

**MINERSVILLE TOWN, UTAH**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

## Table of Contents

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position .....	9
Statement of Activities.....	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund .....	14
Statement of Net Position – Proprietary Funds.....	15
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	16
Statement of Cash Flows – Proprietary Funds.....	17
Notes to the Financial Statements.....	18
Required Supplementary Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	40
Schedule of Proportionate Share of Net Pension Liability .....	41
Schedule of Contributions.....	42
Notes to Required Supplementary Information .....	43
Nonmajor Governmental Funds Combining Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds .....	44
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	45

Other Communications from Independent Auditors:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters .....	46
Report on State Legal Compliance .....	48
Findings and Recommendations .....	50



## REES & HUGHES, CPA'S

### INDEPENDENT AUDITOR'S REPORT

To the Town Council and Mayor  
Minersville Town, Utah

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Minersville Town, Utah as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Minersville Town, Utah 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, each major fund, and the aggregate remaining fund information of Minersville Town, Utah, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Minersville Town's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2018, on our consideration of Minersville 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 Minersville 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 Minersville Town's internal control over financial reporting and compliance

*Rees & Hughes, CPAs*

Rees & Hughes, CPAs  
Cedar City, Utah  
November 1, 2018

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion of Minersville Town's financial performance provides an overview of the Town's financial activities for the year ending June 30, 2018. This report is in conjunction with the Town's financial statements.

### Financial highlights

The assets of Minersville Town exceeded its liabilities as of the close of the most recent year by \$3,315,638 (*net position*). Of this amount, \$727,577 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net position decreased by \$171,152. The expenditure amounts did not exceed the adopted budget.

At the close of the current year, Minersville Town's governmental funds reported combined ending fund balances of \$175,526, a decrease of \$45,117 from the prior fiscal year. Of this total amount, \$39,435 is available for spending at the Town's discretion (*unassigned fund balance*).

Minersville Town's total debt decreased by \$22,762 during the current year.

### Overview of the financial statements

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

### Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Minersville Town's finances, in a manner similar to a private-sector business.

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

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

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

## **Fund financial statements**

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

### **Governmental funds**

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

Because the focus of governmental funds is narrower than that of a government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provides a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Minersville Town maintains three governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund.

Minersville Town adopts an annual appropriated budget for its governmental fund. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

### **Proprietary funds**

Minersville Town maintains two proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Minersville Town uses an enterprise fund to account for its water and sewer service operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer services which are considered major funds of the Town. Refer to the table of contents for the location of the basic proprietary fund financial statements.

### **Notes to the financial statements**

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

### **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Minersville Town.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

## Government-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Minersville Town, assets exceeded liabilities by \$3,315,638 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017
Current and other assets	\$ 303,970	\$ 345,447	\$ 1,127,516	1,181,346
Capital assets	760,119	780,063	2,010,787	2,088,410
Total assets	1,064,089	1,125,510	3,138,303	3,269,756
Deferred outflows of resources	38,445	31,696	23,563	19,427
Current liabilities	73,860	64,813	109,145	111,623
Long-term liabilities	70,234	56,833	584,302	648,306
Total liabilities	144,094	121,646	693,447	759,929
Deferred inflows of resources	93,557	72,805	17,664	5,219
Net position				
Nonspendable	728,500	780,063	1,365,694	1,388,937
Restricted	133,977	193,389	357,776	339,013
Committed	2,114	1,068	-	-
Unrestricted	292	(11,765)	727,285	796,085
Total net position	\$ 864,883	\$ 962,755	\$ 2,450,755	\$ 2,524,035

By far the largest portion of Minersville Town's net position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. Minersville Town uses these capital assets to provide services to residents, consequently, these assets are not available for future spending. Although Minersville Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the year, Minersville Town is able to report positive balances in both categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.



	Governmental Activities		Business-type Activities	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017
Revenues:				
Program revenues:				
Charges for services	\$ 86,963	\$ 75,919	\$ 324,531	\$ 323,147
Operating grants and contributions	136,167	129,148	9,238	1,848
Capital grants and contributions	4,982	5,164	-	-
General revenues:				
Taxes	218,003	215,539	-	-
Other revenue/(expense)	12,154	8,335	10,082	5,535
Total revenues	<u>458,269</u>	<u>434,105</u>	<u>343,851</u>	<u>330,530</u>
Expenses:				
General government	88,329	79,361	-	-
Public safety	75,279	76,918	-	-
Highways and streets	146,369	57,240	-	-
Culture and recreation	192,863	180,803	-	-
Senior center	9,738	21,236	-	-
Sanitation	43,563	42,769	-	-
Water	-	-	304,414	235,589
Sewer	-	-	112,717	106,002
Total expenses	<u>556,141</u>	<u>458,327</u>	<u>417,131</u>	<u>341,591</u>
Increase/(decrease) in net position before transfers	(97,872)	(24,222)	(73,280)	(11,061)
Net position, beginning	<u>962,755</u>	<u>986,977</u>	<u>2,524,035</u>	<u>2,535,096</u>
Net position, ending	<u>\$ 864,883</u>	<u>\$ 962,755</u>	<u>\$ 2,450,755</u>	<u>\$ 2,524,035</u>

### Financial analysis of the government's funds

As noted earlier, Minersville Town uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

#### Governmental funds

The focus of Minersville Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Minersville Town's financing requirements. In particular unreserved fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of Minersville Town. At the end of the current year, unassigned fund balance of the general fund was \$39,435 and the total fund balance was \$118,592. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures.

## **Proprietary funds**

Minersville Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water service fund at the end of the fiscal year amounted to \$286,279 and for the sewer fund was \$441,006.

## **General fund budgetary highlights**

During the year, actual revenues were more than budgeted revenues by \$54,602, and actual expenditures were less than budgeted expenditures \$30,966.

## **Capital assets and debt administration**

### **Capital assets**

Minersville Town's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$760,119 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings and equipment.

Additional information on Minersville Town's capital assets can be found in the notes to the financial statements.

### **Long-term debt**

At the end of the current year, Minersville Town had total debt outstanding of \$682,720. The debt represents bonds issued to finance water and sewer projects in the current year and prior years.

