

MINERSVILLE TOWN, UTAH
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Town Council and Mayor
Minersville Town, Utah

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, 2020, 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, 2020, 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 schedule of contributions, as listed in 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

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 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 October 1, 2020, on our consideration of Minersville Town, Utah 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 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 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, Utah internal control over financial reporting and compliance.

Rees CPA

Rees CPA
Cedar City, Utah
October 1, 2020

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, 2020. 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 \$3,299,025 (*net position*). Of this amount, \$791,941 (*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 \$295. 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 \$293,637, an increase of \$51,223 from the prior fiscal year. Of this total amount, \$158,840 is available for spending at the Town's discretion (*unassigned fund balance*).

Minersville Town's total debt decreased by \$115,135 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 those of 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 \$3,299,025 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Current and other assets	\$ 385,900	\$ 352,197	\$ 1,090,065	1,071,214
Capital assets	658,146	709,633	1,812,998	1,935,637
Total assets	1,044,046	1,061,830	2,903,063	3,006,851
Deferred outflows of resources	20,084	39,828	13,138	28,547
Current liabilities	60,209	75,349	86,922	116,423
Long-term liabilities	41,281	96,241	412,005	489,108
Total liabilities	101,490	171,590	498,927	605,531
Deferred inflows of resources	66,683	46,953	14,206	13,662
Net position				
Nonspendable	647,216	688,168	1,361,068	1,387,699
Restricted	106,897	113,772	364,003	386,830
Committed	27,900	25,479	-	-
Unrestricted	113,944	55,696	677,997	641,676
Total net position	\$ 895,957	\$ 883,115	\$ 2,403,068	\$ 2,416,205

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	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Revenues:				
Program revenues:				
Charges for services	\$ 85,787	\$ 89,322	\$ 383,357	\$ 324,224
Operating grants and contributions	142,626	140,384	-	-
Capital grants and contributions	2,468	2,650	-	-
General revenues:				
Taxes	221,200	225,430	-	-
Other revenue/(expense)	3,339	4,729	21,107	28,517
Total revenues	<u>455,420</u>	<u>462,515</u>	<u>404,464</u>	<u>352,741</u>
Expenses:				
General government	112,705	95,230	-	-
Public safety	40,634	59,814	-	-
Highways and streets	62,064	68,463	-	-
Culture and recreation	172,728	166,466	-	-
Senior center	8,772	9,109	-	-
Sanitation	45,675	45,201	-	-
Water	-	-	232,526	248,056
Sewer	-	-	185,075	139,235
Total expenses	<u>442,578</u>	<u>444,283</u>	<u>417,601</u>	<u>387,291</u>
Increase/(decrease) in net position before transfers	12,842	18,232	(13,137)	(34,550)
Net position, beginning	<u>883,115</u>	<u>864,883</u>	<u>2,416,205</u>	<u>2,450,755</u>
Net position, ending	<u>\$ 895,957</u>	<u>\$ 883,115</u>	<u>\$ 2,403,068</u>	<u>\$ 2,416,205</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 \$158,840 and the total fund balance was \$235,737. 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 \$264,808 and for the sewer fund was \$413,189.

General fund budgetary highlights

During the year, actual revenues were more than budgeted revenues by \$52,402, and actual expenditures were less than budgeted expenditures \$80,674.

Capital assets and debt administration

Capital assets

Minersville Town's investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$658,146 (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 \$464,845. 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, 2020

	Governmental	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 177,985	\$ 694,499	\$ 872,484
Accounts receivable, net of allowance	49,071	31,563	80,634
Prepaid expenses	24,047	-	24,047
Total current assets	251,103	726,062	977,165
Non-current assets:			
Restricted cash and cash equivalents	134,797	364,003	498,800
Capital assets:			
Nondepreciable	25,443	23,450	48,893
Depreciable, net of accumulated depreciation	632,703	1,789,548	2,422,251
Total assets	1,044,046	2,903,063	3,947,109
Deferred outflows of resources			
Deferred outflows of resources - pensions	20,084	13,138	33,222
Total outflows of resources	20,084	13,138	33,222
Liabilities			
Current liabilities			
Accounts payable and other current liabilities	47,296	19,992	67,288
Current portion long-term liabilities	12,913	66,930	79,843
Total liabilities	60,209	86,922	147,131
Non-current liabilities			
Accrued compensated absences	1,983	-	1,983
Bonds payable	10,930	451,930	462,860
Net pension liability	41,281	27,005	68,286
Less current portion of non-current liabilities	(12,913)	(66,930)	(79,843)
Total non-current liabilities	41,281	412,005	453,286
Total liabilities	101,490	498,927	600,417
Deferred inflows of resources			
Unavailable revenue - property tax and pensions	66,683	14,206	80,889
Total deferred inflows of resources	66,683	14,206	80,889
Net position			
Net investment in capital assets	647,216	1,361,068	2,008,284
Restricted for:			
Debt service	-	70,331	70,331
Capital outlay	76,897	293,672	370,569
Perpetual care	30,000	-	30,000
Committed to:			
Capital improvements	27,900	-	27,900
Unassigned	113,944	677,997	791,941
Total net position	\$ 895,957	\$ 2,403,068	\$ 3,299,025

