Contributions in relation to the contractually required contribution	<u>(128,755)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 531,058	\$ 530,010	\$ 485,328	\$ 559,826	\$ 602,645	\$ 450,628	\$ 425,775	\$ 414,678
Contributions as a percentage of covered payroll	24.245%	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

**CITY OF MILLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes and intergovernmental	\$ 2,881,150	\$ 2,881,150	3,712,625	\$ 831,475
Licenses and permits	149,700	149,700	181,586	31,886
Special revenues - State Grant	1,696,000	1,696,000	1,376,777	(319,223)
Fines and forfeitures	370,000	370,000	235,585	(134,415)
Miscellaneous revenue	938,571	938,571	477,605	(460,966)
Investment earnings	-	-	293	293
Total revenues	<u>6,035,421</u>	<u>6,035,421</u>	<u>5,984,471</u>	<u>(50,950)</u>
EXPENDITURES				
Current:				
General government	2,791,733	2,791,733	3,174,772	(383,039)
Public safety	2,695,843	2,695,843	2,737,314	(41,471)
Highways and public works	153,339	153,339	121,879	31,460
Parks and recreation	394,506	394,506	770,336	(375,830)
Total expenditures	<u>6,035,421</u>	<u>6,035,421</u>	<u>6,804,301</u>	<u>(768,880)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (819,830)</u>	<u>\$ (819,830)</u>

CITY OF MILLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTE 1 – CHANGES IN BENEFIT TERMS

There were no changes in benefit terms for vested members between the December 31, 2019 measurement date and the December 31, 2020 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 City 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 City 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 City 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 City 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 City 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 City was \$675,276.

NOTE 3 – BASIS OF BUDGETING

The City’s budgets are prepared on the budgetary basis of accounting using the modified 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 City Council and are presented within the final budget figures.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**CITY OF MILLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Federal Assistance Listing Number</i>	<i>Pass-through Grantor's Number</i>	<i>Federal Expenditures</i>
<u>U.S. Department of Homeland Security</u>			
<i>Direct Programs:</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	139490	\$ 62,562
Assistance to Firefighters Grant	97.044	EMW-2020-FG-0	25,234
<i>Total Department of Homeland Security</i>			87,796
<u>U.S. Department of Energy</u>			
<i>Passed through Wyoming Energy Authority</i>			
State Energy Program	81.041	41608522	15,005
<i>Total Department of Energy</i>			15,005
<u>U.S. Department of Justice</u>			
<i>Direct Program:</i>			
Public Safety Partnership and Community Policing Grants	16.710	2020UMWX0288	35,122
<i>Total United States Department of Justice</i>			35,122
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through Wyoming Business Council</i>			
Community Development Block Grant	14.228	N/A	194,383
Community Development Block Grant	14.228	N/A	115,230
Total Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii			309,613
<i>Total Department of Housing and Urban Development</i>			309,613
<u>U.S. Treasury Department</u>			
<i>Passed through Wyoming State Loan & Investment Board</i>			
<i>Coronavirus Relief Fund</i>			
Covid 19 Coronavirus Relief Fund	21.019	CFR253	34,725
Covid 19 Coronavirus Relief Fund	21.019	CFR398	728,768
Total Coronavirus Relief Fund			763,493
<i>Total Department of the Treasury</i>			763,493
<i>Total Expenditures of Federal Awards</i>			\$ 1,211,029

See accompanying notes to the schedule of expenditures of federal awards

CITY OF MILLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the generally accepted accounting principles basis of accounting. Such expenditures are recognized following, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. All programs are administered by the City.

NOTE 2 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards summarizes the federal grant activity of the City of Mills and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Mills, Wyoming..

NOTE 3 – INDIRECT COST RATE

The City did not elect to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – TIMING OF EXPENDITURES

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to, among other provisions, provide emergency assistance for state and local governments affected by the coronavirus pandemic. Subsequent to June 30, 2020, the Wyoming State Loan and Investment Board authorized CARES Act funds for the City based on an application submitted to the State of Wyoming. However, due to the time of authorization of the funds, the Schedule includes expenditures for the CARES Act incurred between March 27, 2020 and June 30, 2020.

NOTE 5 – OUTSTANDING DEBT

The City had an outstanding debt of \$107,018 under the State Drinking Water Revolving Account Loan Program, Federal Assistance Listing number 66.468. The loan is administered by the Office of State Lands and Investments and State Loan and Investment Board.

This loan is collateralized by property and began amortization in 2017.

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

Members of the City Council
City of Mills
Mills, Wyoming

Report on Compliance for Each Major Federal Program

We have audited the City of Mills' compliance with the types of compliance requirements described in the OMB *compliance Supplement* that could have a direct and material effect on each of the City of Mills' major federal programs for the year ended June 30, 2021. The City of Mills' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Mills' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Mills' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Mills' compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Mills complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The City of Mills 's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Lenhart, Mason & Associates, LLC

Lenhart, Mason & Associates, LLC
Casper, Wyoming
March 17, 2022

**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 City Council
City 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 City of Mills, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Mills basic financial statements, and have issued our report thereon dated March 17, 2022.

