

**MANTUA TOWN
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2019**

**MANTUA TOWN
YEAR ENDED JUNE 30, 2019
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	17-40
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	41-42
Schedule of the Proportionate Share of the Net Pension Liability - Utah Retirement Systems	43
Schedule of Contributions - Utah Retirement Systems	44-45
Notes to Required Supplementary Information	46
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>	47-48
Independent Auditor's Report as Required by the State Compliance Audit Guide on Compliance with General State Compliance Requirements and Internal Control Over Compliance	49-50
Schedule of Findings	51



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, 2019, 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 of Mantua Town, as of June 30, 2019, 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 and budgetary comparison information, the schedule of the proportionate share of the net pension liability, the schedule of contributions, and the notes to the required supplementary information on pages 3-7 and 41-46 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 December 3, 2019, on our consideration of the 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, UT
December 3, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MANTUA TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2019**

INTRODUCTION

The following is a discussion and analysis of Mantua Town's financial performance and activities for the fiscal year ending June 30, 2019.

HIGHLIGHTS

Net position of the Town increased by \$666,619. Of this amount, business-type activities increased by \$583,845 and governmental activities increased by \$82,774.

The assets of Mantua Town exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year by \$4,750,065 (net position). Of this amount, \$1,476,456 (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 \$522,714, an increase of \$116,366 compared to the prior years' ending amount. Of the combined total fund balance, \$258,260 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, 2019, totaling \$258,260 is 35% of the General Fund total revenues for the year. The General Fund has \$198,821 of fund balance restricted for specific purposes that will be carried over into the following fiscal year and \$10,827 of nonspendable fund balance which represents resources that have already been allocated to expenses for future periods.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the Town's Basic Financial Statements. The Basic Financial Statements includes 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, 2019**

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 two individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Capital Projects Fund.

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.

(The remainder of this page intentionally left blank)

**MANTUA TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2019**

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
	2019	2018	2019	2018	2019	2018
Cash	\$ 797,801	\$ 596,488	\$ 2,234,962	\$ 1,622,091	\$ 3,032,763	\$ 2,218,579
Other assets	290,901	210,625	37,192	40,478	328,093	251,103
Capital assets	759,295	766,893	1,301,183	1,328,583	2,060,478	2,095,476
Deferred outflows of resources	94,784	95,936	8,951	9,096	103,735	105,032
Total assets and deferred outflows	<u>1,942,781</u>	<u>1,669,942</u>	<u>3,582,288</u>	<u>3,000,248</u>	<u>5,525,069</u>	<u>4,670,190</u>
Noncurrent liabilities	175,426	111,570	17,324	11,147	192,750	122,717
Other liabilities	302,911	215,252	12,952	16,023	315,863	231,275
Total liabilities	<u>478,337</u>	<u>326,822</u>	<u>30,276</u>	<u>27,170</u>	<u>508,613</u>	<u>353,992</u>
Deferred inflows of resources	265,894	227,344	497	5,408	266,391	232,752
Total liabilities and deferred inflows	<u>744,231</u>	<u>554,166</u>	<u>30,773</u>	<u>32,578</u>	<u>775,004</u>	<u>586,744</u>
Net position:						
Net investment in capital assets	759,295	766,893	1,301,183	1,328,583	2,060,478	2,095,476
Restricted	198,821	114,924	1,014,310	604,448	1,213,131	719,372
Unrestricted	240,434	233,959	1,236,022	1,034,639	1,476,456	1,268,598
Total net position	<u>\$ 1,198,550</u>	<u>\$ 1,115,776</u>	<u>\$ 3,551,515</u>	<u>\$ 2,967,670</u>	<u>\$ 4,750,065</u>	<u>\$ 4,083,446</u>

The largest component of the Town's net position, 43.38%, 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 25.54% of the total net position and is subject to external restrictions on how they may be used. The remaining 31.08% 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, 2019**