Additional information on Minersville Town's long-term debt can be found in the notes of the financial statements.

## **Requests for information**

This financial report is designed to provide a general overview of Minersville Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Minersville Town, P.O. Box 159, Minersville Town, Utah, 84752.

## **BASIC FINANCIAL STATEMENTS**

**MINERSVILLE TOWN, UTAH**  
**Statement of Net Position**  
**June 30, 2018**

	<u>Governmental</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 208,490	\$ 739,103	\$ 947,593
Accounts receivable, net of allowance	68,931	30,637	99,568
Prepaid expenses	26,549	-	26,549
Total current assets	<u>303,970</u>	<u>769,740</u>	<u>1,073,710</u>
Non-current assets:			
Restricted cash and cash equivalents	-	357,776	357,776
Capital assets, net of accumulated depreciation			
Land and water rights	25,443	23,450	48,893
Buildings and improvements	459,342	-	459,342
Machinery and equipment	45,847	39,090	84,937
Water and sewer system	-	1,948,247	1,948,247
Improvements other than buildings	229,487	-	229,487
Total assets	<u>1,064,089</u>	<u>3,138,303</u>	<u>4,202,392</u>
<b>Deferred outflows of resources</b>			
Deferred outflows of resources - pensions	38,445	23,563	62,008
Total outflows of resources	<u>38,445</u>	<u>23,563</u>	<u>62,008</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	63,706	22,145	85,851
Current portion long-term liabilities	10,154	87,000	97,154
Total liabilities	<u>73,860</u>	<u>109,145</u>	<u>183,005</u>
Non-current liabilities			
Accrued compensated absences	6,009	-	6,009
Bonds payable	31,619	645,093	676,712
Net pension liability	42,760	26,209	68,969
Less current portion of non-current liabilities	(10,154)	(87,000)	(97,154)
Total non-current liabilities	<u>70,234</u>	<u>584,302</u>	<u>654,536</u>
Total liabilities	<u>144,094</u>	<u>693,447</u>	<u>837,541</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property tax and pensions	93,557	17,664	111,221
Total deferred inflows of resources	<u>93,557</u>	<u>17,664</u>	<u>111,221</u>
<b>Net position</b>			
Net investment in capital assets	728,500	1,365,694	2,094,194
Restricted for:			
Debt service	-	103,278	103,278
Capital outlay	79,157	254,498	333,655
Perpetual care	54,820	-	54,820
Committed to:			
Capital improvements	2,114	-	2,114
Unrestricted	292	727,285	727,577
<b>Total net position</b>	<u><u>\$ 864,883</u></u>	<u><u>\$ 2,450,755</u></u>	<u><u>\$ 3,315,638</u></u>

The accompanying notes are an integral part of the financial statements

**MINERSVILLE TOWN, UTAH**  
**Statement of Activities**  
**June 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 88,329	\$ 10,770	\$ 3,525	\$ -	\$ (74,034)	\$ -	\$ (74,034)
Public safety	75,279	8,453	1,343	-	(65,483)	-	(65,483)
Highways and streets	146,369	120	60,690	-	(85,559)	-	(85,559)
Culture and recreation	192,863	21,234	70,609	4,982	(96,038)	-	(96,038)
Senior center	9,738	1,015	-	-	(8,723)	-	(8,723)
Sanitation	43,563	45,371	-	-	1,808	-	1,808
Total governmental activities	<u>556,141</u>	<u>86,963</u>	<u>136,167</u>	<u>4,982</u>	<u>(328,029)</u>	<u>-</u>	<u>(328,029)</u>
Business-type activities:							
Water	304,414	223,252	832	-	-	(80,330)	(80,330)
Sewer	112,717	101,279	8,406	-	-	(3,032)	(3,032)
Total business-type activities	<u>417,131</u>	<u>324,531</u>	<u>9,238</u>	<u>-</u>	<u>-</u>	<u>(83,362)</u>	<u>(83,362)</u>
Total primary government	<u>\$ 973,272</u>	<u>\$ 411,494</u>	<u>\$ 145,405</u>	<u>\$ 4,982</u>			
General revenues:							
Taxes:							
Property taxes					66,859	-	66,859
Sales and use taxes					102,943	-	102,943
Fee in lieu					7,598	-	7,598
Franchise taxes					40,603	-	40,603
Unrestricted investment earnings					12,154	10,082	22,236
Total general revenues and transfers					<u>230,157</u>	<u>10,082</u>	<u>240,239</u>
Change in net assets					(97,872)	(73,280)	(171,152)
Net position, beginning of the year					962,755	2,524,035	3,486,790
Net position, end of the year					<u>\$ 864,883</u>	<u>\$ 2,450,755</u>	<u>\$ 3,315,638</u>

The accompanying notes are an integral part of the financial statements

**MINERSVILLE TOWN, UTAH**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 151,556	\$ 56,934	\$ 208,490
Accounts receivable, net of allowance for doubtful accounts	68,931	-	68,931
Prepaid expenses	26,549	-	26,549
<b>Total assets</b>	<u>\$ 247,036</u>	<u>\$ 56,934</u>	<u>\$ 303,970</u>
<b>Liabilities</b>			
Accounts payable	\$ 44,581	\$ -	\$ 44,581
Accrued liabilities	19,125	-	19,125
<b>Total liabilities</b>	<u>63,706</u>	<u>-</u>	<u>63,706</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	64,738	-	64,738
<b>Total deferred inflows of resources</b>	<u>64,738</u>	<u>-</u>	<u>64,738</u>
<b>Fund balances</b>			
Restricted for:			
Class C roads	78,487	-	78,487
Capital outlay	670		670
Perpetual care	-	54,820	54,820
Committed for			
Capital outlay	-	2,114	2,114
Unassigned	39,435		39,435
<b>Total fund balances</b>	<u>118,592</u>	<u>56,934</u>	<u>175,526</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 247,036</u>	<u>\$ 56,934</u>	<u>\$ 303,970</u>

The accompanying notes are an integral part of the financial statements

**MINERSVILLE TOWN, UTAH**  
**Reconciliation of Balance Sheet of Governmental Funds**  
**To the Statement of Net Position**  
**June 30, 2018**