The accompanying notes are an integral part of the financial statements

MINERSVILLE TOWN, UTAH
Statement of Activities
June 30, 2020

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	\$ 112,705	\$ 12,925	\$ 10,520	\$ -	\$ (89,260)	\$ -	\$ (89,260)
Public safety	40,634	40	1,043	-	(39,551)	-	(39,551)
Highways and streets	62,064	-	62,522	-	458	-	458
Culture and recreation	172,728	20,519	68,541	2,468	(81,200)	-	(81,200)
Senior center	8,772	820	-	-	(7,952)	-	(7,952)
Sanitation	45,675	51,483	-	-	5,808	-	5,808
Total governmental activities	<u>442,578</u>	<u>85,787</u>	<u>142,626</u>	<u>2,468</u>	<u>(211,697)</u>	<u>-</u>	<u>(211,697)</u>
Business-type activities:							
Water	232,526	270,205	-	-	-	37,679	37,679
Sewer	185,075	113,152	-	-	-	(71,923)	(71,923)
Total business-type activities	<u>417,601</u>	<u>383,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,244)</u>	<u>(34,244)</u>
Total primary government	<u>\$ 860,179</u>	<u>\$ 469,144</u>	<u>\$ 142,626</u>	<u>\$ 2,468</u>			
General revenues:							
Taxes:							
Property taxes					46,388	-	46,388
Sales and use taxes					119,087	-	119,087
County option highway tax					8,654	-	8,654
Fee in lieu					7,049	-	7,049
Franchise taxes					40,022	-	40,022
Unrestricted investment earnings					3,339	21,107	24,446
Total general revenues and transfers					<u>224,539</u>	<u>21,107</u>	<u>245,646</u>
Change in net assets					12,842	(13,137)	(295)
Net position, beginning of the year					<u>883,115</u>	<u>2,416,205</u>	<u>3,299,320</u>
Net position, end of the year					<u>\$ 895,957</u>	<u>\$ 2,403,068</u>	<u>\$ 3,299,025</u>

The accompanying notes are an integral part of the financial statements

MINERSVILLE TOWN, UTAH
Balance Sheet
Governmental Funds
June 30, 2020

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 254,882	\$ 57,900	\$ 312,782
Accounts receivable, net of allowance for doubtful accounts	49,071	-	49,071
Prepaid expenses	24,047	-	24,047
Total assets	<u>\$ 328,000</u>	<u>\$ 57,900</u>	<u>\$ 385,900</u>
Liabilities			
Accounts payable	\$ 35,571	\$ -	\$ 35,571
Accrued liabilities	11,725	-	11,725
Total liabilities	<u>47,296</u>	<u>-</u>	<u>47,296</u>
Deferred inflows of resources			
Unavailable revenue - property taxes	44,967	-	44,967
Total deferred inflows of resources	<u>44,967</u>	<u>-</u>	<u>44,967</u>
Fund balances			
Restricted for:			
Class C roads	76,897	-	76,897
Capital outlay	-		-
Perpetual care	-	30,000	30,000
Committed for			
Capital outlay	-	27,900	27,900
Unassigned	158,840		158,840
Total fund balances	<u>235,737</u>	<u>57,900</u>	<u>293,637</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 328,000</u>	<u>\$ 57,900</u>	<u>\$ 385,900</u>