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30	June 30	June 30	June 30	June 30	June 30
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 217,902	\$ 221,996	\$ 390,757	\$ 350,254	\$ 608,659	\$ 572,250
Operating grants and contributions	62,652	56,696	-	-	62,652	56,696
Capital grants and contributions	92,565	67,554	433,679	420,954	526,244	488,508
General revenues:						
Property taxes	182,333	155,781	-	-	182,333	155,781
Sales taxes	101,745	95,029	-	-	101,745	95,029
Other taxes	26,604	22,808	-	-	26,604	22,808
Interest	-	-	52,744	23,325	52,744	23,325
Other	58,958	40,142	-	-	58,958	40,142
Total revenues	<u>742,759</u>	<u>660,006</u>	<u>877,180</u>	<u>794,533</u>	<u>1,619,939</u>	<u>1,454,539</u>
Transfers In (Out)	-	-	-	-	-	-
Total revenues and transfers	<u>742,759</u>	<u>660,006</u>	<u>877,180</u>	<u>794,533</u>	<u>1,619,939</u>	<u>1,454,539</u>
Expenses:						
General government	321,721	279,704	-	-	321,721	279,704
Public safety	163,008	146,987	-	-	163,008	146,987
Highways and public improvements	121,291	57,764	-	-	121,291	57,764
Parks and recreation	53,965	33,998	-	-	53,965	33,998
Water	-	-	140,693	112,966	140,693	112,966
Sewer	-	-	107,369	91,521	107,369	91,521
Garbage	-	-	45,273	44,931	45,273	44,931
Total expenses	<u>659,985</u>	<u>518,453</u>	<u>293,335</u>	<u>249,418</u>	<u>953,320</u>	<u>767,871</u>
Change in net position	<u>82,774</u>	<u>141,553</u>	<u>583,845</u>	<u>545,115</u>	<u>666,619</u>	<u>686,668</u>
Net position-beginning	<u>1,115,776</u>	<u>974,223</u>	<u>2,967,670</u>	<u>2,422,555</u>	<u>4,083,446</u>	<u>3,396,778</u>
Net position-ending	<u>\$ 1,198,550</u>	<u>\$ 1,115,776</u>	<u>\$ 3,551,515</u>	<u>\$ 2,967,670</u>	<u>\$ 4,750,065</u>	<u>\$ 4,083,446</u>

Governmental Activities

The activities in the governmental funds resulted in an increase in net position of \$82,774 for the year.

Business-Type Activities

The business-type activities increased net position by \$583,845. The Enterprise Funds are generating sufficient operating revenue to cover operating costs with a small surplus.

**MANTUA TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2019**

Capital Assets

Mantua Town added \$77,192 in new capital assets in governmental activities during the fiscal year. This consisted of finishing the work on the new Salt building, and a new police vehicle.

Fund Balances

The fund balance in the General Fund increased by \$116,366. The Net Position in the Enterprise Funds increased by \$583,845.

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 \$3,828 above the original budget and \$6,242 above the final adjusted budget. Actual General Fund expenditures before transfers were \$93,740 below the original budget and \$133,124 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, 2019

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 598,980	\$ 1,220,652	\$ 1,819,632
Restricted cash	198,821	1,014,310	1,213,131
Accounts receivable	933	29,398	30,331
Due from other governmental units	286,935	-	286,935
Prepaid expenses	10,827	-	10,827
Internal balances	(7,794)	7,794	-
Capital assets (net of accumulated depreciation):			
Land	71,180	35,000	106,180
Construction in progress	12,800	71,882	84,682
Infrastructure	435,766	-	435,766
Buildings	131,289	220,083	351,372
Improvements	-	957,810	957,810
Machinery and equipment	108,260	14,308	122,568
Water rights	-	2,100	2,100
TOTAL ASSETS	1,847,997	3,573,337	5,421,334
Deferred outflows of resources - pensions	94,784	8,951	103,735
TOTAL ASSETS AND DEFERRED OUTFLOWS	1,942,781	3,582,288	5,525,069
LIABILITIES			
Accounts payable	53,220	12,952	66,172
Accrued liabilities	18,351	-	18,351
Deposits	231,340	-	231,340
Non-current liabilities:			
Due within one year	7,242	-	7,242
Due in more than one year	168,184	17,324	185,508
TOTAL LIABILITIES	478,337	30,276	508,613
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	248,969	-	248,969
Unavailable revenue - leases	14,108	-	14,108
Deferred inflows of resources related to pensions	2,817	497	3,314
TOTAL DEFERRED INFLOWS OF RESOURCES	265,894	497	266,391
NET POSITION			
Net investment in capital assets	759,295	1,301,183	2,060,478
Restricted for:			
Class C roads	80,110	-	80,110
Road impact fees	93,700	-	93,700
Impact fees	25,011	1,014,310	1,039,321
Unrestricted	240,434	1,236,022	1,476,456
TOTAL NET POSITION	\$ 1,198,550	\$ 3,551,515	\$ 4,750,065

The accompanying notes are an integral part of these statements.

**MANTUA TOWN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

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	\$ 321,721	\$ 182,946	\$ 2,536	\$ -	\$ (136,239)	\$ -	\$ (136,239)
Public safety	163,008	-	-	-	(163,008)	-	(163,008)
Highways and improvements	121,291	-	60,116	67,554	6,379	-	6,379
Parks and recreation	53,965	34,956	-	25,011	6,002	-	6,002
Total governmental activities	<u>659,985</u>	<u>217,902</u>	<u>62,652</u>	<u>92,565</u>	<u>(286,866)</u>	<u>-</u>	<u>(286,866)</u>
Business-type activities:							
Water	140,693	198,102	-	379,209	-	436,618	436,618
Sewer	107,369	143,623	-	54,470	-	90,724	90,724
Garbage	45,273	49,032	-	-	-	3,759	3,759
Total business-type activities	<u>293,335</u>	<u>390,757</u>	<u>-</u>	<u>433,679</u>	<u>-</u>	<u>531,101</u>	<u>531,101</u>
Total primary government	<u>\$ 953,320</u>	<u>\$ 608,659</u>	<u>\$ 62,652</u>	<u>\$ 526,244</u>	<u>(286,866)</u>	<u>531,101</u>	<u>244,235</u>
General revenues:							
Property taxes					182,333	-	182,333
Sales taxes					101,745	-	101,745
Fees-in-lieu of taxes					20,495	-	20,495
Franchise taxes					6,109	-	6,109
Miscellaneous					51,027	-	51,027
Gain (loss) on sale of asset					7,931	-	7,931
Interest earnings					-	52,744	52,744
Total general revenues and transfers					<u>369,640</u>	<u>52,744</u>	<u>422,384</u>
Change in net position					<u>82,774</u>	<u>583,845</u>	<u>666,619</u>
Net position - beginning					<u>1,115,776</u>	<u>2,967,670</u>	<u>4,083,446</u>
Net position - ending					<u>\$ 1,198,550</u>	<u>\$ 3,551,515</u>	<u>\$ 4,750,065</u>

