

**MANTUA TOWN
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2021**

**MANTUA TOWN
YEAR ENDED JUNE 30, 2021
TABLE OF CONTENTS**

<u>FINANCIAL SECTION:</u>	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet Governmental Funds	10
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds to the Statement of Activities	13
Statement of Net Position - Proprietary Funds	14
Statement of Revenues, Expenditures, and Changes in Net Position - Proprietary Funds	15
Statement of Cash Flows - Proprietary Funds	16
Notes to the Financial Statements	17-44
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	45-46
Schedule of the Proportionate Share of the Net Pension Liability - Utah Retirement Systems	47
Schedule of Contributions - Utah Retirement Systems	48-50
Notes to Required Supplementary Information	51
Auditor's Reports:	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	52-53
Independent Auditor's Report as Required by the State Compliance Audit Guide on Compliance with General State Compliance Requirements and Internal Control Over Compliance	54-55
Schedule of Findings	56



INDEPENDENT AUDITOR'S REPORT

To the Mayor and Town Council of
Mantua Town

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Mantua Town, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Mantua Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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 auditor considers 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, and each major fund of Mantua Town, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof 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, budgetary comparison information, schedule of the proportionate share of the net pension liability, schedule of contributions, and the notes to required supplementary information on pages 3-7 and 45-51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021, on our consideration of Mantua Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mantua Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mantua Town's internal control over financial reporting and compliance.

Child, Richards CPAs & Advisors

Ogden, Utah
November 16, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MANTUA TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2021**

INTRODUCTION

The following is a discussion and analysis of Mantua Town's financial performance and activities for the fiscal year ending June 30, 2021

HIGHLIGHTS

Net position of the Town increased by \$1,132,813. Of this amount, business-type activities increased by \$631,008 and governmental activities increased by \$501,805.

The assets of Mantua Town exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year by \$6,817,682 (net position). Of this amount, \$1,858,888 (unrestricted net position) is available to meet ongoing obligations to citizens and creditors.

The Town's governmental funds reported a combined ending fund balance of \$819,760, an increase of \$130,977 compared to the prior years' ending amount. Of the combined total fund balance, \$259,536 is available for spending at the discretion of the Town (unrestricted and unassigned fund balance).

The unrestricted and unassigned fund balance of the General Fund at June 30, 2021, totaling \$285,014 is 24.2% of the General Fund total revenues for the year. The General Fund has \$443,775 of fund balance restricted for specific purposes that will be carried over into the following fiscal year and \$13,494 of nonspendable fund balance which represents resources that have already been allocated to expenses for future periods. The General Fund has \$102,955 in assigned funds for cemetery and fire department that have been assigned for future projects by city council.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the Town's Basic Financial Statements. The Basic Financial Statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities. These two statements provide a broad overview of the Town's finances. The Statement of Net Position shows the overall net position of the Town. Increases and decreases in net position are one indicator of the Town's overall financial condition. The Statement of Activities helps to identify functions of the Town that are principally supported by taxes and other general revenues (governmental activities) along with other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Mantua Town's business type activities are sewer, water, and garbage.

The fund financial statements provide detailed information about individual major funds and not the Town as a whole. A fund is a group of related accounts that the Town uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the Town's funds are divided into two types. The two types are governmental funds and proprietary funds.

**MANTUA TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2021**

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Mantua Town maintains only one governmental funds.

Mantua Town 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.

Mantua Town has three proprietary funds: the water fund, the sewer fund, and the garbage fund. The enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

There are several differences between Government-Wide and Fund Statements. Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements. Capital outlays result in capital assets on the government-wide statements, but are expenditures on the governmental fund statements.

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**MANTUA TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Governmental Activities		Business-type Activities		Total	
	June 30	June 30	June 30	June 30	June 30	June 30
	2021	2020	2021	2020	2021	2020
Cash	\$ 1,103,904	\$ 1,002,790	\$ 3,104,768	\$ 2,616,136	\$ 4,208,672	\$ 3,618,926
Other assets	365,715	341,439	39,215	30,183	404,930	371,622
Capital assets	1,409,503	1,060,776	1,574,204	1,441,690	2,983,707	2,502,466
Deferred outflows of resources	65,896	54,186	6,224	4,389	72,120	58,575
Total assets and deferred outflows	<u>2,945,018</u>	<u>2,459,191</u>	<u>4,724,411</u>	<u>4,092,398</u>	<u>7,669,429</u>	<u>6,551,589</u>
Noncurrent liabilities	104,583	146,116	5,579	9,719	110,162	155,835
Other liabilities	345,255	346,271	19,315	19,051	364,570	365,322
Total liabilities	<u>449,838</u>	<u>492,387</u>	<u>24,894</u>	<u>28,770</u>	<u>474,732</u>	<u>521,157</u>
Deferred inflows of resources	368,297	341,726	8,718	3,837	377,015	345,563
Total liabilities and deferred inflows	<u>818,135</u>	<u>834,113</u>	<u>33,612</u>	<u>32,607</u>	<u>851,747</u>	<u>866,720</u>
Net position:						
Net investment in capital assets	1,409,503	1,060,776	1,574,204	1,441,690	2,983,707	2,502,466
Restricted	443,775	322,076	1,531,312	1,264,535	1,975,087	1,586,611
Unrestricted	273,605	242,226	1,585,283	1,353,566	1,858,888	1,595,792
Total net position	<u>\$ 2,126,883</u>	<u>\$ 1,625,078</u>	<u>\$ 4,690,799</u>	<u>\$ 4,059,791</u>	<u>\$ 6,817,682</u>	<u>\$ 5,684,869</u>

The largest component of the Town's net position, 43.76%, reflects investments in capital assets (land, buildings, equipment, and infrastructure) less all outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities.

Restricted net position comprises 28.97% of the total net position and is subject to external restrictions on how they may be used. The remaining 27.27% of net position is unrestricted and may be used at the Town's discretion to meet its ongoing obligations to citizens and creditors.

**MANTUA TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2021**

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30	June 30	June 30	June 30	June 30	June 30
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 177,755	\$ 271,051	\$ 471,314	\$ 427,659	\$ 649,069	\$ 698,710
Operating grants and contributions	137,112	81,273	-	-	137,112	81,273
Capital grants and contributions	467,864	354,817	567,182	361,829	1,035,046	716,646
General revenues:						
Property taxes	299,738	263,419	-	-	299,738	263,419
Sales taxes	181,656	119,592	-	-	181,656	119,592
Other taxes	28,677	22,835	-	-	28,677	22,835
Interest	5,390	18,026	14,489	51,680	19,879	69,706
Other	42,003	38,679	-	-	42,003	38,679
Total revenues	<u>1,340,195</u>	<u>1,169,692</u>	<u>1,052,985</u>	<u>841,168</u>	<u>2,393,180</u>	<u>2,010,860</u>
Transfers In (Out)	-	-	-	-	-	-
Total revenues and transfers	<u>1,340,195</u>	<u>1,169,692</u>	<u>1,052,985</u>	<u>841,168</u>	<u>2,393,180</u>	<u>2,010,860</u>
Expenses:						
General government	436,951	380,375	-	-	436,951	380,375
Public safety	214,392	206,594	-	-	214,392	206,594
Highways and public improvements	150,635	86,176	-	-	150,635	86,176
Parks and recreation	36,412	70,019	-	-	36,412	70,019
Water	-	-	199,091	140,738	199,091	140,738
Sewer	-	-	155,210	132,619	155,210	132,619
Garbage	-	-	67,676	59,535	67,676	59,535
Total expenses	<u>838,390</u>	<u>743,164</u>	<u>421,977</u>	<u>332,892</u>	<u>1,260,367</u>	<u>1,076,056</u>
Change in net position	<u>501,805</u>	<u>426,528</u>	<u>631,008</u>	<u>508,276</u>	<u>1,132,813</u>	<u>934,804</u>
Net position-beginning	<u>1,625,078</u>	<u>1,198,550</u>	<u>4,059,791</u>	<u>3,551,515</u>	<u>5,684,869</u>	<u>4,750,065</u>
Net position-ending	<u><u>\$ 2,126,883</u></u>	<u><u>\$ 1,625,078</u></u>	<u><u>\$ 4,690,799</u></u>	<u><u>\$ 4,059,791</u></u>	<u><u>\$ 6,817,682</u></u>	<u><u>\$ 5,684,869</u></u>

**MANTUA TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2021**

Governmental Activities

The activities in the governmental activities resulted in an increase in net position of 501,805 for the year.