The accompanying notes are an integral part of the financial statements

MINERSVILLE TOWN, UTAH
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2020

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

Total fund balances - total governmental funds		\$ 293,637
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		
Governmental capital assets	1,587,208	
Accumulated depreciation	<u>(929,062)</u>	658,146
Some liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		
Compensated absences	(1,983)	
Equipment loan	<u>(10,930)</u>	(12,913)
Net pension liability		(41,281)
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund financial statements.		20,084
Deferred inflows of resources - pension, a decrease of net position that applies to future periods, is not shown in the fund financial statements.		(21,716)
Total net position - governmental activities		<u><u>\$ 895,957</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, 2020

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 46,388	\$ -	\$ 46,388
Sales and use taxes	119,087	-	119,087
Fee in lieu	7,049	-	7,049
Franchise taxes	40,022	-	40,022
Licenses and permits	765	-	765
Intergovernmental revenue	143,437	-	143,437
Investment earnings	2,118	1,221	3,339
Charges for services	83,822	-	83,822
Cemetery	-	1,200	1,200
Other revenues	10,312	-	10,312
Total revenue	<u>453,000</u>	<u>2,421</u>	<u>455,421</u>
Expenditures			
General government	100,262	-	100,262
Public safety	40,634	-	40,634
Highways and streets	63,291	-	63,291
Culture and recreation	127,601	-	127,601
Senior center	3,304	-	3,304
Sanitation	45,675	-	45,675
Capital outlay	12,896	-	12,896
Debt Service - Principal	10,535	-	10,535
Total expenditures	<u>404,198</u>	<u>-</u>	<u>404,198</u>
Excess (deficiency) of revenues over (under) expenditures	<u>48,802</u>	<u>2,421</u>	<u>51,223</u>
Other financing sources (uses):			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	48,802	2,421	51,223
Fund balance, beginning of the year	<u>186,935</u>	<u>55,479</u>	<u>242,414</u>
Fund balance, end of the year	<u><u>\$ 235,737</u></u>	<u><u>\$ 57,900</u></u>	<u><u>\$ 293,637</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, 2020

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

Net change in fund balances - total governmental funds		\$ 51,223
<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	12,896	
Depreciation expense	<u>(64,383)</u>	(51,487)
<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>		
Principal payments on long-term debt	<u>(10,535)</u>	10,535
<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>		
		8,597
<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>(6,026)</u>
Change in net position of governmental activities		<u>\$ 12,842</u>

The accompanying notes are an integral part of the financial statements

MINERSVILLE TOWN, UTAH
Statement of Net Position
Proprietary Funds
June 30, 2020

Assets	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 276,889	\$ 417,610	\$ 694,499
Accounts receivable, net of allowance	22,097	9,466	31,563
Total current assets	<u>298,986</u>	<u>427,076</u>	<u>726,062</u>
Non-current assets			
Restricted cash and cash equivalents	364,003	-	364,003
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	93,016	62,514	155,530
Water and sewer system	2,738,811	1,705,135	4,443,946
Less accumulated depreciation	<u>(1,580,245)</u>	<u>(1,236,549)</u>	<u>(2,816,794)</u>
Total non-current assets	<u>1,645,851</u>	<u>531,150</u>	<u>2,177,001</u>
Total assets	<u>1,944,837</u>	<u>958,226</u>	<u>2,903,063</u>
Deferred outflows of resources - pensions	8,295	4,843	13,138
Total assets and deferred outflows of resources	<u>1,953,132</u>	<u>963,069</u>	<u>2,916,201</u>
Liabilities			
Current liabilities			
Accounts payable and other liabilities	16,454	3,538	19,992
Current portion of non-current liabilities	66,930	-	66,930
Total current liabilities	<u>83,384</u>	<u>3,538</u>	<u>86,922</u>
Non-current liabilities			
Bonds payable	446,465	5,465	451,930
Net pension liability	17,050	9,955	27,005
Less current portion of non-current liabilities	<u>(66,930)</u>	<u>-</u>	<u>(66,930)</u>
Total non-current liabilities	<u>396,585</u>	<u>15,420</u>	<u>412,005</u>
Total liabilities	<u>479,969</u>	<u>18,958</u>	<u>498,927</u>
Deferred inflows of resources - pensions	8,969	5,237	14,206
Total liabilities and deferred inflows of resources	<u>488,938</u>	<u>24,195</u>	<u>513,133</u>
Net position			
Net investment in capital assets	835,383	525,685	1,361,068
Restricted for:			
Debt service	70,331	-	70,331
Capital outlay	293,672	-	293,672
Unrestricted	<u>264,808</u>	<u>413,189</u>	<u>677,997</u>
Total net position	<u>\$ 1,464,194</u>	<u>\$ 938,874</u>	<u>\$ 2,403,068</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, 2020