The accompanying notes are an integral part of these statements.

**MANTUA TOWN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Governmental Funds
ASSETS	
Cash and cash equivalents	\$ 598,980
Restricted cash	198,821
Accounts receivable	933
Due from other governmental units	286,935
Interfund receivable	14,310
Prepaid expenses	10,827
Total assets	\$ 1,110,806
LIABILITIES	
Interfund payable	\$ 22,104
Accounts payable	53,220
Accrued liabilities	18,351
Customer deposits	231,340
Total liabilities	325,015
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	248,969
Unavailable revenue - leases	14,108
Total deferred inflows of resources	263,077
FUND BALANCES	
Nonspendable:	
Prepays	10,827
Restricted for:	
Class C roads	80,110
Park impact fees	25,011
Road impact fees	93,700
Assigned to:	
Fire department	14,665
Cemetery	40,141
Capital projects	-
Unassigned	258,260
Total fund balances	522,714
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,110,806

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, 2019

Total fund balances - governmental funds:	\$	522,714
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	12,800	
Infrastructure	1,261,657	
Buildings	245,153	
Improvements	-	
Machinery and equipment	625,887	
Accumulated depreciation	<u>(1,457,382)</u>	759,295
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.		
		94,784
Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements.		
		(2,817)
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	(115,934)	
Lease revenue financing	(28,966)	
Compensated absences	<u>(30,526)</u>	(175,426)
Net position of governmental activities		<u><u>\$ 1,198,550</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, 2019**

	<u>Governmental Funds</u>
REVENUES	
Taxes	
Property taxes	\$ 182,333
Sales taxes	101,745
Fees-in-lieu of taxes	20,495
Franchise taxes	6,109
Licenses and permits	25,436
Charges for services	28,071
Intergovernmental	62,652
Fines and forfeitures	153,264
Miscellaneous revenue	154,723
Total revenues	<u>734,828</u>
EXPENDITURES	
Current	
General government	304,797
Public safety	153,741
Highways and public improvements	84,704
Parks and recreation	49,802
Capital outlay	
General government	13,668
Public safety	49,147
Highways and public improvements	-
Parks and recreation	14,377
Debt service	
Public safety	24,522
Total expenditures	<u>694,758</u>
Excess (deficiency) of revenues over expenditures	<u>40,070</u>
Other financing sources (uses)	
Gain on sale	40,088
Lease proceeds	36,208
Transfers in	-
Transfers out	-
Total other financing sources and uses	<u>76,296</u>
Net change in fund balances	116,366
Fund balances - beginning of year	<u>406,348</u>
Fund balances - end of year	<u><u>\$ 522,714</u></u>

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, 2019**

Amounts reported for governmental activities in the Statement of
Activities are different because:

Net changes in fund balances - total governmental funds	\$	116,366
---	----	---------

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	\$	77,192
Depreciation expense		(52,633)
		24,559

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		-
----------------	--	---

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. (11,214)

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		(36,208)
Repayment of debt		24,522

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		(32,157)
-------------------------------	--	----------

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. (3,094)

Change in net position of governmental activities	\$	82,774
---	----	--------

The accompanying notes are an integral part of these statements.