Business-Type Activities

The business-type activities increased net position by \$631,008. The Enterprise Funds are generating sufficient operating revenue to cover operating costs with a small surplus for future expansion and maintenance of infrastructure

Capital Assets

Mantua Town added \$220,784 in new capital assets in governmental activities during the fiscal year. This included a new air conditioner at Town Hall, equipment for the police department (including body armor, tasers, and computers), park improvements (including pickle ball courts and playground), road improvement on 100 S Road and sewer bypass. There was also an increase of \$354,356 in new capital assets due to contributed capital for phase 5 of Maple Springs.

Fund Balances

The fund balance in the General Fund increased by \$130,977. The Net Position in the Enterprise Funds increased by \$631,008.

General Fund Budgets

Mantua Town prepares its budget according to state statutes. The General Fund Budget was adjusted during the year.

Actual General Fund revenues were \$81,005 above the original budget and \$52,617 above the final adjusted budget. Actual General Fund expenditures before transfers were \$164,501 below the original budget and \$118,006 below the final adjusted budget.

ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of Mantua Town's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or any other matters related to the Town's finances should be addressed to Mantua Town, 409 North Main, Mantua, Utah 84324.

BASIC FINANCIAL STATEMENTS

MANTUA TOWN
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 660,129	\$ 1,573,456	\$ 2,233,585
Restricted cash	443,775	1,531,312	1,975,087
Accounts receivable	18	40,905	40,923
Due from other governmental units	350,513	-	350,513
Prepaid expenses	13,494	-	13,494
Internal balances	1,690	(1,690)	-
Capital assets (net of accumulated depreciation):			
Land	71,180	35,000	106,180
Construction in progress	-	119,434	119,434
Infrastructure	1,009,824	-	1,009,824
Buildings	132,787	205,051	337,838
Improvements	-	1,203,864	1,203,864
Machinery and equipment	195,712	8,755	204,467
Water rights	-	2,100	2,100
TOTAL ASSETS	2,879,122	4,718,187	7,597,309
Deferred outflows of resources - pensions	65,896	6,224	72,120
TOTAL ASSETS AND DEFERRED OUTFLOWS	2,945,018	4,724,411	7,669,429
LIABILITIES			
Accounts payable	47,051	19,315	66,366
Accrued liabilities	17,854	-	17,854
Deposits	280,350	-	280,350
Non-current liabilities:			
Due within one year	17,042	-	17,042
Due in more than one year	87,541	5,579	93,120
TOTAL LIABILITIES	449,838	24,894	474,732
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	290,496	-	290,496
Unavailable revenue - leases	14,108	-	14,108
Deferred inflows of resources related to pensions	63,693	8,718	72,411
TOTAL DEFERRED INFLOWS OF RESOURCES	368,297	8,718	377,015
NET POSITION			
Net investment in capital assets	1,409,503	1,574,204	2,983,707
Restricted for:			
Class C roads	108,528	-	108,528
Road impact fees	199,835	-	199,835
Highway tax	25,478	-	25,478
Impact fees	109,934	1,531,312	1,641,246
Unrestricted	273,605	1,585,283	1,858,888
TOTAL NET POSITION	\$ 2,126,883	\$ 4,690,799	\$ 6,817,682

The accompanying notes are an integral part of these statements.

**MANTUA TOWN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 436,951	\$ 165,555	\$ 60,874	\$ -	\$ (210,522)	\$ -	\$ (210,522)
Public safety	214,392	-	4,150	-	(210,242)	-	(210,242)
Highways and improvements	150,635	-	72,088	401,168	322,621	-	322,621
Parks and recreation	36,412	12,200	-	66,696	42,484	-	42,484
Total governmental activities	<u>838,390</u>	<u>177,755</u>	<u>137,112</u>	<u>467,864</u>	<u>(55,659)</u>	<u>-</u>	<u>(55,659)</u>
Business-type activities:							
Water	199,091	231,134	-	442,547	-	474,590	474,590
Sewer	155,210	170,086	-	124,635	-	139,511	139,511
Garbage	67,676	70,094	-	-	-	2,418	2,418
Total business-type activities	<u>421,977</u>	<u>471,314</u>	<u>-</u>	<u>567,182</u>	<u>-</u>	<u>616,519</u>	<u>616,519</u>
Total primary government	<u>\$ 1,260,367</u>	<u>\$ 649,069</u>	<u>\$ 137,112</u>	<u>\$ 1,035,046</u>	<u>(55,659)</u>	<u>616,519</u>	<u>560,860</u>
General revenues:							
Property taxes					299,738	-	299,738
Sales taxes					181,656	-	181,656
Fees-in-lieu of taxes					24,849	-	24,849
Franchise taxes					3,828	-	3,828
Miscellaneous					40,477	-	40,477
Gain (loss) on sale of asset					1,526	-	1,526
Interest earnings					5,390	14,489	19,879
Total general revenues and transfers					<u>557,464</u>	<u>14,489</u>	<u>571,953</u>
Change in net position					<u>501,805</u>	<u>631,008</u>	<u>1,132,813</u>
Net position - beginning					<u>1,625,078</u>	<u>4,059,791</u>	<u>5,684,869</u>
Net position - ending					<u>\$ 2,126,883</u>	<u>\$ 4,690,799</u>	<u>\$ 6,817,682</u>

The accompanying notes are an integral part of these statements.

**MANTUA TOWN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 660,129
Restricted cash	443,775
Accounts receivable	18
Due from other governmental units	350,513
Interfund receivable	31,055
Prepaid expenses	13,494
Total assets	\$ 1,498,984
LIABILITIES	
Interfund payable	\$ 29,365
Accounts payable	47,051
Accrued liabilities	17,854
Customer deposits	280,350
Total liabilities	374,620
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	290,496
Unavailable revenue - leases	14,108
Total deferred inflows of resources	304,604
FUND BALANCE	
Nonspendable:	
Prepays	13,494
Restricted for:	
Class C roads	108,528
Park impact fees	109,934
Road impact fees	199,835
Highway tax	25,478
Assigned to:	
Fire department	16,839
Cemetery	86,116
Capital projects	-
Unassigned	259,536
Total fund balance	819,760
Total liabilities, deferred inflows of resources, and fund balance	\$ 1,498,984

The accompanying notes are an integral part of these statements.

MANTUA TOWN
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Total fund balances - governmental funds:	\$	819,760
Amounts reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 71,180	
Construction in progress	-	
Infrastructure	1,899,197	
Buildings	264,480	
Improvements	-	
Machinery and equipment	693,125	
Accumulated depreciation	<u>(1,518,479)</u>	
		1,409,503
Net pension assets used in governmental activities are not financial resources and , therefore, are not reported in the funds.		
		-
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.		
		65,896
Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements.		
		(63,693)
Long-term liabilities, including compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds, but they are reported in the Statement of Net Position.		
Net pension liability	\$ (21,826)	
Lease revenue financing	(43,882)	
Compensated absences	<u>(38,875)</u>	
		<u>(104,583)</u>
Net position of governmental activities		<u><u>\$ 2,126,883</u></u>

The accompanying notes are an integral part of these statements.