---

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

<b>Total fund balances - total governmental funds</b>		\$ 175,526
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		
Governmental capital assets	1,569,068	
Accumulated depreciation	<u>(808,949)</u>	760,119
Some liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		
Compensated absences	(6,009)	
Equipment loan	<u>(31,619)</u>	(37,628)
Net pension liability		(42,760)
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund financial statements.		38,445
Deferred inflows of resources - pension, a decrease of net position that applies to future periods, is not shown in the fund financial statements.		<u>(28,819)</u>
<b>Total net position - governmental activities</b>		<u><u>\$ 864,883</u></u>

The accompanying notes are an integral part of the financial statements

**MINERSVILLE TOWN, UTAH**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2018**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property taxes	\$ 66,859	\$ -	\$ 66,859
Sales and use taxes	102,943	-	102,943
Fee in lieu	7,598	-	7,598
Franchise taxes	40,603	-	40,603
Licenses and permits	725	-	725
Intergovernmental revenue	129,470	-	129,470
Investment earnings	11,108	1,046	12,154
Charges for services	83,694	-	83,694
Cemetery	-	1,550	1,550
Other revenues	12,002	-	12,002
Total revenue	<u>455,002</u>	<u>2,596</u>	<u>457,598</u>
<b>Expenditures</b>			
General government	84,989	-	84,989
Public safety	74,358	-	74,358
Highways and streets	135,584	-	135,584
Culture and recreation	149,281	-	149,281
Senior center	4,270	-	4,270
Sanitation	43,563	-	43,563
Capital outlay	42,959	-	42,959
Debt Service - Principal	11,340	-	11,340
Total expenditures	<u>546,344</u>	<u>-</u>	<u>546,344</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(91,342)</u>	<u>2,596</u>	<u>(88,746)</u>
<b>Other financing sources (uses):</b>			
Proceeds from long-term debt	42,959	-	42,959
Impact fees	670	-	670
Total other financing sources (uses)	<u>43,629</u>	<u>-</u>	<u>43,629</u>
Net change in fund balance	(47,713)	2,596	(45,117)
Fund balance, beginning of the year	<u>166,305</u>	<u>54,338</u>	<u>220,643</u>
<b>Fund balance, end of the year</b>	<u><u>\$ 118,592</u></u>	<u><u>\$ 56,934</u></u>	<u><u>\$ 175,526</u></u>

The accompanying notes are an integral part of the financial statements



**MINERSVILLE TOWN, UTAH**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**June 30, 2018**

---

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

<b>Net change in fund balances - total governmental funds</b>		<b>\$ (45,117)</b>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>		
Capital outlay	42,959	
Depreciation expense	<u>(62,903)</u>	(19,944)
<p>Governmental funds report the debt proceeds as an other financing source, while the repayment of debt principal is reported as an expenditure. In the Statement of Activities, debt proceeds are shown as a liability and repayment is not expensed, but rather applied to the loan.</p>		
Debt proceeds	42,959	
Principal payments on long-term debt	<u>(11,340)</u>	(31,619)
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.</p>		
		(1,708)
<p>The Statement of Activities shows pension benefits and pension expenses from the adoption of GABS 68 that are not shown in the fund financial statements</p>		
		<u>516</u>
<b>Change in net position of governmental activities</b>		<b><u><u>\$ (97,872)</u></u></b>

The accompanying notes are an integral part of the financial statements

**MINERSVILLE TOWN, UTAH**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

<b>Assets</b>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 294,461	\$ 444,642	\$ 739,103
Accounts receivable, net of allowance	23,224	7,413	30,637
Total current assets	<u>317,685</u>	<u>452,055</u>	<u>769,740</u>
Non-current assets			
Restricted cash and cash equivalents	310,113	47,663	357,776
Capital assets net of accumulated depreciation:			
Land and water rights	23,400	50	23,450
Buildings and improvements	6,866	-	6,866
Machinery and equipment	61,464	54,214	115,678
Water and sewer system	2,738,811	1,705,135	4,443,946
Less accumulated depreciation	<u>(1,435,556)</u>	<u>(1,143,597)</u>	<u>(2,579,153)</u>
Total non-current assets	<u>1,705,098</u>	<u>663,465</u>	<u>2,368,563</u>
Total assets	<u>2,022,783</u>	<u>1,115,520</u>	<u>3,138,303</u>
Deferred outflows of resources - pensions	<u>14,882</u>	<u>8,681</u>	<u>23,563</u>
<b>Total assets and deferred outflows of resources</b>	<u>2,037,665</u>	<u>1,124,201</u>	<u>3,161,866</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and other liabilities	18,587	3,558	22,145
Current portion of non-current liabilities	<u>(54,000)</u>	<u>(33,000)</u>	<u>(87,000)</u>
Total current liabilities	<u>(35,413)</u>	<u>(29,442)</u>	<u>(64,855)</u>
Non-current liabilities			
Bonds payable	565,810	79,283	645,093
Net pension liability	16,545	9,664	26,209
Less current portion of non-current liabilities	<u>54,000</u>	<u>33,000</u>	<u>87,000</u>
Total non-current liabilities	<u>636,355</u>	<u>121,947</u>	<u>758,302</u>
Total liabilities	<u>600,942</u>	<u>92,505</u>	<u>693,447</u>
Deferred inflows of resources - pensions	<u>11,156</u>	<u>6,508</u>	<u>17,664</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>612,098</u>	<u>99,013</u>	<u>711,111</u>
<b>Net position</b>			
Net investment in capital assets	829,175	536,519	1,365,694
Restricted for:			
Debt service	70,273	33,005	103,278
Capital outlay	239,840	14,658	254,498
Unrestricted	<u>286,279</u>	<u>441,006</u>	<u>727,285</u>
<b>Total net position</b>	<u>\$ 1,425,567</u>	<u>\$ 1,025,188</u>	<u>\$ 2,450,755</u>