**MANTUA TOWN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Garbage	Total
ASSETS AND DEFERRED OUTFLOWS				
Current assets:				
Cash and cash equivalents	\$ 810,714	\$ 397,141	\$ 12,797	\$ 1,220,652
Accounts receivable	13,747	11,662	3,989	29,398
Interfund receivables	33,983	28,517	3,437	65,937
Total current assets	<u>858,444</u>	<u>437,320</u>	<u>20,223</u>	<u>1,315,987</u>
Noncurrent assets:				
Restricted cash and cash equivalents	913,406	100,904	-	1,014,310
Land	35,000	-	-	35,000
Construction in progress	71,882	-	-	71,882
Water stock	2,100	-	-	2,100
Improvements	1,412,558	746,589	-	2,159,147
Buildings	538,377	-	-	538,377
Machinery & equipment	26,483	-	-	26,483
Less: accumulated depreciation	(988,359)	(543,447)	-	(1,531,806)
Total noncurrent assets	<u>2,011,447</u>	<u>304,046</u>	<u>-</u>	<u>2,315,493</u>
Total assets	<u>2,869,891</u>	<u>741,366</u>	<u>20,223</u>	<u>3,631,480</u>
Deferred outflows of resources - pension	8,951	-	-	8,951
Total assets and deferred outflows of resources	<u>2,878,842</u>	<u>741,366</u>	<u>20,223</u>	<u>3,640,431</u>
LIABILITIES AND DEFERRED INFLOWS				
Current liabilities:				
Accounts payable	2,605	6,910	3,437	12,952
Interfund payables	34,045	16,689	7,409	58,143
Total current liabilities	<u>36,650</u>	<u>23,599</u>	<u>10,846</u>	<u>71,095</u>
Noncurrent liabilities:				
Net pension liability	17,324	-	-	17,324
Total noncurrent liabilities	<u>17,324</u>	<u>-</u>	<u>-</u>	<u>17,324</u>
Deferred inflows of resources - pension	497	-	-	497
Total liabilities and deferred inflows of resources	<u>54,471</u>	<u>23,599</u>	<u>10,846</u>	<u>88,916</u>
NET POSITION				
Net investment in capital assets	1,098,041	203,142	-	1,301,183
Restricted - impact fees	913,406	100,904	-	1,014,310
Unrestricted	812,924	413,721	9,377	1,236,022
Total net position	<u>\$ 2,824,371</u>	<u>\$ 717,767</u>	<u>\$ 9,377</u>	<u>\$ 3,551,515</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, 2019

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Garbage	Total
OPERATING REVENUE				
Charges for service	\$ 174,738	\$ 140,373	\$ 49,032	\$ 364,143
Other	23,364	3,250	-	26,614
Total operating revenue	198,102	143,623	49,032	390,757
OPERATING EXPENSES				
Admin charges - general fund	-	-	-	-
Depreciation	46,563	14,947	-	61,510
General expenses	6,743	-	-	6,743
Operation and maintenance	38,711	4,598	2,257	45,566
Salaries and benefits	26,030	9,466	2,647	38,143
Sewer fees	-	78,358	-	78,358
Utilities	22,646	-	-	22,646
Waste collection/disposal	-	-	40,369	40,369
Total operating expenses	140,693	107,369	45,273	293,335
Operating income (loss)	57,409	36,254	3,759	97,422
NONOPERATING REVENUE (EXPENSES)				
Impact fees	379,209	54,470	-	433,679
Interest expense	-	-	-	-
Interest revenue	40,559	12,053	132	52,744
Gain (loss) on sale	-	-	-	-
Total nonoperating revenue	419,768	66,523	132	486,423
Income (loss) before contributions	477,177	102,777	3,891	583,845
Capital contributions	-	-	-	-
Change in net position	477,177	102,777	3,891	583,845
Net position - beginning	2,347,194	614,990	5,486	2,967,670
Net position - ending	\$ 2,824,371	\$ 717,767	\$ 9,377	\$ 3,551,515

The accompanying notes are an integral part of these statements.

MANTUA TOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Garbage	Total
Cash Flows From Operating Activities				
Receipts from customers	\$ 199,045	\$ 144,423	\$ 49,305	\$ 392,773
Interfund services provided	-	-	-	-
Payments to employees	(24,619)	(9,466)	(2,647)	(36,732)
Payments to suppliers	(72,673)	(81,674)	(42,404)	(196,751)
Payments for interfund services used	-	-	-	-
Net cash from operating activities	<u>101,753</u>	<u>53,283</u>	<u>4,254</u>	<u>159,290</u>
Cash Flows From Noncapital Financing Activities				
Transfers In/Out	-	-	-	-
Interfund loan activities	(18,390)	19,565	94	1,269
Net cash from noncapital financing activities	<u>(18,390)</u>	<u>19,565</u>	<u>94</u>	<u>1,269</u>
Cash Flows From Capital and Related Financing Activities				
Receipts for impact fees	379,209	54,470	-	433,679
Principal paid on capital debt	-	-	-	-
Interest paid on capital debt	-	-	-	-
Purchases of capital assets	(34,111)	-	-	(34,111)
Proceeds from sale of assets	-	-	-	-
Net cash from capital and related financing	<u>345,098</u>	<u>54,470</u>	<u>-</u>	<u>399,568</u>
Cash Flows From Investing Activities				
Interest and dividends received	40,559	12,053	132	52,744
Net cash from investing activities	<u>40,559</u>	<u>12,053</u>	<u>132</u>	<u>52,744</u>
Net increase (decrease in cash and cash equivalents)	469,020	139,371	4,480	612,871
Cash and cash equivalents, July 1	1,255,100	358,674	8,317	1,622,091
Cash and cash equivalents, June 30	<u><u>\$ 1,724,120</u></u>	<u><u>\$ 498,045</u></u>	<u><u>\$ 12,797</u></u>	<u><u>\$ 2,234,962</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 57,409	\$ 36,254	\$ 3,759	\$ 97,422
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expenses	46,563	14,947	-	61,510
(Increase) decrease in accounts receivable	943	800	273	2,016
Increase (decrease) in accounts payable	(4,573)	1,282	222	(3,069)
Increase (decrease) in net pension liability	1,411	-	-	1,411
Total adjustments	<u>44,344</u>	<u>17,029</u>	<u>495</u>	<u>61,868</u>
Net cash provided (used) by operating activities	<u><u>\$ 101,753</u></u>	<u><u>\$ 53,283</u></u>	<u><u>\$ 4,254</u></u>	<u><u>\$ 159,290</u></u>
Noncash Investing, Capital and Financing Activities:				
Contributed capital assets from developers	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 position are restricted when constraints placed upon them are either externally imposed or are