MANTUA TOWN
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund
REVENUES	
Taxes	
Property taxes	\$ 299,738
Sales taxes	181,656
Fees-in-lieu of taxes	24,849
Franchise taxes	3,828
Licenses and permits	29,564
Charges for services	53,593
Intergovernmental	195,754
Fines and forfeitures	92,698
Miscellaneous revenue	189,995
	1,071,675
EXPENDITURES	
Current	
General government	428,678
Public safety	195,264
Highways and public improvements	107,520
Parks and recreation	34,284
Capital outlay	
General government	14,930
Public safety	22,962
Highways and public improvements	123,666
Parks and recreation	59,226
Debt service	
Public safety	17,042
	1,003,572
Excess (deficiency) of revenues over expenditures	68,103
Other financing sources (uses)	
Proceeds from sale of assets	2,000
Lease proceeds	-
CARES Act funding	60,874
Transfers in	-
Transfers out	-
Total other financing sources and uses	62,874
Net change in fund balances	130,977
Fund balances - beginning of year	688,783
Fund balances - end of year	\$ 819,760

The accompanying notes are an integral part of these statements.

MANTUA TOWN

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
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 \$ 130,977

Governmental funds report 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 additions exceeded depreciation in the current period.

Capital outlays	\$ 220,784	
Depreciation expense	<u>(77,701)</u>	143,083

Donations of capital assets increase net position in the Statement of
Activities, but do not appear in the governmental funds because
they are not financial resources.

Infrastructure		206,120
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The Statement of Activities includes the net pension benefit (expense)
from the adoption of GASB 68, which is not included in the fund
financial statements.

6,984

The issuance of long-term debt (e.g., bonds, leases) provides current
financial resources to governmental funds, while the repayment of the
principal of long-term debt consumes the current financial resources of
governmental funds. Neither transaction however, has any effect on
net position. This amount is the net effect of these differences in the
treatment of long term debt.

Issuance of debt		-
Repayment of debt		17,042

The governmental funds report the proceeds from the sale of assets
as revenues, while the government-wide financial statements report the
difference between the sale proceeds and the net book value of the assets sold
as a gain or loss.

Net book value of assets sold		(475)
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Some expenses reported in the Statement of Activities do not
require use of current financial resources and therefore, are not
reported as expenditures in governmental funds.

(1,926)

Change in net position of governmental activities

\$ 501,805

The accompanying notes are an integral part of these statements.

MANTUA TOWN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Garbage	Total
ASSETS AND DEFERRED OUTFLOWS				
Current assets:				
Cash and cash equivalents	\$ 1,060,532	\$ 492,752	\$ 20,172	\$ 1,573,456
Accounts receivable	19,422	15,134	6,349	40,905
Interfund receivables	36,868	23,396	6,190	66,454
Total current assets	<u>1,116,822</u>	<u>531,282</u>	<u>32,711</u>	<u>1,680,815</u>
Noncurrent assets:				
Restricted cash and cash equivalents	1,378,160	153,152	-	1,531,312
Land	35,000	-	-	35,000
Construction in progress	119,434	-	-	119,434
Water stock	2,100	-	-	2,100
Improvements	1,594,791	916,932	-	2,511,723
Buildings	538,377	-	-	538,377
Machinery & equipment	26,483	-	-	26,483
Less: accumulated depreciation	<u>(1,083,613)</u>	<u>(575,300)</u>	<u>-</u>	<u>(1,658,913)</u>
Total noncurrent assets	<u>2,610,732</u>	<u>494,784</u>	<u>-</u>	<u>3,105,516</u>
Total assets	<u>3,727,554</u>	<u>1,026,066</u>	<u>32,711</u>	<u>4,786,331</u>
Deferred outflows of resources - pension	6,224	-	-	6,224
Total assets and deferred outflows of resources	<u>3,733,778</u>	<u>1,026,066</u>	<u>32,711</u>	<u>4,792,555</u>
LIABILITIES AND DEFERRED INFLOWS				
Current liabilities:				
Accounts payable	4,799	9,062	5,454	19,315
Interfund payables	39,850	16,240	12,054	68,144
Total current liabilities	<u>44,649</u>	<u>25,302</u>	<u>17,508</u>	<u>87,459</u>
Noncurrent liabilities:				
Net pension liability	5,579	-	-	5,579
Total noncurrent liabilities	<u>5,579</u>	<u>-</u>	<u>-</u>	<u>5,579</u>
Deferred inflows of resources - pension	8,718	-	-	8,718
Total liabilities and deferred inflows of resources	<u>58,946</u>	<u>25,302</u>	<u>17,508</u>	<u>101,756</u>
NET POSITION				
Net investment in capital assets	1,232,572	341,632	-	1,574,204
Restricted - impact fees	1,378,160	153,152	-	1,531,312
Unrestricted	1,064,100	505,980	15,203	1,585,283
Total net position	<u>\$ 3,674,832</u>	<u>\$ 1,000,764</u>	<u>\$ 15,203</u>	<u>\$ 4,690,799</u>

The accompanying notes are an integral part of these statements.

MANTUA TOWN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Garbage	Total
OPERATING REVENUE				
Charges for service	\$ 214,422	\$ 167,086	\$ 70,094	\$ 451,602
Other	16,712	3,000	-	19,712
Total operating revenue	<u>231,134</u>	<u>170,086</u>	<u>70,094</u>	<u>471,314</u>
OPERATING EXPENSES				
Admin charges - general fund	-	-	-	-
Depreciation	48,966	16,906	-	65,872
General expenses	17,385	-	-	17,385
Operation and maintenance	60,758	16,704	3,363	80,825
Salaries and benefits	45,407	19,229	2,329	66,965
Sewer fees	-	102,371	-	102,371
Utilities	26,575	-	-	26,575
Waste collection/disposal	-	-	61,984	61,984
Total operating expenses	<u>199,091</u>	<u>155,210</u>	<u>67,676</u>	<u>421,977</u>
Operating income (loss)	<u>32,043</u>	<u>14,876</u>	<u>2,418</u>	<u>49,337</u>
NONOPERATING REVENUE (EXPENSES)				
Impact fees	369,584	49,362	-	418,946
Interest expense	-	-	-	-
Interest revenue	11,095	3,345	49	14,489
Gain (loss) on sale	-	-	-	-
Total nonoperating revenue	<u>380,679</u>	<u>52,707</u>	<u>49</u>	<u>433,435</u>
Income (loss) before contributions	412,722	67,583	2,467	482,772
Capital contributions	72,963	75,273	-	148,236
Change in net position	485,685	142,856	2,467	631,008
Net position - beginning	<u>3,189,147</u>	<u>857,908</u>	<u>12,736</u>	<u>4,059,791</u>
Net position - ending	<u>\$ 3,674,832</u>	<u>\$ 1,000,764</u>	<u>\$ 15,203</u>	<u>\$ 4,690,799</u>

The accompanying notes are an integral part of these statements.