The accompanying notes are an integral part of the financial statements

**MINERSVILLE TOWN, UTAH**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Operating revenues</b>			
Charges for services	\$ 221,859	\$ 101,279	\$ 323,138
Other revenues	1,201	-	1,201
Total operating revenues	<u>223,060</u>	<u>101,279</u>	<u>324,339</u>
<b>Operating expenses</b>			
Salaries and wages	50,919	40,051	90,970
Employee benefits	30,186	23,745	53,931
Depreciation	74,932	45,651	120,583
Operating supplies and maintenance	44,367	2,160	46,527
Professional services	29,970	-	29,970
Utilities	38,305	253	38,558
Licenses	16,710	-	16,710
Miscellaneous expenses	4,565	-	4,565
Total operating expenses	<u>289,954</u>	<u>111,860</u>	<u>401,814</u>
Operating income (loss)	<u>(66,894)</u>	<u>(10,581)</u>	<u>(77,475)</u>
<b>Non-operating revenues (expenses)</b>			
Impact fees	832	8,406	9,238
Connection fees	192	-	192
Interest income	5,932	4,150	10,082
Interest expense	(14,668)	(965)	(15,633)
Benefit expense - GASB 68	6,871	4,008	10,879
Pension expense - GASB 68	(6,663)	(3,900)	(10,563)
Total non-operating revenues (expenses)	<u>(7,504)</u>	<u>11,699</u>	<u>4,195</u>
Income (loss) before transfers and contributions	<u>(74,398)</u>	<u>1,118</u>	<u>(73,280)</u>
Change in net position	(74,398)	1,118	(73,280)
Net position, beginning of the year	<u>1,499,965</u>	<u>1,024,070</u>	<u>2,524,035</u>
<b>Net position, end of the year</b>	<u><u>\$ 1,425,567</u></u>	<u><u>\$ 1,025,188</u></u>	<u><u>\$ 2,450,755</u></u>

The accompanying notes are an integral part of the financial statements

**MINERSVILLE TOWN, UTAH**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**June 30, 2018**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers, service fees	\$ 226,402	\$ 102,258	\$ 328,660
Cash paid to suppliers	(137,289)	(2,413)	(139,702)
Cash paid to employees	(81,105)	(63,901)	(145,006)
Net cash flows from operating activities	<u>8,008</u>	<u>35,944</u>	<u>43,952</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	(21,480)	(21,480)	(42,960)
Principal paid on long-term debt	(58,670)	(38,670)	(97,340)
Cash received from issuance of debt	21,480	21,480	42,960
Impact and connection fees received	1,024	8,406	9,430
Interest paid	(14,668)	(965)	(15,633)
Grants received	-	-	-
Net cash flows from capital and related financing activities	<u>(72,314)</u>	<u>(31,229)</u>	<u>(103,543)</u>
<b>Cash flows from investing activities:</b>			
Interest received	5,932	4,150	10,082
Net cash flows from investing activities	<u>5,932</u>	<u>4,150</u>	<u>10,082</u>
Net change in cash and cash equivalents	(58,374)	8,865	(49,509)
Cash and cash equivalents including restricted cash, beginning of the year	662,948	483,440	1,079,524
Cash and cash equivalents including restricted cash, end of the year	<u>\$ 604,574</u>	<u>\$ 492,305</u>	<u>\$ 1,030,015</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Net operating income(loss)	\$ (66,894)	\$ (10,581)	\$ (77,475)
Adjustments to reconcile net operating income (loss) to net cash flows from operating activities:			
Depreciation	74,932	45,651	120,583
Changes in operating assets and liabilities			
(Increase) decrease in receivables	3,342	979	4,321
Increase (decrease) in accounts payable	(3,372)	(105)	(3,477)
Net cash flows from operating activities	<u>\$ 8,008</u>	<u>\$ 35,944</u>	<u>\$ 43,952</u>

The accompanying notes are an integral part of the financial statements

**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

---

**Note 1. Summary of Significant Accounting Policies**

---

**Description of government-wide financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

**Reporting entity**

Minersville Town, Utah (Town) is a municipal corporation governed by an elected mayor and town council. The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units are, in substance, part of the primary Town's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Town. There are no separate component units combined to form the reporting entity.

**Basis of presentation – government wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**Basis of presentation – fund financial statements**

The fund financial statements provide information about the Town's funds. The Town has no fiduciary or blended component units. Separate statements for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The **General Fund** is the Town's primary operating fund. It accounts for all financial resources of the general government except for those required to be accounted for in another fund.

**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

---

**Note 1. Summary of Significant Accounting Policies, Continued**

---

The Town reports the following nonmajor governmental funds:

The **Capital Projects Fund** is used to account for various contributions and transfers that are restricted or designated for capital projects.

The **Cemetery Perpetual Care Permanent Fund** is used to account for the principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the community cemetery.

The Town reports the following major proprietary funds:

The **Water Fund** accounts for the activities related to the Town's water operations.

The **Sewer Fund** accounts for the activities related to the Town's sewer operations.

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**Retirement and Pension Plans**

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

**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

---

**Note 1. Summary of Significant Accounting Policies, Continued**

---

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measure focus and the accrual basis of accounting.

**Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance**

**Cash and investments**

Cash includes cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The Town's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, and other investments as allowed by the State of Utah's Money Management Act. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

---

**Note 1. Summary of Significant Accounting Policies, Continued**

---

**Receivables**

Due to the nature of the trade accounts receivables in the general fund and the proprietary funds, management does not consider an allowance for uncollectible accounts receivable necessary or material. Therefore, no allowance for uncollectible accounts receivable is presented.

**Inventories and prepaid items**

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Also, the town's inventory of materials and supplies is deemed to be immaterial; thus, no provision for inventory has been made in these financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**Restricted assets**

Certain proceeds of the Town's bonds and loans are classified as restricted assets on the statement of net position because their use is limited by applicable bond or loan covenants.

**Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

In accordance with GASB 34, the Town has opted not to retroactively report infrastructure capital assets. Infrastructure normally includes assets such as roads, curb and gutter, sidewalks, street lighting, storm drains and other improvements.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Buildings	40 years
Improvements other than buildings	10-30 years
Machinery and equipment	5-20 years
Distribution system	7-40 years



**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

---

**Note 1. Summary of Significant Accounting Policies, Continued**

---

**Deferred outflows/inflows 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 that applies to a future period(s) and so will not be recognized as an outflow of resources until then. The Town does not have an item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. The Town only has one type of item that qualifies for reporting in this category. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Net position flow assumption**

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**Fund balance flow assumptions**

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund balance policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment or an assignment.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

---

**Note 1. Summary of Significant Accounting Policies, Continued**

---

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the Mayor to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Revenues and expenditures/expenses**

**Program revenues**

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**Compensated absences**

The government's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The Town allows vacation hours to accumulate up to a maximum of 40 hours payable at termination. The maximum comp-time payable is 40 hours.