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 resources not required to be accounted for in another fund.

Capital Projects Fund - The Capital Projects fund accounts for the accumulation of resources to be used in capital projects of the Town, which usually extend beyond one year.

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, 2019

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, 2019

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.

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 only one type of item reported under this category, unavailable revenue- property taxes. These amounts are reported in both the government-wide statements and the governmental fund statements.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Inflows of Resources (Continued)

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 only one type of item 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. These amounts are reported in both the government-wide statements and the governmental fund 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, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Equity

- 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, 2019

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, 2019

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 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, 2019

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 & 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" 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, 2019, \$205,269 of the Town's bank balances of \$963,665 was uninsured and uncollateralized.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

At June 30, 2019, 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	\$ 2,089,622	\$ -	\$ 2,089,622	\$ -
Total debt securities	\$ 2,089,622	\$ -	\$ 2,089,622	\$ -

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, 2019 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, 2019, 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	2,089,622	2,089,622	-	-	-
	2,089,622	2,089,622	-	-	-

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, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

At June 30, 2019, the Town’s investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	2,089,622	-	-	-	2,089,622
	2,089,622	-	-	-	2,089,622

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 Treasurer’s Investment Fund has no custodial credit risk.

Investments not subject to categorizations:	Carrying Amount	Market Value
Utah Public Treasurer's Investment Fund	\$ 2,089,622	\$ 2,098,248
Petty cash	\$ 536	
Deposits	942,605	
Investment in Utah Public Treasurer's Investment fund	2,089,622	
Total deposits and investments	<u>\$ 3,032,763</u>	
Unrestricted cash	\$ 1,819,632	
Restricted cash - impact fees	1,133,021	
Restricted cash - class C roads	80,110	
Total deposits and investments	<u>\$ 3,032,763</u>	

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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
Receivables:			
Utah State Tax Commission	\$ 19,832	\$ -	\$ 19,832
Utah Department of Transportation	12,669	-	12,669
County - Current Property Taxes	5,465	-	5,465
Taxpayers - Unavailable Taxes	248,969	-	248,969
Other Receivables	-	933	933
Gross receivables	286,935	933	287,868
Less: Allowance for uncollectibles	-	-	-
Net total receivables	<u><u>\$ 286,935</u></u>	<u><u>\$ 933</u></u>	<u><u>\$ 287,868</u></u>

Accounts Payable Due To:			
	Other Governments	Vendors	Total
General Fund	\$ 34,753	\$ 18,467	\$ 53,220
Capital Projects Fund	-	-	-
Water Fund	-	2,605	2,605
Sewer Fund	-	6,910	6,910
Garbage Fund	-	3,437	3,437
Total	<u><u>\$ 34,753</u></u>	<u><u>\$ 31,419</u></u>	<u><u>\$ 66,172</u></u>

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019, was as follows:

GOVERNMENTAL ACTIVITIES	Balance June 30, 2018	Additions	(Deletions)	Balance June 30, 2019
Nondepreciated Assets				
Land	\$ 71,180	\$ -	\$ -	\$ 71,180
Construction in progress	26,564	-	(13,764)	12,800
Total nondepreciated assets	<u>97,744</u>	<u>-</u>	<u>(13,764)</u>	<u>83,980</u>
Depreciated Assets				
Infrastructure	1,261,657	-	-	1,261,657
Improvements	-	-	-	-
Buildings	217,721	27,432	-	245,153
Machinery and equipment	603,412	63,525	(41,051)	625,887
Total depreciated assets	<u>2,082,791</u>	<u>90,957</u>	<u>(41,051)</u>	<u>2,132,696</u>
Less accumulated depreciation				
Infrastructure	(798,399)	(27,492)	-	(825,891)
Improvements	-	-	-	-
Buildings	(105,808)	(8,056)	-	(113,864)
Machinery and equipment	(509,435)	(17,085)	8,894	(517,626)
Total accumulated depreciation	<u>(1,413,642)</u>	<u>(52,633)</u>	<u>8,894</u>	<u>(1,457,382)</u>
Net assets depreciated	<u>669,149</u>	<u>38,324</u>	<u>(32,157)</u>	<u>675,315</u>
Governmental activities capital assets, net	<u>\$ 766,893</u>	<u>\$ 38,324</u>	<u>\$ (45,921)</u>	<u>\$ 759,295</u>