**MANTUA TOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Garbage	Total
Cash Flows From Operating Activities				
Receipts from customers	\$ 227,584	\$ 168,417	\$ 68,352	\$ 464,353
Interfund services provided	-	-	-	-
Payments to employees	(46,501)	(19,229)	(2,329)	(68,059)
Payments to suppliers	(106,746)	(117,313)	(64,814)	(288,873)
Payments for interfund services used	-	-	-	-
Net cash from operating activities	<u>74,337</u>	<u>31,875</u>	<u>1,209</u>	<u>107,421</u>
Cash Flows From Noncapital Financing Activities				
Transfers In/Out	-	-	-	-
Interfund loan activities	18,750	(24,290)	3,466	(2,074)
Net cash from noncapital financing activities	<u>18,750</u>	<u>(24,290)</u>	<u>3,466</u>	<u>(2,074)</u>
Cash Flows From Capital and Related Financing Activities				
Receipts for impact fees	369,584	49,362	-	418,946
Principal paid on capital debt	-	-	-	-
Interest paid on capital debt	-	-	-	-
Purchases of capital assets	-	(50,150)	-	(50,150)
Proceeds from sale of assets	-	-	-	-
Net cash from capital and related financing	<u>369,584</u>	<u>(788)</u>	<u>-</u>	<u>368,796</u>
Cash Flows From Investing Activities				
Interest and dividends received	11,095	3,345	49	14,489
Net cash from investing activities	<u>11,095</u>	<u>3,345</u>	<u>49</u>	<u>14,489</u>
Net increase (decrease in cash and cash equivalents)	473,766	10,142	4,724	488,632
Cash and cash equivalents, July 1	1,964,926	635,762	15,448	2,616,136
Cash and cash equivalents, June 30	<u><u>\$ 2,438,692</u></u>	<u><u>\$ 645,904</u></u>	<u><u>\$ 20,172</u></u>	<u><u>\$ 3,104,768</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 32,043	\$ 14,876	\$ 2,418	\$ 49,337
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expenses	48,966	16,906	-	65,872
(Increase) decrease in accounts receivable	(3,550)	(1,669)	(1,742)	(6,961)
Increase (decrease) in accounts payable	(2,028)	1,762	533	267
Increase (decrease) in net pension liability	(1,094)	-	-	(1,094)
Total adjustments	<u>42,294</u>	<u>16,999</u>	<u>(1,209)</u>	<u>58,084</u>
Net cash provided (used) by operating activities	<u><u>\$ 74,337</u></u>	<u><u>\$ 31,875</u></u>	<u><u>\$ 1,209</u></u>	<u><u>\$ 107,421</u></u>
Noncash Investing, Capital and Financing Activities:				
Contributed capital assets from developers	<u><u>\$ 72,963</u></u>	<u><u>\$ 75,273</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 148,236</u></u>

The accompanying notes are an integral part of these statements.

MANTUA TOWN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

REVENUES	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Taxes:				
Property taxes	\$ 287,213	\$ 300,100	\$ 299,738	\$ (362)
Sales taxes	120,000	173,000	181,656	8,656
Fees-in-lieu of taxes	18,000	20,000	24,849	4,849
Franchise taxes	6,000	5,000	3,828	(1,172)
Licenses and permits	17,392	28,450	29,564	1,114
Charges for services	23,150	20,554	53,593	33,039
Fines and forfeitures	186,500	96,191	92,698	(3,493)
Intergovernmental revenue	198,200	199,827	195,754	(4,073)
Miscellaneous revenue	134,215	175,936	189,995	14,059
TOTAL REVENUES	990,670	1,019,058	1,071,675	52,617
EXPENDITURES				
General government:				
Administrative	178,000	178,000	189,418	(11,418)
Judicial	81,000	81,000	81,237	(237)
Buildings	35,000	32,930	27,165	5,765
Elections	-	-	-	-
Planning and zoning	1,000	1,500	-	1,500
Other professional services	105,000	91,000	83,565	7,435
CARES Act expenditures	52,403	49,520	62,223	(12,703)
Total general government	452,403	433,950	443,608	(9,658)
Public safety:				
Police department	212,042	213,697	218,088	(4,391)
Fire department	22,000	26,992	17,180	9,812
Total public safety	234,042	240,689	235,268	5,421
Highways and streets:				
Class "C" roads	135,000	45,000	40,429	4,571
Equipment	-	-	-	-
Professional services	-	-	-	-
Repair and maintenance	60,000	68,000	41,331	26,669
Road improvement	172,530	195,048	132,832	62,216
Wages	15,000	15,000	16,594	(1,594)
Total highways and streets	382,530	323,048	231,186	91,862

MANTUA TOWN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Parks and recreation:				
Parks	\$ 18,000	\$ 21,000	\$ 21,752	\$ (752)
Cemetery	20,000	12,000	10,313	1,687
Recreation	3,413	5,450	2,220	3,230
Park Improvements	56,685	85,291	59,225	26,066
Total parks and recreation	98,098	123,741	93,510	30,231
Miscellaneous	1,000	150	-	150
TOTAL EXPENDITURES	1,168,073	1,121,578	1,003,572	118,006
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(177,403)	(102,520)	68,103	170,623
OTHER FINANCING SOURCES (USES)				
Appropriations from fund balance	125,000	51,000	-	(51,000)
CARES Act funding	52,403	49,520	60,874	11,354
Proceeds from sale of assets	-	2,000	2,000	-
Lease proceeds	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	177,403	102,520	62,874	(39,646)
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	130,977	130,977
Fund balance - July 1	688,783	688,783	688,783	-
Fund balance - June 30	<u>\$ 688,783</u>	<u>\$ 688,783</u>	<u>\$ 819,760</u>	<u>\$ 130,977</u>

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Mantua Town, Utah conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The Town has adopted the provisions of the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements.

The following is a summary of the more significant policies and is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity

The Town of Mantua (the Town) was incorporated in 1911 under the laws of the state of Utah. The Town operates by ordinance under the Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highway and streets, sanitation, recreation, public improvements, planning and zoning, and general administration. In addition, the Town owns and operates water, sewer, and garbage utilities.

The criteria set forth by generally accepted accounting principles (GAAP) was used to determine which entities to include in this report. GASB Concepts Statement-1 (Objectives of Financial Reporting) concludes that the basic foundation for governmental financial reporting is accountability. The Concepts Statement asserts that accountability requires governments to answer to the citizenry - to justify the raising of public resources and the purposes for which they are used. In turn, the concept of accountability becomes the basis for defining the financial reporting entity.

In defining the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards board (GASB). Under GASB Statement No. 61, The Financial Reporting Entity, the financial reporting entity consists of the primary government and no component units.

B. Government-wide and Fund Financial Statements

The Town'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 Town has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*. Accordingly, the Town has elected to apply all applicable GASB pronouncements and codified accounting standards issued by GASB. The more significant accounting policies established in GAAP and used by the Town are discussed below.

The Town's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the Town as a whole, while the fund statements focus on individual funds.

Government-wide Financial Statements

The government-wide statements present information on all non-fiduciary activities of the primary government. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The *Statement of Net Position* presents the Town's non-fiduciary assets and liabilities, with the difference reported as net position. Net positions are restricted when constraints placed upon them are either externally imposed or are

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

imposed by constitutional provisions or enabling legislation. The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The Town does not allocate general government (indirect) expenses to other functions. 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; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

The financial transactions of the Town are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Statements are provided for *governmental funds* and for *proprietary funds*. For governmental and proprietary funds, the emphasis is on *major funds*, with each displayed in a separate column.

The Town reports the following major governmental funds:

General Fund - This fund is the principal operating fund of the Town. It is used to account for all financial not required to be accounted for in another fund.

The Town reports the following major proprietary funds:

Sewer Fund- The sewer fund is used to account for operations of the sewer system, (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Water Fund - The water fund is used to account for operations of the water system, (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Garbage Fund - The garbage fund is used to account for operations of the solid waste system, (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

(b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Taxes and fees are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The governmental fund financial statements are prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred.

Proprietary funds separate operating and non-operating revenues and expenses. Operating revenues and expenses normally arise from providing goods and services in connection with the fund's normal ongoing operations. The principal sources of operating revenues for the proprietary funds are charges to customers for goods and services. Operating expenses include the cost of sales and services, administrative overhead expenses and depreciation on capital assets. All other revenues or expenses are recorded as non-operating.

D. Assets, Liabilities, and Fund Balances/Net Position

The following are the Town's significant policies regarding recognition and reporting of certain assets, liabilities, and equity.