Accumulated sick leave lapses when employees leave the employ of the Town and, upon separation from service, no monetary obligation exists.

**Proprietary funds operating and non-operating revenues and expenses**

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

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

---

**Note 1.           Summary of Significant Accounting Policies, Continued**

---

**Property taxes**

Property taxes are collected by the Beaver County Treasurer and remitted to the Town in monthly installments. Taxes are levied each October on the taxable value listed as of the prior January 1 for all real property located in the Town. Taxable values are established by the County Assessor at a percent of the fair market value on primary residential property and 100 percent of the fair market value on non-primary residential property. A revaluation of all property is required to be completed no less than every five years. Taxes are due and payable on November 1 and delinquent after November 30 of each year, at which time they become liens if not paid.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, 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.

**Deferred outflows/inflows of resources**

In addition to assets, financial statements 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 that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

---

**Note 2.           Reconciliation of Government-Wide Fund Financial Statements**

---

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus on the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 12.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliations on page 14.

**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

---

**Note 3. Stewardship, Compliance and Accountability**

---

Stewardship, compliance and accountability are key concepts in defining the responsibilities of the Town. The use of budgets and monitoring of equity status facilitate the Town's compliance with legal requirements.

**Budgets and budgetary accounting**

Annual budgets are reported and adopted by the Town Council on or before June 22 for the fiscal year commencing the following July 1 in accordance with State Law. The operating budget includes proposed expenditures and the proposed sources of financing for such expenditures. Prior to June 22, a public hearing is conducted to obtain taxpayer input. Budgets are adopted and control of budget appropriations is exercised, under State Law, at the function level. All appropriations lapse at year-end. Budget amendments are required to increase expenditure budgets and are adopted in a public hearing, before the end of the fiscal year. The budget was amended during the current fiscal year.

The General Fund budget is prepared using the modified accrual basis of accounting. Budgets for the proprietary fund types are prepared using the accrual basis of accounting.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

---

**Note 4. Deposits and Investments**

---

Deposits and investments of the Town at June 30, 2018 consist of the following:

Deposits:	
Cash in bank	\$ 162,828
Cash on hand	200
Investments:	
State Treasurer's Investment Pool	<u>1,142,341</u>
Total deposits and investments	<u><u>\$ 1,305,369</u></u>

**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

---

**Note 4. Deposits and Investments, Continued**

---

A reconciliation of cash and investments as shown on the statement of net position is as follows:

Cash and cash equivalents	\$ 947,593
Restricted cash and cash equivalents	<u>357,776</u>
	<u><u>\$ 1,305,369</u></u>

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that the Town funds be deposited within a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The Town maintains monies not immediately needed for expenditure in PTIF accounts.

**Fair value 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. At June 30, 2018, the Town had \$1,142,341 invested in the PTIF.

**Deposit and investment risk**

The Town maintains no investment policy containing any specific provisions intended to limit the Town's exposure to interest rate risk, credit risk and concentration of credit risk other than that imposed by UMMA. The Town's compliance with the provisions of UMMA addresses each of these risks.

**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

---

**Note 4. Deposits and Investments, Continued**

---

**Credit risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2018, none of the Town's demand deposits of \$162,828 was exposed to risk because it was uninsured and uncollateralized.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

**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. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

**Note 5. Capital Assets**

<b>Governmental Activities:</b>	<b>Balance 6/30/2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/2018</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 25,443	\$ -	\$ -	\$ 25,443
Total capital assets, not being depreciated	<u>25,443</u>	<u>-</u>	<u>-</u>	<u>25,443</u>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	872,593	-	-	872,593
Machinery and equipment	75,078	42,959	-	118,037
Improvements other than buildings, including infrastructure	552,995	-	-	552,995
Total capital assets, being depreciated	<u>1,500,666</u>	<u>42,959</u>	<u>-</u>	<u>1,543,625</u>
Less accumulated depreciation for:				
Buildings and improvements	(381,153)	(32,098)	-	(413,251)
Machinery and equipment	(63,868)	(8,322)	-	(72,190)
Improvements other than buildings, including infrastructure	(301,025)	(22,483)	-	(323,508)
Total accumulated depreciation	<u>(746,046)</u>	<u>(62,903)</u>	<u>-</u>	<u>(808,949)</u>
Total capital assets, being depreciated, net	<u>754,620</u>	<u>(19,944)</u>	<u>-</u>	<u>734,676</u>
Governmental activities capital assets, net	<u>\$ 780,063</u>	<u>\$ (19,944)</u>	<u>\$ -</u>	<u>\$ 760,119</u>

Depreciation expense was charged to the functions/programs of the Town as follows:

<b>Governmental Activities:</b>	
General government	\$ 2,147
Public safety	921
Highways and streets	10,785
Culture and recreation	43,582
Senior Center	5,468
Total depreciation expense - governmental activities	<u>\$ 62,903</u>

**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

---

**Note 5. Capital Assets, Continued**

---

The following table summarizes the changes to capital assets for business-type activities during the year.