Internal Control over Financial Reporting

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

2021-001: City Court – Material Weakness

Condition: The City Court assesses fines and maintains a record of the amounts owed to the City in the Court module of the accounting software that is separate from the City's general ledger and not integrated. The transactions are only recorded in the general ledger when the fines are paid. The related receivable balance is not recorded in the general ledger. Additionally, the listing of fines due to the City as captured in the Court module contains outstanding balances that are past due and not regularly reviewed to determine the collectability. Therefore, the balances of the fines receivable are inaccurate.

Criteria: Generally accepted accounting principles require that the receivable amount should be booked at their net realizable value and therefore assets may be misstated.

Cause: The lack of integration between the Court module and the general ledger results in the receivable amounts being unrecognized on the City's general ledger. In addition, the City is lacking an established procedure for reviewing the listing of outstanding fines to determine collectability and either specifically identifying uncollectable balances or calculating an estimated allowance for uncollectable accounts.

Effect: Due to the lack of integration between the Court module and the general ledger, there is increased risk that the balances are inadvertently excluded from the accounting records used to prepare the annual GAAP basis financial statements for audit and revenues may be recorded in the incorrect accounting period.

Identification as a Repeat Finding: This is a repeat finding from June 30, 2020 – See 2020-002, 2019-002, 2018-003 and 2017-002

Recommendation: The City has already implemented some changes since June 30, 2021 by moving the tracking of the fines assessed to the accounting function at City Hall. This brings the cash collections under the same process of collections as done for utilities and other payments for services. We recommend that the City establish procedures to monitor the receivable balances on a regular basis and provide a listing at year end that documents the outstanding balances that are collectible as of that date.

Views of responsible officials and planned corrective actions: See corrective action plan.

2021-002: Incorrect Reports Provided to Auditors – Material Weakness

Condition: The City's accounting software allows for the financial information to be captured on a cash basis for the twelve-month fiscal period. The software has an additional thirteenth period that can be used specifically for capturing the City's accruals as of year-end. The originally trial balance that was provided for audit included only the twelve-month fiscal period, rather than including the balances that were captured in the thirteenth period.

Criteria: An entity should provide accurate reports to auditors that include all transactions for the audit period.

Cause: The report parameters for the trial balance were inadvertently filtered through the incorrect period. This appears to be an accidental error when the report was generated.

Effect: The audit uncovered the mistake when the auditor's procedures identified accruals that were not reflected on the trial balance. Had the audit procedures failed at detecting the error, the financial statements potentially could have contained material misstatements.

Identification as a Repeat Finding: Not a repeat finding

Recommendation: The City should consider a review process to determine that the reports provided to the auditor are complete and accurate.

Views of responsible officials and planned corrective actions: See corrective action plan

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City 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

March 17, 2022

**CITY OF MILLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of City of Mills.
2. Material weaknesses were reported relating to the audit of the financial statements in the **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.**
3. No instances of noncompliance material to the financial statements of City of Mills were disclosed during the audit.
4. No significant deficiencies were reported relating to the audit of the major federal award program in the **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE.**
5. The auditors' report on compliance for the major federal award programs for City of Mills expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award programs for City of Mills.
7. The programs tested as a major programs were the Community Development Block Grant–CFDA #14.228 and Coronavirus Relief Fund – CFDA #21.019.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The City of Mills was determined to not be a low-risk auditee.

B. FINANCIAL STATEMENT FINDINGS

See the 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.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs relative to the major federal award programs.



CITY OF MILLS

EST. 1921

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding – 2020-001 – Check Signers

Name of Contact Person - Christine Trumbull, City Clerk

Condition

The City has designated the City Clerk and the City Treasurer as check signers on multiple bank accounts

Status

The City has removed the City Treasurer as a check signer on all bank accounts

Finding – 2020-002 – City (Formerly Town) Court

Name of Contact Person - Christine Trumbull, City Clerk

Condition

The City (formerly Town) Court assesses fines and maintains a record of these; however, the City 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 city, however a receivable is not booked on the general ledger.

Status

This finding has been repeated.



CITY OF MILLS

EST. 1921

CORRECTIVE ACTION PLAN

Finding 2021-001 – City Court

Name of Contact Person - Christine Trumbull, City Clerk

Corrective Action

The City will create a procedure for summarizing outstanding court fine balances and analyzing the outstanding balances to determine the collectability of the balances. The fines receivable amount and any amount uncollectable will be determined annually, in order to prepare the GAAP basis financial reporting. Any amounts determined to be uncollectible will be approved by the City Judge and written off in the Court module.

Proposed completion Date

June 30, 2022

Finding 2021-002 – Incorrect Reports Provided to Auditors

Name of Contact Person – Alyssa Hartmann, City Treasurer

Corrective Action

The City will verify that the parameters are carefully entered into the accounting system when the trial balance is obtained and provided for audit. Additionally, the City will be consciences of the parameters when generating any financial reports from the accounting system.

Proposed completion Date

Immediately