Pooled Cash and Temporary Investments

Unrestricted and restricted cash balances of both funds are combined to form a pool of cash which is managed by the Town Treasurer. Utah State Statutes allow for investments in the Utah Public Treasurer's Investment Fund and Utah Money Management Act (UMMA) approved financial institutions. The UMMA provides for a committee to evaluate financial institutions and provide a list of those qualified as depositories for public funds, including the amount they are authorized to maintain over and above insured amounts. The Town Treasurer invests unrestricted and restricted cash with the Utah Public Treasurer's Investment Fund and with local financial institutions. Investments in the pooled cash fund consist primarily of certificates of deposit, repurchase agreements, and time deposits and are carried at cost which approximates market value. Interest income earned as a result of pooling is distributed to the appropriate funds based on month end balances of cash. The Town considers all highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

Inventories

No significant inventories are maintained by the Town, therefore none are reflected in these statements.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balances/Net Position (Continued)

Restricted Assets

Certain resources set aside as reserves in accordance with council resolutions and State statutes are classified as restricted assets on the balance sheet because their use is limited.

Capital Assets

General capital assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures.

Capital assets are reported in the governmental column in the government-wide financial statements. All purchased fixed assets are valued at cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Capital assets are defined as assets with an initial, individual cost of more than \$2,500.

Infrastructure capital assets which are newly constructed are capitalized. The Town currently has infrastructure assets recorded.

Depreciation of all exhaustible capital assets is charged as an expense in the related program. Accumulated depreciation is reported on the Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings & Improvements	10-40 years
Water System & Equipment	7-40 years
Machinery & Equipment	5-10 years
Infrastructure	25 years

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has only one item that qualifies for reporting in this category. It is the deferred contributions and differences between projected and actual earnings on its pension plan assets.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balances/Net Position (Continued)

Deferred Inflows of Resources (Continued)Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three types of items reported under this category. Unavailable revenue-property taxes are reported as deferred inflows of resources since they are recognized as receivables before the period for which the taxes are levied. Leases on towers paid in advance are deferred as unearned revenue. These amounts are reported in both the government-wide statements and the governmental fund statements. Deferred inflow of resources related to pension are only reported in the government-wide statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. 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.

Long-term Obligations

In the government-wide statements, long-term debt obligations are reported as liabilities.

The face amount of debt issued is reported as other financing sources in the governmental fund financial statements.

Equity

Fund financial statements

In February 2009, GASB issued Statement No. 54 on Fund Balance Reporting and Governmental Fund Type Definitions. The statement is effective for years beginning after June 15, 2010. The statement applies only to governmental fund financial statements and not to government-wide statements or proprietary fund statements. Proprietary fund equity is classified the same as in the government-wide statements. The governmental fund balances may be classified as follows:

- a. Non-spendable - Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted fund balance - Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provision or enabling legislation, or restrictions set by creditors, grantors, or contributors.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balances/Net Position (Continued)

Equity (Continued)

- c. Committed fund balance - Fund balances are reported as committed when the Council formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the Town Council likewise formally changes the use.
- d. Assigned fund balance - Fund balances are reported as assigned when the Town Council or Management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in special revenue, debt service, and capital project funds are by their nature assigned to the purpose of those respective funds.
- e. Unassigned fund balance - Fund balances in the general fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless Town Council has provided otherwise in its commitment or assignment actions.

Government-wide statements:

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

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

It is Town's policy to first apply restricted resources when the expense is incurred for purposes for which both restricted and unrestricted net position are available.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues and Expenditures

The following are the Town's significant policies related to recognition and reporting of certain revenues, expenditures, and interfund activity.

Revenue Availability

Under the modified accrual basis of accounting, revenues are considered to be "available" when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The Town considers property tax revenues to be available if they are collected within 60 days after the end of the current year. Grants and similar items are recognized as revenue when all eligibility requirements have been met. All other revenues are considered to be available if they are collected within 60 days after year-end.

Statement of Governmental Accounting Standards (SGAS) No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, defines a non-exchange transaction as one in which "a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange." For property taxes, at January 1 of each year (the assessment date), the Town has the legal right to collect the taxes, and in accordance with the provisions of the new statement, has now recorded a receivable and a corresponding deferred inflows or resources for the assessed amount of those property taxes as of January 1 of the current year.

Expenditure Recognition

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures, and proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental and proprietary funds. All annual appropriations lapse at the fiscal year end. Encumbrance accounting is not used by the Town. Summary of Town Budget Procedures and Calendar:

1. The Town Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance.
2. Budgets are required by the State of Utah for both the General and Special Revenue Funds.
3. Each year the Town publishes a separate budget document prepared according to this legal level of control.
4. The Town's budget is a Financial Plan of all estimated revenues and all appropriations for expenditures. Revenues and Expenditures must balance for the funds required by the State Code as indicated in item 2 above.
5. A tentative budget is presented by the Mayor to the Town Council by the first regularly scheduled council meeting in May. The tentative budget is reviewed and tentatively adopted by the Council no later than June 22.
6. The tentative budget is a public record and is available for inspection at the Town offices for at least ten days prior to adoption of the final budget.
7. Notice of public hearing on adoption of the final budget is published seven days prior to the public hearing.
8. The public hearing on the tentatively adopted budget is held no later than June 22. Final adjustments are made to the tentative budget by the Council after the public hearing.
9. Occasionally the Town Council will exercise their option to open the budget to indicate additional financing sources that become available.
10. The final budget is adopted by ordinance before June 22 and a copy of the budget certified by the Budget Officer is filed with the State Auditor within thirty days of adoption.
11. In connection with budget adoption:
 - a. An annual tax ordinance establishing the property tax rate is adopted before June 22.
 - b. The Town Treasurer is to certify the property tax rate to the County Auditor before June 22.
12. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Summary of Action Required for Budget Changes:

The Council may, by resolution, transfer unexpended appropriations from one department to another department within the same fund. The budget appropriation for any department may be reduced by resolution.

Fund budgets may be increased by resolution after a public hearing.

G. Contributions

Certain proprietary fund types receive contributions for aid in construction from various sources. With the adoption of GASB No. 33, these contributions that were formerly credited directly to contributed capital accounts are now reflected as non-operating revenue.

H. Compensated Absences

Town policy provides for vested or accumulated vacation leave. All compensated absences are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Use of Estimates

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Restricted Resources

The Town's policy is to use restricted resources first to fund appropriations when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

K. Bond Premium

Bond premium related to the issuance of bonds is amortized over the life of the bond on a straight-line basis in the government-wide financial statements, but is recorded as revenue in the year of the bond issue in the governmental fund statements.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits and Investments

The Town maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Each fund's portion of this pool is displayed as "Cash and Cash Equivalents and restricted cash" which also includes cash accounts that are separately held by some of the Town's funds. Deposits are not collateralized nor are they required to be by State statute.

The Town follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. This Act requires the depositing of Town funds in a "qualified depository".

The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. As of June 30, 2021, \$476,306 of the Town's bank balances of \$1,111,633 was uninsured and uncollateralized.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The Town follows the requirements of the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of Town funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act defines the types of securities authorized as appropriate investments for the Town's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the Town to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers' Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Fair Value of Investments

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Observable inputs other than quoted market prices; and,
- *Level 3*: Unobservable inputs.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2021, the Town had the following recurring fair value measurements.

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 2,865,429	\$ -	\$ 2,865,429	\$ -
Total debt securities	\$ 2,865,429	\$ -	\$ 2,865,429	\$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund
- Utah Public Treasurers' Investment Fund: application of the June 30, 2021 fair value factor, as calculated by the Utah State Treasurer, to the Town's average daily balance in the Fund

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of June 30, 2021, the Town's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
PTIF Investments	2,865,429	2,865,429	-	-	-
	2,865,429	2,865,429	-	-	-

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2021, the Town's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	2,865,429	-	-	-	2,865,429
	2,865,429	-	-	-	2,374,082

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Custodial credit risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk.

The Town's investment in the Utah Public Treasurers' Investment Fund has no custodial credit risk.