<b>Business-Type Activities:</b>	<b>Balance 6/30/2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/2018</b>
<b>Capital assets, not being depreciated:</b>				
Land and water rights	\$ 23,450	\$ -	\$ -	\$ 23,450
Total capital assets, not being depreciated	<u>23,450</u>	<u>-</u>	<u>-</u>	<u>23,450</u>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	6,866	-	-	6,866
Machinery and equipment	72,718	42,959	-	115,677
Water and sewer system	4,443,946	-	-	4,443,946
Total capital assets, being depreciated	<u>4,523,530</u>	<u>42,959</u>	<u>-</u>	<u>4,566,489</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,866)	-	-	(6,866)
Machinery and equipment	(68,776)	(7,811)	-	(76,587)
Water and sewer system	(2,382,928)	(112,772)	-	(2,495,700)
Total accumulated depreciation	<u>(2,458,570)</u>	<u>(120,583)</u>	<u>-</u>	<u>(2,579,153)</u>
Total capital assets, being depreciated, net	<u>2,064,960</u>	<u>(77,624)</u>	<u>-</u>	<u>1,987,336</u>
Business-type activities capital assets, net	<u>\$2,088,410</u>	<u>\$ (77,624)</u>	<u>\$ -</u>	<u>\$2,010,786</u>



**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

**Note 6. Long-term Debt**

The following is a summary of changes in long-term obligations for the year ended June 30, 2018:

	<b>Balance 6/30/2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/2018</b>	<b>Current Portion</b>
<b>Governmental Activities:</b>					
Compensated absences	\$ 4,300	\$ 12,020	\$ (10,311)	\$ 6,009	\$ 4,300
Equipment loan	-	42,959	(11,340)	31,619	10,154
Governmental activity long-term liabilities	4,300	54,979	(21,651)	37,628	14,454
<b>Business-Type Activities:</b>					
Revenue bonds	699,473	-	(86,000)	613,473	87,000
Equipment loan	-	42,959	(11,340)	31,619	10,154
Total bonds payable	699,473	42,959	(97,340)	645,092	97,154
Business-type long-term liabilities	699,473	42,959	(97,340)	645,092	97,154
Total long-term liabilities	<u>\$ 703,773</u>	<u>\$ 97,938</u>	<u>\$ (118,991)</u>	<u>\$ 682,720</u>	<u>\$ 111,608</u>

The annual requirements to amortize bonds payable at June 30, 2018 are as follows:

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	10,154	1,186	97,154	16,627
2020	10,535	805	96,008	14,385
2021	10,930	410	66,930	12,122
2022	-	-	60,000	10,125
2023	-	-	61,000	8,418
2024-2028	-	-	159,000	25,553
2029-2031	-	-	105,000	5,364
Total	<u>\$ 31,619</u>	<u>\$ 2,401</u>	<u>\$ 645,092</u>	<u>\$ 92,594</u>

**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

**Note 6. Long-term Debt, Continued**

The following is a listing of long-term debt outstanding as of June 30, 2018:

**Governmental Activities:**

Loans payable:

State Bank loan payable in stallments of \$22,680 bearing an interest rate of 3.7%.	\$ 31,619
--	-----------

Total loans payable	31,619
---------------------	--------

**Business-Type Activities:**

Revenue bonds payable:

Water Revenue Bonds - Series 2001, due in annual principal and interest installments ranging from \$31,509 to \$32,947 bearing interest at 3.14%, maturing January 1, 2023.	146,000
--	---------

Water Revenues Bonds - Series 2011 due in annual principal and interest installments ranging from \$36,413 to \$37,358 bearing interest at 2.53%, maturing January 1, 2031.	404,000
--	---------

Sewer Revenue Bonds - Series 1999, due in annual principal and interest installments ranging from \$23,675 to \$33,965, bearing interest at 1%, maturing February 1, 2020.	63,473
---	--------

State Bank loan payable in stallments of \$22,680 bearing an interest rate of 3.7%.	31,619
--	--------

Total revenue bonds payable, business-type activities	645,092
---	---------

<b>Compensated absences</b>	6,009
-----------------------------	-------

<b>Total long-term liabilities</b>	\$ 682,720
------------------------------------	------------

There are a number of limitations and restrictions contained in the various bond indentures. The Town is in compliance with significant limitations and restrictions.

**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

---

**Note 7. Equity Classifications**

---

As of June 30, 2018, the Town's restricted fund balances are as follows:

**General Fund:**

Restricted for:	
Class B and C roads	\$ 78,487
Impact fees drainage	120
Impact fees parks and recreation	550
	<u>                    </u>
Total general fund	<u><u>\$ 79,157</u></u>

**Permanent Fund:**

Restricted for:	
Cemetery perpetual care	<u><u>\$ 54,820</u></u>

**Water Fund:**

Debt reserves:	
Water revenue bonds - series 2001:	
Sinking fund	\$ 32,947
Reserve and repair	157,102
Water revenue bonds - series 2011:	
Sinking fund	37,326
Reserve and repair	82,738
	<u>                    </u>
Total debt reserves	<u>310,113</u>
Total water fund restrictions	<u><u>\$ 310,113</u></u>

**Sewer Fund:**

Debt reserves:	
Sewer revenue bonds - series 1999:	
Sinking fund	\$ 33,005
Reserve and repair	14,658
	<u>                    </u>
Total debt reserves	<u>47,663</u>
Total sewer fund restrictions	<u><u>\$ 47,663</u></u>

**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

---

**Note 8. Risk Management**

---

The 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. The Town's insurance protections is provided by Utah Local Governments Trust, Unigard Insurance Company, and CAN Surety. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

---

**Note 9. Garbage Contract**

---

The Town has a sanitation contract with the Beaver County Special Service District #5. The Town is responsible for monthly billings, collections, and payments to the district, which is accounted for in the General Fund.

---

**Note 10. Retirement and Pension Plans**

---

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 system.

Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

**Note 10. Retirement and Pension Plans, Continued**

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

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%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

\* with actuarial reductions

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

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 costs of benefits earned by employees during the year, with additional amount to finance any unfunded actuarial liability. Contribution rates as of June 30, 2018 are as follows:

<b>Utah Retirement Systems</b>	Employee	Employer	Employer 401(K)
Contributory System			
111 - Local Government Div - Tier 2	N/A	15.11	1.58
Noncontributory System			
15 - Local Government Div - Tier 1	N/A	18.47	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69	10.00

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

**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

**Note 10. Retirement and Pension Plans, Continued**

For the fiscal year ended June 30, 2018, the employer and employee contributions to the Systems were as follows:

<b>System</b>	Employer Contributions	Employee Contributions
Noncontributory System	\$ 26,799	N/A
Tier 2 Public Employees System	1,794	-
Tier 2 DC Only System	38	N/A
<b>Total Contributions</b>	<b>\$ 28,631</b>	<b>\$ -</b>

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.