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS (CONTINUED)

BUSINESS-TYPE ACTIVITIES	Balance			Balance
	June 30, 2018	Additions	(Deletions)	June 30, 2019
Nondepreciated Assets				
Water - land	\$ 35,000	\$ -	\$ -	\$ 35,000
Construction in progress	37,770	34,112	-	71,882
Water rights	2,100	-	-	2,100
	<u>74,871</u>	<u>34,111</u>	<u>-</u>	<u>108,981</u>
Depreciated Assets				
Water – buildings	538,377	-	-	538,377
Water – equipment	26,483	-	-	26,483
Water – improvements	1,412,558	-	-	1,412,558
Sewer – improvements	746,589	-	-	746,589
Total depreciated assets	<u>2,724,007</u>	<u>-</u>	<u>-</u>	<u>2,724,007</u>
Less accumulated depreciation				
Water – buildings	(310,778)	(7,517)	-	(318,295)
Water – equipment	(9,398)	(2,777)	-	(12,175)
Water – improvements	(621,620)	(36,269)	-	(657,889)
Sewer – improvements	(528,500)	(14,947)	-	(543,447)
Total	<u>(1,470,295)</u>	<u>(61,510)</u>	<u>-</u>	<u>(1,531,805)</u>
Net assets depreciated	<u>1,253,712</u>	<u>(61,510)</u>	<u>-</u>	<u>1,192,202</u>
Business-type activities capital assets, net	<u>\$ 1,328,583</u>	<u>\$ (27,399)</u>	<u>\$ -</u>	<u>\$ 1,301,183</u>

DEPRECIATION EXPENSE

	Governmental	Business	Totals
	Types	Types	
General Government	\$ 7,526	\$ -	\$ 7,526
Public Safety	8,787	-	8,787
Highways & Improvements	36,189	-	36,189
Parks & Recreation	131	-	131
Water System	-	46,563	46,563
Sewer System	-	14,947	14,947
Total	<u>\$ 52,633</u>	<u>\$ 61,510</u>	<u>\$ 114,143</u>

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2019, was as follows:

Description	Interest Rate	Outstanding 6/30/2018	Additions	Payments	Outstanding 6/30/2019	Current Portion
GOVERNMENTAL ACTIVITIES						
Net Pension Liability	N/A	\$ 66,858	\$ 49,076	\$ -	\$ 115,934	\$ -
Capital Lease		17,280	36,208	(24,522)	28,966	7,242
Compensated Absences	N/A	27,432	3,094	-	30,526	-
TOTAL GOVERNMENTAL		<u>\$ 111,569</u>	<u>\$ 88,378</u>	<u>\$ (24,522)</u>	<u>\$ 175,426</u>	<u>\$ 7,242</u>
BUSINESS-TYPE ACTIVITIES						
Net Pension Liability	N/A	\$ 11,147	\$ 6,177	\$ -	\$ 17,324	\$ -
TOTAL BUSINESS-TYPE		<u>\$ 11,147</u>	<u>\$ 6,177</u>	<u>\$ -</u>	<u>\$ 17,324</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 following is a summary of the future minimum payments for the year ended June 30:

Year	Principal	Interest	Total
2020	\$ 7,242	\$ -	\$ 7,242
2021	7,242	-	7,242
2022	7,242	-	7,242
2023	7,240	-	7,240
	<u>\$ 28,966</u>	<u>\$ -</u>	<u>\$ 28,966</u>

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 mixed agent and cost-sharing, multiple employer public employee retirement systems.

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.

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

* 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, 2019

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, 2019 are as follows:

	<u>Employee Paid</u>	<u>Employer Contribution Rates</u>	<u>Employer Rate for 401(k) Plan</u>
Contributory System			
111 - Local Government Division Tier 2	N/A	15.54	1.15
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	N/A	27.28	0.74
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	12.00

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, 2019, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 15,748	N/A
Public Safety System	10,840	-
Tier 2 Public Employees System	2,532	-
Tier 2 DC Public Safety and Firefighter System	2,115	N/A
Total Contributions	\$ 31,235	\$ -

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, 2019

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

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

At June 30, 2019, we reported a net pension asset of \$0 and a net pension liability of \$133,258.

	(Measurement Date): December 31, 2018				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2017	Change (Decrease)
Noncontributory System	\$ -	\$ 62,654	0.0085085%	0.0083660%	0.0001425%
Public Safety System	-	70,604	0.0895900%	0.0855763%	0.0040227%
Tier 2 Public Employees System	-	-	0.0000000%	0.0000000%	0.0000000%
Total Net Pension Asset/Liability	\$ -	\$ 133,258			

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 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, 2019, we recognized pension expense of \$43,857.