Investments not subject to categorizations:	Carrying Amount	Market Value
Utah Public Treasure's Investment Fund	<u>\$ 2,865,429</u>	<u>\$ 2,877,257</u>
Petty cash	\$ 1,808	
Deposits	1,341,435	
Investment in Utah Public Treasurers' Investment fund	<u>2,865,429</u>	
Total deposits and investments	<u>\$ 4,208,672</u>	
Unrestricted cash	\$ 2,233,585	
Restricted cash - impact fees	1,841,081	
Restricted cash - class C roads	108,528	
Restricted cash - highway tax	25,478	
Total deposits and investments	<u>\$ 4,183,194</u>	

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 – DISAGGREGATED RECEIVABLES AND PAYABLES

The table below disaggregates the balances due from other government units and amounts reported as accounts receivable on the statement of net position under governmental activities. The receivables in the business-type activities are all due from customers for utility services provided.

Governmental Activities:	Due from Government Units	Accounts Receivable	Total
<hr/>			
Receivables:			
Utah State Tax Commission	\$ 37,670	\$ -	\$ 37,670
Utah Department of Transportation	16,689	-	16,689
County - current property taxes	5,658	-	5,658
Taxpayers - unavailable taxes	290,496	-	290,496
Other receivables	-	18	18
Gross receivables	350,513	18	350,531
Less: Allowance for uncollectibles	-	-	-
Net total receivables	<u><u>\$ 350,513</u></u>	<u><u>\$ 18</u></u>	<u><u>\$ 350,531</u></u>

Accounts Payable Due To:			
<hr/>			
	Other Governments	Vendors	Total
<hr/>			
General Fund	\$ 21,273	\$ 25,778	\$ 47,051
Water Fund	-	4,799	4,799
Sewer Fund	-	9,062	9,062
Garbage Fund	-	5,454	5,454
Total	<u><u>\$ 21,273</u></u>	<u><u>\$ 45,093</u></u>	<u><u>\$ 66,366</u></u>

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, was as follows:

GOVERNMENTAL ACTIVITIES	Balance June 30, 2020	Additions	(Deletions)	Balance June 30, 2021
Nondepreciated assets				
Land	\$ 71,180	\$ -	\$ -	\$ 71,180
Construction in progress	37,668	-	(37,668)	-
Total nondepreciated assets	<u>108,848</u>	<u>-</u>	<u>(37,668)</u>	<u>71,180</u>
Depreciated assets				
Infrastructure	1,491,216	407,981	-	1,899,197
Improvements	-	-	-	-
Buildings	264,480	-	-	264,480
Machinery and equipment	704,652	56,591	(68,118)	693,125
Total depreciated assets	<u>2,460,348</u>	<u>464,572</u>	<u>(68,118)</u>	<u>2,856,802</u>
Less accumulated depreciation				
Infrastructure	(853,383)	(35,990)	-	(889,373)
Improvements	-	-	-	-
Buildings	(122,382)	(9,310)	-	(131,692)
Machinery and equipment	(532,655)	(32,401)	67,642	(497,414)
Total accumulated depreciation	<u>(1,508,420)</u>	<u>(77,701)</u>	<u>67,642</u>	<u>(1,518,479)</u>
Net assets depreciated	<u>951,928</u>	<u>386,871</u>	<u>(476)</u>	<u>1,338,323</u>
Governmental activities capital assets, net	<u>\$ 1,060,776</u>	<u>\$ 386,871</u>	<u>\$ (38,144)</u>	<u>\$ 1,409,503</u>

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - CAPITAL ASSETS (CONTINUED)

BUSINESS-TYPE ACTIVITIES	Balance			Balance
	June 30, 2020	Additions	(Deletions)	June 30, 2021
Nondepreciated Assets				
Water - land	\$ 35,000	\$ -	\$ -	\$ 35,000
Construction in progress	119,434	-	-	119,434
Water rights	2,100	-	-	2,100
Total nondepreciated assets	156,534	-	-	156,534
Depreciated Assets				
Water - buildings	538,377	-	-	538,377
Water - equipment	26,483	-	-	26,483
Water - improvements	1,521,828	72,963	-	1,594,791
Sewer - improvements	791,509	125,423	-	916,932
Total depreciated assets	2,878,197	198,386	-	3,076,583
Less accumulated depreciation				
Water - buildings	(325,811)	(7,517)	-	(333,328)
Water - equipment	(14,952)	(2,777)	-	(17,729)
Water - improvements	(693,884)	(38,672)	-	(732,556)
Sewer - improvements	(558,394)	(16,906)	-	(575,300)
Total accumulated depreciation	(1,593,041)	(65,872)	-	(1,658,913)
Net assets depreciated	1,285,156	132,514	-	1,417,670
Business-type activities capital assets, net	\$ 1,441,690	\$ 132,514	\$ -	\$ 1,574,204

DEPRECIATION EXPENSE

	Governmental	Business	Totals
	Types	Types	
General Government	\$ 9,643	\$ -	\$ 9,643
Public Safety	22,086	-	22,086
Highways & Improvements	43,476	-	43,476
Parks & Recreation	2,496	-	2,496
Water System	-	48,966	48,966
Sewer System	-	16,906	16,906
Total	\$ 77,701	\$ 65,872	\$ 143,573

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2021, was as follows:

Description	Interest Rate	Outstanding 6/30/2020	Additions	Payments	Outstanding 6/30/2021	Current Portion
GOVERNMENTAL ACTIVITIES						
Net Pension Liability	N/A	\$ 48,243	\$ -	\$ (26,417)	\$ 21,826	\$ -
Capital Leases		60,924	-	(17,042)	43,882	17,042
Compensated Absences	N/A	36,949	1,926	-	38,875	-
TOTAL GOVERNMENTAL		<u>\$ 146,116</u>	<u>\$ 1,926</u>	<u>\$ (43,459)</u>	<u>\$ 104,583</u>	<u>\$ 17,042</u>
BUSINESS-TYPE ACTIVITIES						
Net Pension Liability	N/A	\$ 9,719	\$ -	\$ (4,140)	\$ 5,579	\$ -
TOTAL BUSINESS-TYPE		<u>\$ 9,719</u>	<u>\$ -</u>	<u>\$ (4,140)</u>	<u>\$ 5,579</u>	<u>\$ -</u>

The Town entered a lease-to-own agreement on April 29, 2016 for a 2017 Ford Explorer Utility Police Interceptor. This vehicle was totaled on December 24, 2018 and \$12,424 of the insurance proceeds were used for a revision to the existing lease-to-own agreement on February 25, 2019 for a 2019 Ford Explorer Utility Police Interceptor. The Town entered a second lease-to-own agreement on a Ford F-150 Crew Cab for the Police Department. The following is a summary of the future minimum payments for the year ended June 30:

Year	Principal	Interest	Total
2022	\$ 17,042	\$ -	\$ 17,042
2023	17,041	-	17,041
2024	9,799	-	9,799
	<u>\$ 43,882</u>	<u>\$ -</u>	<u>\$ 43,882</u>

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS

General Information about the Pension Plan

Plan Description:

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement systems.
- Public Safety Retirement System (Public Safety System); is a cost-sharing, multiple employer public employee retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer sharing public employee retirement system;
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake Town, Utah 84102 or visiting the website: www.urs.org.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

Benefits Provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

System	Final average salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65*	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% 4% depending upon employer
Tier 2 Public Employees System	Highest 5 years	35 years, any age 20 years, age 60* 10 years, age 62* 4 years age 65*	1.50% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	35 years, any age 20 years, age 60* 10 years, age 62* 4 years age 65*	1.50% per year to June 30, 2021 2.00% per year July 1, 2020 to present	Up to 2.5%

*with actuarial reductions

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

Contributions:

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2021 are as follows:

Utah Retirement Systems

	Employee Paid	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System			
111 - Local Government Division Tier 2	N/A	15.80	0.89
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	18.47	N/A
Public Safety Retirement System			
Contributory			
122 - Tier 2 DB Hybrid Public Safety	2.27	30.02	N/A
Noncontributory			
76 - Other Div B with 4% COLA	N/A	38.97	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.69	10.00
222 Public Safety	N/A	16.02	14.00

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2021, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 16,867	N/A
Public Safety System	3,429	-
Tier 2 Public Employees System	11,250	-
Tier 2 Public Safety and Firefighter System	10,507	795
Tier 2 DC Public Safety and Firefighter System	3,031	N/A
Total Contributions	\$ 45,084	\$ 795

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

Combines Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, we reported a net pension asset of \$0 and a net pension liability of \$27,405.