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

At June 30, 2018, we reported a net pension asset of \$0 and a net pension liability of \$68,967.

(Measurement Date): December 31, 2017

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2016	Change (Decrease)
Noncontributory System	\$ -	\$ 68,846	0.0157136%	0.0142478%	0.0014658 %
Tier 2 Public Employees System	-	121	0.0013759%	0.0015937%	(0.0002178) %
	<u>\$ -</u>	<u>\$ 68,967</u>			

The Net pension asset and liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 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 Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2018 we recognized pension expense of \$27,797

At June 30, 2018 we reported deferred outflows of resources and deferred inflows of resources relating to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,541	\$ 4,327
Change in assumptions	24,892	1,621
Net difference between projected and actual earnings on pension plan investments	14,860	39,096
Changes in proportion and differences between contributions and proportionate share of contributions	6,781	1,439
Contributions subsequent to the measurement date	13,933	-
<b>Total</b>	<u><u>\$ 62,007</u></u>	<u><u>\$ 46,483</u></u>

**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

**Note 10. Retirement and Pension Plans, Continued**

The amount of \$13,933 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2016.

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
2018	\$ 5,782
2019	7,349
2020	(3,134)
2021	(8,514)
2022	(26)
Thereafter	134

Actuarial assumptions: The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%	
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, 2017, 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 investments 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:

**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

**Note 10. Retirement and Pension Plans, Continued**

Asset class	Expected Return Arithmetic Basis		
	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%
<b>Totals</b>	<b>100%</b>		<b>4.75%</b>
	<b>Inflation</b>		<b>2.50%</b>
	<b>Expected arithmetic nominal return</b>		<b>7.25%</b>

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%. 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 was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

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 using a discount rate that is 1-percentage-point lower (5.95%) or 1-percentage-point higher (7.95%) than the current rate:

System	Discount Rate		
	1% Decrease (5.95%)	(6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 186,192	\$ 68,846	\$ (28,721)
Tier 2 Public Employees System	1,428	121	(887)
<b>Total</b>	<b>\$ 187,620</b>	<b>\$ 68,967</b>	<b>\$ (29,608)</b>

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



**MINERSVILLE TOWN, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2018**

**Note 10. Retirement and Pension Plans, Continued**

**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 separately issued URS financial report.

Minersville Town participates in the 401(k) Plan within the Defined Contribution Savings Plans with Utah Retirement Systems.

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

<b>401(K) Plan</b>	2018	2017	2016
Employer Contributions	\$ 8,251	\$ 7,673	\$ 7,157
Employee Contributions	\$ -	\$ -	-

**SUPPLEMENTARY INFORMATION**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENTS**

**MINERSVILLE TOWN, UTAH**  
**Statement of Revenues, Expenditures, and Change in Fund Balances**  
**Budget and Actual – General Fund**  
**For the Year Ended June 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 68,500	\$ 68,500	\$ 66,859	\$ (1,641)
Sales and use taxes	95,000	95,000	102,943	7,943
Fee in lieu	7,500	7,500	7,598	98
Franchise taxes	39,000	39,000	40,603	1,603
Licenses and permits	300	300	725	425
Intergovernmental revenue	105,700	105,700	129,470	23,770
Investment earnings	7,000	7,000	11,108	4,108
Contributions and donations	300	300	-	(300)
Charges for services	72,000	72,000	83,694	11,694
Other revenues	5,100	5,100	12,002	6,902
Total revenue	<u>400,400</u>	<u>400,400</u>	<u>455,002</u>	<u>54,602</u>
<b>Expenditures</b>				
General government	108,950	108,950	84,989	23,961
Public safety	80,250	80,250	74,358	5,892
Highways and streets	154,200	154,200	135,584	18,616
Culture and recreation	173,070	173,070	149,281	23,789
Senior center	7,500	7,500	4,270	3,230
Sanitation	42,000	42,000	43,563	(1,563)
Capital outlay	-	-	42,959	(42,959)
Total expenditures	<u>565,970</u>	<u>565,970</u>	<u>535,004</u>	<u>30,966</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(165,570)</u>	<u>(165,570)</u>	<u>(80,002)</u>	<u>85,568</u>
<b>Other financing sources (uses):</b>				
Transfers out	-	-	-	-
Impact fees	335	335	670	335
Total other financing sources (uses)	<u>335</u>	<u>335</u>	<u>670</u>	<u>335</u>
Net change in fund balance	<u>(165,235)</u>	<u>(165,235)</u>	<u>(79,332)</u>	<u>85,903</u>
Fund balance, beginning of year	<u>166,305</u>	<u>166,305</u>	<u>166,305</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 1,070</u></u>	<u><u>\$ 1,070</u></u>	<u><u>\$ 86,973</u></u>	<u><u>\$ 85,903</u></u>

**MINERSVILLE TOWN, UTAH**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**June 30, 2018**  
**Last 10 Fiscal Years\***

<b>Noncontributory Retirement System</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Proportion of net pension liability (asset)	0.0137341%	0.0148252%	0.0142478%	0.0157136%
Proportionate share of the net pension liability (asset)	\$ 59,637	\$ 83,888	\$ 91,488	\$ 68,846
Covered employee payroll	\$ 120,435	\$ 130,527	\$ 127,011	\$ 141,025
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	49.5%	64.3%	72.0%	48.8%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	87.8%	87.3%	91.9%
 <b>Tier 2 Public Employees Retirement System</b>				
Proportion of net pension liability (asset)		0.0006595%	0.0015937%	0.0013759%
Proportionate share of the net pension liability (asset)		\$ (1)	\$ 178	\$ 121
Covered employee payroll		\$ 4,268	\$ 13,070	\$ 13,470
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		-0.02%	1.36%	0.90%
Plan fiduciary net position as a percentage of the total pension liability		100.2%	95.1%	97.4%

\*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. This schedule will need to be built prospectively.