At June 30, 2019, 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	\$ 26,474	\$ 1,169
Changes in assumptions	22,970	1,083
Net difference between projected and actual earnings on pension plan investments	26,109	-
Changes in proportion and differences between contributions and proportionate share of contributions	14,243	1,062
Contributions subsequent to the measurement date	13,939	-
Total	\$ 103,735	\$ 3,314

\$13,939 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, 2018.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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
2019	\$ 32,528
2020	\$ 24,564
2021	\$ 16,169
2022	\$ 13,299
2023	\$ -
Thereafter	\$ -

Actuarial assumptions:

The total pension liability in the December 31, 2018 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 developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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:

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

	Expected Return Arithmetic Basis		
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	40%	6.15%	2.46%
Debt Securities	20%	0.40%	0.08%
Real Assets	15%	5.75%	0.86%
Private Equity	9%	9.95%	0.89%
Absolute Return	16%	2.85%	0.46%
Cash and Cash Equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

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:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 128,407	\$ 62,654	\$ 7,899
Tier 2 Public Employees System	143,525	70,604	11,126
Total	\$ 271,932	\$ 133,258	\$ 19,025

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 - PENSION PLANS AND RETIREMENT BENEFITS (Continued)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

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:

<u>401(k) Plan</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer Contributions	\$ 1,771	\$ -	\$ -
Employee Contributions	\$ 16,960	\$ 13,160	\$ 5,480

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, 2019, 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, 2019 was \$30,526.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019 were as follows:

<u>Due To</u>	<u>Due From</u>					<u>Total</u>
	<u>General</u>	<u>Capital</u>	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	
General	\$ -	\$ -	\$ 8,751	\$ 3,963	\$ 1,595	\$ 14,310
Capital	-	-	-	-	-	-
Water	15,444	-	-	12,726	5,814	33,983
Sewer	6,660	-	21,857	-	-	28,517
Garbage	-	-	3,437	-	-	3,437
Totals	<u>\$ 22,104</u>	<u>\$ -</u>	<u>\$ 34,045</u>	<u>\$ 16,689</u>	<u>\$ 7,409</u>	<u>\$ 80,247</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

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, 2019 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.

MANTUA TOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - LEASES

The Town rents the Town Hall building for \$1 per year from the Board of Education of the Box Elder County School District. The School District may terminate the agreement at any time, upon one year's notice.

NOTE 13 - SUBSEQUENT EVENTS

No significant subsequent events have occurred since the date of the financial statements through December 3, 2019, which is the financial statement issuance date.

**REQUIRED SUPPLEMENTARY
INFORMATION**

MANTUA TOWN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

REVENUES	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Taxes:				
Property taxes	\$ 174,200	\$ 178,155	\$ 182,333	\$ 4,178
Sales taxes	85,000	99,000	101,745	2,745
Fees-in-lieu of taxes	18,000	17,600	20,495	2,895
Franchise Taxes	7,000	6,800	6,109	(691)
Licenses and permits	28,300	27,200	25,436	(1,764)
Charges for services	32,500	28,560	28,071	(489)
Fines and forfeitures	207,000	151,355	153,264	1,909
Intergovernmental revenue	60,200	59,691	62,652	2,961
Miscellaneous revenue	118,800	160,225	154,723	(5,502)
TOTAL REVENUES	731,000	728,586	734,828	6,242
EXPENDITURES				
General government:				
Administrative	150,000	136,000	131,067	4,933
Judicial	66,000	69,000	67,775	1,225
Buildings	-	8,000	7,570	430
Elections	-	-	-	-
Planning and Zoning	1,500	1,500	1,038	462
Other Professional Services	114,500	128,000	111,015	16,985
Total general government	332,000	342,500	318,465	24,035
Public safety:				
Police Department	145,760	214,940	214,806	134
Fire Department	20,000	12,758	12,604	154
Total public safety	165,760	227,698	227,410	288
Highways and streets:				
Class "C" Roads	102,498	60,000	57,888	2,112
Shop, Garage and Salt Buildings	12,000	13,668	13,668	-
Professional Services	-	-	-	-
Repair and Maintenance	14,000	3,000	3,316	(316)
Road improvement	70,000	70,056	-	70,056
Wages	10,000	12,000	9,832	2,168
Total highways and streets	208,498	158,724	84,704	74,020

MANTUA TOWN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES TO FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Parks and recreation:				
Parks	\$ 36,240	\$ 64,530	\$ 36,263	\$ 28,267
Cemetery	25,000	14,430	9,465	4,965
Recreation	19,000	19,000	18,451	549
Total parks and recreation	<u>80,240</u>	<u>97,960</u>	<u>64,179</u>	<u>33,781</u>
Miscellaneous	<u>2,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
TOTAL EXPENDITURES	<u>788,498</u>	<u>827,882</u>	<u>694,758</u>	<u>133,124</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(57,498)</u>	<u>(99,296)</u>	<u>40,070</u>	<u>139,366</u>
OTHER FINANCING SOURCES (USES)				
Appropriations from fund balance	57,498	23,000	-	(23,000)
Lease proceeds	-	76,296	76,296	-
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>57,498</u>	<u>99,296</u>	<u>76,296</u>	<u>(23,000)</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>-</u>	<u>-</u>	<u>116,366</u>	<u>116,366</u>
Fund balance - July 1	<u>406,348</u>	<u>406,348</u>	<u>406,348</u>	<u>-</u>
Fund balance - June 30	<u><u>\$ 406,348</u></u>	<u><u>\$ 406,348</u></u>	<u><u>\$ 522,714</u></u>	<u><u>\$ 116,366</u></u>