	(Measurement Date): December 31, 2020				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2019	Change (Decrease)
Noncontributory System	\$ -	\$ 5,795	0.0112983%	0.0106621%	0.0006362%
Public Safety System	-	19,902	0.0553547%	0.0347303%	0.0206244%
Tier 2 Public Employees System	-	465	0.0032316%	0.0023607%	0.0008709%
Tier 2 Public Safety and Firefighter	-	1,243	0.0138543%	0.0000000%	0.0138543%
Total Net Pension Asset/Liability	<u>\$ -</u>	<u>\$ 27,405</u>			

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the System during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2021, we recognized pension expense of \$36,963.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,397	\$ 213
Changes in assumptions	3,001	1,865
Net difference between projected and actual earnings on pension plan investments	-	64,817
Changes in proportion and differences between contributions and proportionate share of contributions	15,753	5,516
Contributions subsequent to the measurement date	21,970	-
Total	<u>\$ 72,121</u>	<u>\$ 72,411</u>

\$20,970 was reported as deferred outflows of resources related to pensions resulting from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2021	\$ 3,361
2022	\$ 1,176
2023	\$ (18,773)
2024	\$ (10,501)
2025	\$ 288
Thereafter	\$ 2,189

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, we recognized pension expense of \$10,371.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,775	\$ -
Changes in assumptions	-	758
Net difference between projected and actual earnings on pension plan investments	-	42,318
Changes in proportion and differences between contributions and proportionate share of contributions	6,561	-
Contributions subsequent to the measurement date	7,962	-
Total	\$ 22,298	\$ 43,076

\$7,962 was reported as deferred outflows of resources related to pensions resulting from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2021	\$ (5,325)
2022	\$ (1,905)
2023	\$ (14,495)
2024	\$ (7,015)
2025	\$ -
Thereafter	\$ -

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, we recognized pension expense of \$18,198.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,551	\$ -
Changes in assumptions	2,124	957
Net difference between projected and actual earnings on pension plan investments	-	20,346
Changes in proportion and differences between contributions and proportionate share of contributions	7,142	5,458
Contributions subsequent to the measurement date	3,429	-
Total	\$ 35,246	\$ 26,761

\$3,429 was reported as deferred outflows of resources related to pensions resulting from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2021	\$ 9,008
2022	\$ 3,257
2023	\$ (3,826)
2024	\$ (3,383)
2025	\$ -
Thereafter	\$ -

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, we recognized pension expense of \$4,567.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 428	\$ 213
Changes in assumptions	588	17
Net difference between projected and actual earnings on pension plan investments	-	1,359
Changes in proportion and differences between contributions and proportionate share of contributions	1,118	58
Contributions subsequent to the measurement date	5,814	-
Total	\$ 7,948	\$ 1,647

\$5,814 was reported as deferred outflows of resources related to pensions resulting from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2021	\$ (216)
2022	\$ (120)
2023	\$ (299)
2024	\$ (76)
2025	\$ 175
Thereafter	\$ 1,026

Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, we recognized pension expense of \$3,828.

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

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 643	\$ -
Changes in assumptions	289	133
Net difference between projected and actual earnings on pension plan investments	-	794
Changes in proportion and differences between contributions and proportionate share of contributions	932	-
Contributions subsequent to the measurement date	4,764	-
Total	\$ 6,628	\$ 927

\$4,764 was reported as deferred outflows of resources related to pensions resulting from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2021	\$ (105)
2022	\$ (56)
2023	\$ (152)
2024	\$ (26)
2025	\$ 114
Thereafter	\$ 1,163

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:

Inflation	2.50 percent
Salary increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	37%	6.30%	2.33%
Debt Securities	20%	0.00%	0.00%
Real Assets	15%	6.19%	0.93%
Private Equity	12%	9.50%	1.14%
Absolute Return	16%	2.75%	0.44%
Cash and Cash Equivalents	0%	0.00%	0.00%
Totals	100%		4.84%
	Inflation		2.50%
	Expected arithmetic nominal return		7.34%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount Rate:

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95 percent.

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated used a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (CONTINUED)

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 100,475	\$ 5,795	\$ (73,134)
Public Safety System	72,756	19,902	(23,164)
Tier 2 Public Employees System	7,821	465	(5,163)
Tier 2 Public Safety and Firefighter	5,859	1,243	(2,439)
Total	\$ 186,911	\$ 27,405	\$ (103,900)

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Town of Mantua participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30 were as follows:

401(k) Plan	2021	2020	2019
Employer Contributions	\$ 3,283	\$ 9,006	\$ 1,771
Employee Contributions	\$ 16,475	\$ 15,000	\$ 16,960

NOTE 7 - RISK MANAGEMENT

Mantua Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The Town maintains comprehensive insurance coverage in aggregate amounts sufficient to protect against all reasonably foreseeable liability risks. Specific liability policies purchased include automobile, general liability, property, bond (employee dishonesty), treasurer, public officials and officers, excess liability, and workman's compensation. As of June 30, 2021, there is no anticipation of unpaid claims. Therefore, a liability is not accrued. Settlement amounts have not exceeded coverage for the current year or the three prior years.

NOTE 8 - AMOUNT TO BE PROVIDED FOR COMPENSATED ABSENCES

The accumulated unpaid vacation and compensatory time which would be paid if employees terminated employment June 30, 2021 was \$38,875.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 - INTER-FUND TRANSFERS AND BALANCES

Occasionally money is reallocated from one fund to another fund. The interfund receivables/payables below took place for that very purpose and will be repaid within the next fiscal year. Such amounts for the fiscal year ended June 30, 2021 were as follows:

<u>Due To</u>	<u>Due From</u>				<u>Total</u>
	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	
General	\$ -	\$ 19,144	\$ 9,442	\$ 2,469	\$ 31,055
Capital	-	-	-	-	-
Water	20,485	-	6,798	9,585	36,868
Sewer	8,880	14,516	-	-	23,396
Garbage	-	6,190	-	-	6,190
Totals	<u>\$ 29,365</u>	<u>\$ 39,850</u>	<u>\$ 16,240</u>	<u>\$ 12,054</u>	<u>\$ 97,509</u>

NOTE 10 - PROPERTY TAX CALENDAR

Lien date	Jan. 1
Taxing entity notifies the county of date, time, and place of public hearing	Mar. 1
Budget officer of the entity prepares and files with the Town Council a tentative budget for the next fiscal year	1 st scheduled council meeting in May
County auditor sends valuation certified tax rate and levy worksheets to each taxing entity	Jun. 8
Taxing entity must adopt a proposed tax rate, certify the rate and levy, and submit to the county auditor	Before Jun. 22
Taxing entity adopts a final tax rate if there is no increase in certified tax rate	Jun.22
Taxing entity adopts final budget if there is no increase in certified tax rate	Jun. 22
Copy of the budget is submitted to state auditor within 30 days of adoption Payment and delinquency date	Nov. 30

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The Town is required to keep actual expenditures below budget appropriations by fund. For the year ended June 30, 2021 all funds maintained expenditures below their appropriations.

The Town is also required to maintain positive fund balances in each fund and has complied with this requirement.

NOTE 12 - SUBSEQUENT EVENTS

Events subsequent to the date of the financial statements through November 16, 2021, which is the financial statement issuance date, have been evaluated. The Town received ARPA grant funding in the amounts of \$56,986 on July 15, 2021. The funding provided under ARPA provides a unique opportunity for state and local governments to make strategic investments in long-lived assets, rebuild reserves to enhance financial stability, and cover temporary operating shortfalls until economic conditions and operations normalize.