**MINERSVILLE TOWN, UTAH**  
**Schedule of Contributions**  
**June 30, 2018**  
**Last 10 Fiscal Years\***

	Year Ended	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contribution as a percentage of covered employee payroll
<b>Noncontributory System</b>	2014	\$ 19,628	\$ 19,628	\$ -	\$ 113,524	17.29%
	2015	23,842	23,842	-	129,083	18.47%
	2016	23,405	23,405	-	126,718	18.47%
	2017	24,675	24,675	-	133,594	18.47%
	2018	26,799	26,799	-	145,093	18.47%
<b>Tier 2 Public Employees System*</b>	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	1,549	1,549	-	10,390	14.91%
	2017	1,997	1,997	-	13,392	14.91%
	2018	1,794	1,794	-	11,871	15.11%
<b>Tier 2 Public Employees DC Only System*</b>	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	38	38	-	575	6.69%

\* 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.

**MINERSVILLE TOWN, UTAH**  
**Notes to Required Supplementary Information**  
**June 30, 2018**

---

**Changes in Assumptions**

As a result of an experience study conducted as of December 31, 2016, the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.60% to 2.50% (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4.00% annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had minimal impact on the Total Pension Liability (and actuarial accrued liability).

**MINERSVILLE TOWN, UTAH**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2018**

	<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Capital Projects Fund</u>	<u>Cemetery Perpetual Care Fund</u>	
<b>Assets</b>			
Cash and cash equivalents	\$ 55	\$ 56,879	\$ 56,934
Total assets	<u>\$ 55</u>	<u>\$ 56,879</u>	<u>\$ 56,934</u>
<b>Liabilities and Fund Balances</b>			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted for:			
Perpetual care	-	54,820	54,820
Committed to:			
Capital outlay	<u>55</u>	<u>2,059</u>	<u>2,114</u>
Total fund balances	<u>55</u>	<u>56,879</u>	<u>56,934</u>
Total liabilities and fund balances	<u>\$ 55</u>	<u>\$ 56,879</u>	<u>\$ 56,934</u>

**MINERSVILLE TOWN, UTAH**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	Capital Projects	Permanent Fund	Total Nonmajor Governmental Funds
	Capital Projects Fund	Cemetery Perpetual Care Fund	
<b>Revenues</b>			
Investment earnings	\$ 8	\$ 1,038	\$ 1,046
Perpetual care fees	-	1,550	1,550
Total revenues	8	2,588	2,596
<b>Expenditures</b>			
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	8	2,588	2,596
<b>Other financing sources (uses):</b>			
Total other financing sources (uses)	-	-	-
Net change in fund balances	8	2,588	2,596
Fund balances, beginning of year	47	54,291	54,338
<b>Fund balances, end of year</b>	<b>\$ 55</b>	<b>\$ 56,879</b>	<b>\$ 56,934</b>





## REES & HUGHES, CPA'S

### 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 Town Council and Mayor  
Minersville Town, Utah

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, each major fund, and the aggregate remaining fund information of the Town of Minersville, Utah, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Minersville Town's basic financial statements, and have issued our report thereon dated November 1, 2018.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Minersville, Utah's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Minersville, Utah's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Minersville, Utah'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described as 2015-01 in the Letter of Finding and Recommendations that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Minersville, Utah'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*.

## **Minersville Town's Responses to Findings**

Minersville Town's responses to the findings identified in our audit are described in the accompanying Letter of Findings and Recommendations. Minersville Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **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.

*Rees & Hughes, CPAs*

Rees & Hughes, CPAs  
Cedar City, Utah  
November 1, 2018



**REES & HUGHES, CPA'S**  
**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND**  
**REPORT ON INTERNAL CONTROL OVER COMPLIANCE**  
**AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE***

To the Town Council and Mayor  
Minersville Town, Utah

**Report On Compliance**

We have audited Minersville 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, 2018.

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Restricted Taxes and Related Restricted Revenues
- Open and Public Meetings Act
- Public Treasurer's Bond
- Impact Fees

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on Minersville 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 Minersville 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 Minersville Town's compliance with those requirements.

***Opinion on Compliance***

In our opinion, Minersville Town complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2018.

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*.

### **Report On Internal Control Over Compliance**

Management of Minersville 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 Minersville 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 Minersville Town's internal control over compliance.

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

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

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

*Rees & Hughes, CPAs*

Rees & Hughes, CPAs  
Cedar Town, Utah  
November 1, 2018



## REES & HUGHES, CPA'S

### Letter of Findings and Recommendations For the Year Ended June 30, 2018

To the Town Council and Mayor  
Minersville Town, Utah

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. During our audit of the accounting records of Minersville Town for the fiscal year ended June 30, 2018, we noted a few circumstances that should be addressed for the Town to be in compliance with state laws and regulations. These areas, if improved, would strengthen the Town's accounting system and control over its assets. These items are discussed below for your consideration. We commend the Town and its staff for their attentiveness to controls and high ethical standards.

#### INTERNAL CONTROL OVER FINANCIAL REPORTING:

**Material Weaknesses: None noted**

#### **Significant Deficiencies:**

##### 15-01 Segregation of Duties - Reissued

###### Finding

The Town lacks a complete segregation of duties. Proper segregation of duties provides important safeguards and controls to ensure transactions are recorded properly and deters the misappropriation of assets. When a complete segregation is not possible, it is important to implement other mitigating controls. While the Town had segregated duties and implemented mitigating controls, the Town lacked a complete segregation of duties.

###### Recommendation

We recommend that the Town reevaluate the internal control structure and ensure that there is proper segregation of duties. When a complete segregation of duties is not possible due to staff size, we recommend that compensating controls be implemented.

###### Response

Considering the size of the Town and the number of employees, management does not consider it cost effective to hire the number of individuals necessary to achieve a complete segregation of duties. However, management will continue to evaluate our current compensating controls and keep thinking of other ways compensating controls can be implemented.

## **COMPLIANCE AND OTHER MATTERS**

**Compliance Findings: None noted**

**Other Matters: None noted**

This letter is intended solely for the Mayor, Town Council and members of management and is not intended to be used and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the Town this past year. We would like to express thanks to all of those who assisted us with this year's audit. We invite you to ask questions of us throughout the year as you feel it necessary and we look forward to a continued pleasant professional relationship.

Sincerely,

*Rees & Hughes, CPAs*

Rees & Hughes, CPAs

Cedar City, Utah

November 1, 2018