MANTUA TOWN
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
JUNE 30, 2019
with a measurement date of December 31, 2018
Last 10 fiscal years*

		<u>Noncontributory Retirement System</u>	<u>Tier 2 Public Employees Retirement System</u>	<u>Public Safety System</u>
Proportion of the net pension liability (asset)	2019	0.0085085%	0.0000000%	0.0895990%
	2018	0.8366000%	0.0000000%	0.0855763%
	2017	0.0077811%	0.0000000%	0.0171944%
	2016	0.0078385%	0.0000694%	0.0000000%
	2015	0.0091721%	0.0064030%	0.0000000%
Proportion share of the net pension liability (asset)	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	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	2019	77.70%	0.00%	143.89%
	2018	47.20%	0.00%	89.08%
	2017	69.47%	0.00%	113.29%
	2016	63.67%	0.00%	0.00%
	2015	57.00%	-0.60%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	2019	87.0%	0.0%	85.6%
	2018	91.9%	0.0%	90.5%
	2017	87.3%	0.0%	86.1%
	2016	87.8%	100.2%	0.0%
	2015	90.2%	103.5%	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) in their RSI. The 10-year schedule will need to be built prospectively.

See accompanying notes to required supplementary information

MANTUA TOWN
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2019
with a measurement date of December 31, 2018
Last 10 fiscal years*

	<u>As of Fiscal Year Ended June 30,</u>	<u>Actuarial Determined Contributions</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
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%
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%
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%

See accompanying notes to required supplementary information

MANTUA TOWN
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2019
with a measurement date of December 31, 2018
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%

* 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.

See accompanying notes to required supplementary information

MANTUA TOWN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
JUNE 30, 2019

Changes in Assumptions:

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

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, 2019, and the related notes to the financial statements, which collectively comprise Mantua Town’s basic financial statements, and have issued our report thereon dated December 3, 2019.

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
December 3, 2019



**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 following applicable state requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, for the year ended June 30, 2019.

Budgetary Compliance	Restricted Taxes and Related Restricted Revenues
Fund Balance	Impact Fees
Justice Courts	Cash Management
Utah Retirement Systems	Public Treasurer’s Bond
Open and Public Meetings Act	Tax Levy Revenue Recognition

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 reported 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, 2019.

Other Matters

The results of our auditing procedures disclosed one 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 2019-1. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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, UT
December 3, 2019

SCHEDULE OF FINDINGS

**MANTUA TOWN
SCHEDULE OF FINDINGS
JUNE 30, 2019**

Internal Controls Over State Compliance:

2019-01: State Compliance – Open and Public Meetings Act

Criteria:

- a. The Utah State Code requires that all members of the governing body are provided with annual training on the requirements of open and public meetings, and to provide evidence of such meetings.
- b. The Utah State Code requires that no final actions can be made on a topic unless it is listed under an agenda item.
- c. The State Code requires that work meetings must have proper notice and an agenda posted.

Condition:

- a. Documentation was presented for the Mayor and one council member. 4 council members did not provide evidence of training.
- b. The council meeting held on April 4, 2019 had two final actions that were not listed on the agenda.
- c. The council held a work meeting on April 25, 2019. This meeting did not have proper notice on the Utah Public Notice Website, nor was an agenda posted for this meeting.

Cause:

- a. Council members did not submit evidence of proper training.
- b. The agenda posted on the Utah Public Notice Website did not include all final actions taken.
- c. No notice or agenda was posted for the work meeting on April 25, 2019.

Effect: There is no effect on the financial statements. The Town is noncompliant with the state code requirement.

Recommendation:

- a. We recommend the Town implement procedures to ensure the governing body is provided with the Open and Public Meetings Act training annually.
- b. We recommend the Town list all items on the agenda and note when a final action is planned. We recommend that the meetings adhere to the agenda and no final actions are taken unless listed.
- c. We recommend that all work meetings be posted with an agenda to the Utah Public Notice Website.

Management's Response:

- a. Two years ago, the state required us to write a plan for how we, as a Town, will bring this same issue into compliance. A plan, which was written and adopted by the Town Council, basically said that our Recorder would send out emails to remind each Council Member in January of each year to do their training and turn in a completion certificate. The Council all complied in January 2018, but although the Recorder followed through with her part of the plan in January 2019, three of our Councilmen still did not comply. This time, the Mayor has asked the one Councilman, who did not comply and who will still be in office in January 2020, to write a plan for how to bring this issue into compliance. He has not written a response yet.
- b. The Recorder has already made adjustments to the agendas and informed the Council members of the new agenda items to make sure no final actions will be taken without items being on the agenda.
- c. The Recorder will make sure all Public Meetings have agendas and are posted on the Public Notice Website. She will double check to see that all postings do actually appear on the website after she has posted them.