**REQUIRED SUPPLEMENTARY
INFORMATION**

MANTUA TOWN
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
JUNE 30, 2021
with a measurement date of December 31, 2020
Last 10 fiscal years*

		Noncontributory Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety Firefighters Retirement System	Public Safety System
Proportion of the net pension liability (asset)	2021	0.0112983%	0.0032316%	0.0138543%	0.0553547%
	2020	0.0106621%	0.0023607%	0.0000000%	0.0347303%
	2019	0.0085085%	0.0000000%	0.0000000%	0.0895990%
	2018	0.8366000%	0.0000000%	0.0000000%	0.0855763%
	2017	0.0077811%	0.0000000%	0.0000000%	0.0171944%
	2016	0.0078385%	0.0000694%	0.0000000%	0.0000000%
	2015	0.0091721%	0.0064030%	0.0000000%	0.0000000%
Proportion share of the net pension liability (asset)	2021	\$ 5,795	\$ 465	\$ 1,243	\$ 19,902
	2020	\$ 40,184	\$ 531	\$ -	\$ 17,247
	2019	\$ 62,654	\$ -	\$ -	\$ 70,604
	2018	\$ 36,654	\$ -	\$ -	\$ 41,351
	2017	\$ 49,964	\$ -	\$ -	\$ 10,717
	2016	\$ 44,354	\$ -	\$ -	\$ -
	2015	\$ 39,827	\$ (194)	\$ -	\$ -
Covered employee payroll	2021	\$ 93,874	\$ 51,545	\$ 25,000	\$ -
	2020	\$ 92,262	\$ 32,816	\$ -	\$ 3,671
	2019	\$ 80,632	\$ -	\$ -	\$ 49,069
	2018	\$ 77,649	\$ -	\$ -	\$ 46,419
	2017	\$ 71,918	\$ -	\$ -	\$ 9,460
	2016	\$ 69,661	\$ 447	\$ -	\$ -
	2015	\$ 69,846	\$ 31,405	\$ -	\$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2021	6.17%	0.90%	4.97%	0.00%
	2020	43.55%	1.62%	0.00%	469.76%
	2019	77.70%	0.00%	0.00%	143.89%
	2018	47.20%	0.00%	0.00%	89.08%
	2017	69.47%	0.00%	0.00%	113.29%
	2016	63.67%	0.00%	0.00%	0.00%
	2015	57.00%	-0.60%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	2021	99.2%	98.3%	93.1%	94.5%
	2020	93.7%	96.5%	0.0%	91.7%
	2019	87.0%	0.0%	0.0%	85.6%
	2018	91.9%	0.0%	0.0%	90.5%
	2017	87.3%	0.0%	0.0%	86.1%
	2016	87.8%	100.2%	0.0%	0.0%
	2015	90.2%	103.5%	0.0%	0.0%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) their RSI. The 10-year schedule will need to be built prospectively. This table represents a 7-year history.

See accompanying notes to required supplementary information

MANTUA TOWN
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2021
with a measurement date of December 31, 2020
Last 10 fiscal years*

	As of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Noncontributory System	2014	\$ 11,372	\$ 11,372	\$ -	\$ 65,772	17.29%
	2015	12,958	12,958	-	70,160	18.47%
	2016	13,016	13,016	-	70,473	18.47%
	2017	13,928	13,928	-	75,407	18.47%
	2018	14,272	14,272	-	77,272	18.47%
	2019	15,748	15,748	-	85,264	18.47%
	2020	17,615	17,615	-	95,369	18.47%
	2021	16,866	16,866	-	85,264	18.47%
Public Safety System	2014	\$ 4,442	\$ 4,442	\$ -	\$ 11,862	37.45%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	12,386	12,386	-	31,809	38.94%
	2018	19,078	19,078	-	48,993	38.94%
	2019	10,840	10,840	-	27,816	38.97%
	2020	-	-	-	-	0.00%
	2021	3,429	3,429	-	8,800	38.97%

See accompanying notes to required supplementary information

MANTUA TOWN
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2021
with a measurement date of December 31, 2020
Last 10 fiscal years*

	As of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Tier 2 Public Employees System*	2014	\$ 4,289	\$ 4,289	\$ -	\$ 30,655	13.99%
	2015	2,507	2,507	-	16,780	14.94%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2019	2,533	2,533	-	16,297	15.54%
	2020	5,271	5,271	-	33,657	15.66%
	2021	11,250	11,250	-	71,305	15.80%
Tier 2 Public Safety and Firefighter System	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2019	-	-	-	-	0.00%
	2020	-	-	-	-	0.00%
	2021	10,507	10,507	-	35,000	30.02%

See accompanying notes to required supplementary information

MANTUA TOWN
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2021
with a measurement date of December 31, 2020
Last 10 fiscal years*

	As of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Tier 2 Public Safety and Firefighter DC Only System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2019	2,115	2,115	-	13,200	16.02%
	2020	11,560	11,560	-	72,160	16.02%
	2021	3,031	3,031	-	18,920	16.02%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems.
Tier 2 systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues. The 10-year schedule will need to be built prospectively.

See accompanying notes to required supplementary information

MANTUA TOWN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
JUNE 30, 2021

Changes in Assumptions:

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability of as December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the “Retirement Office” column using the “Reports and Stats” tab.

AUDITOR'S REPORTS



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

To the Mayor and Town Council of
Mantua Town

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of Mantua Town, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Mantua Town's basic financial statements, and have issued our report thereon dated November 16, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.

Child, Richards CPAs & Advisors

Ogden, Utah

November 16, 2021



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE***

To the Mayor and Town Council of
Mantua Town

Report On Compliance

We have audited Mantua Town’s compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on Mantua Town for the year ended June 30, 2021.

State compliance requirements were tested for the year ended June 30, 2021 in the following areas:

Budgetary Compliance	Fund Balance
Justice Courts	Restricted Taxes and Related Revenues
Fraud Risk Assessment	Governmental Fees

Management’s Responsibility

Management is responsible for compliance with the state requirements referred to above.

Auditor’s Responsibility

Our responsibility is to express an opinion on Mantua Town’s compliance based on our audit of the state 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 *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about Mantua Town’s 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 state compliance requirement referred to above. However, our audit does not provide a legal determination of Mantua Town’s compliance with those requirements.

Opinion on Compliance

In our opinion, Mantua Town complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in the accompanying schedule of findings as item 2021-1. Our opinion on compliance is not modified with respect to these matters.

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

Report On Internal Control Over Compliance

Management of Mantua Town is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mantua Town's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, 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 Mantua Town'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 to detect and correct noncompliance with a state compliance requirement 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 state compliance requirement 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 state compliance requirement 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 and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Child, Richards CPAs & Advisors

Ogden, Utah
November 16, 2021

SCHEDULE OF FINDINGS

MANTUA TOWN
SCHEDULE OF FINDINGS
JUNE 30, 2021

2021-01: State Compliance – Fraud Risk Assessment

Criteria: The Utah State Auditor requires that the Fraud Risk Assessment be filled out by the entity, signed by the CAO and CFO, and be presented in a board meeting every year.

Condition: As of June 30, 2021, the Fraud Risk Assessment had not been completed, presented, or uploaded.

Cause: There was confusion on the timing of this report, as the requirement to upload isn't until 6 months after fiscal year end, December 31, 2021

Effect: There is no effect on the financial statements. The District is noncompliant with the Utah State Auditor's requirement.

Recommendation: We recommend the District to have the Assessment be a regular agenda item on the same month every year so that it is always completed and presented to the board before the end of the fiscal year.

Management's Response: The CFO will complete and present the 2021 Fraud Risk Assessment, as well as upload it prior to December 31, 2021, The CFO will ensure this process as part of their year end reporting to ensure timely reporting in the future.