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 245,998	\$ 113,152	\$ 359,150
Other revenues	24,207	-	24,207
Total operating revenues	<u>270,205</u>	<u>113,152</u>	<u>383,357</u>
Operating expenses			
Salaries and wages	50,195	49,376	99,571
Employee benefits	25,925	25,660	51,585
Depreciation	75,990	46,649	122,639
Operating supplies and maintenance	20,267	1,889	22,156
Professional services	2,991	58,119	61,110
Utilities	37,815	143	37,958
Licenses	-	-	-
Miscellaneous expenses	2,015	405	2,420
Total operating expenses	<u>215,198</u>	<u>182,241</u>	<u>397,439</u>
Operating income (loss)	<u>55,007</u>	<u>(69,089)</u>	<u>(14,082)</u>
Non-operating revenues (expenses)			
Impact fees	-	-	-
Connection fees	-	-	-
Interest income	12,953	8,154	21,107
Interest expense	(13,677)	(707)	(14,384)
Benefit expense - GASB 68	7,254	4,235	11,489
Pension expense - GASB 68	(10,905)	(6,362)	(17,267)
Total non-operating revenues (expenses)	<u>(4,375)</u>	<u>5,320</u>	<u>945</u>
Income (loss) before transfers and contributions	<u>50,632</u>	<u>(63,769)</u>	<u>(13,137)</u>
Change in net position	50,632	(63,769)	(13,137)
Net position, beginning of the year	<u>1,413,562</u>	<u>1,002,643</u>	<u>2,416,205</u>
Net position, end of the year	<u><u>\$ 1,464,194</u></u>	<u><u>\$ 938,874</u></u>	<u><u>\$ 2,403,068</u></u>

The accompanying notes are an integral part of the financial statements

MINERSVILLE TOWN, UTAH
Statement of Cash Flows
Proprietary Funds
June 30, 2020

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Cash flows from operating activities :			
Cash received from customers, service fees	\$ 267,664	\$ 112,846	\$ 380,510
Cash paid to suppliers	(63,204)	(60,556)	(123,760)
Cash paid to employees	<u>(76,120)</u>	<u>(75,342)</u>	<u>(151,462)</u>
Net cash flows from operating activities	<u>128,340</u>	<u>(23,052)</u>	<u>105,288</u>
Cash flows from capital and related financing activities :			
Principal paid on long-term debt	(60,267)	(35,736)	(96,003)
Interest paid	<u>(13,677)</u>	<u>(707)</u>	<u>(14,384)</u>
Net cash flows from capital and related financing activities	<u>(73,944)</u>	<u>(36,443)</u>	<u>(110,387)</u>
Cash flows from investing activities :			
Interest received	<u>12,953</u>	<u>8,154</u>	<u>21,107</u>
Net cash flows from investing activities	<u>12,953</u>	<u>8,154</u>	<u>21,107</u>
Net change in cash and cash equivalents	67,349	(51,341)	16,008
Cash and cash equivalents including restricted cash, beginning of the year	573,543	468,951	1,042,494
Cash and cash equivalents including restricted cash, end of the year	<u>\$ 640,892</u>	<u>\$ 417,610</u>	<u>\$ 1,058,502</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Net operating income(loss)	\$ 55,007	\$ (69,089)	\$ (14,082)
Adjustments to reconcile net operating income (loss) to net cash flows from operating activities:			
Depreciation	75,990	46,649	122,639
Changes in operating assets and liabilities			
(Increase) decrease in receivables	(2,541)	(306)	(2,847)
Increase (decrease) in accounts payable	<u>(116)</u>	<u>(306)</u>	<u>(422)</u>
Net cash flows from operating activities	<u>\$ 128,340</u>	<u>\$ (23,052)</u>	<u>\$ 105,288</u>

The accompanying notes are an integral part of the financial statements

MINERSVILLE TOWN, UTAH
Notes to the Financial Statements
June 30, 2020

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, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental proprietary, and fiduciary – are presented. 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, 2020

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, 2020

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, 2020

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, 2020

Note 1. Summary of Significant Accounting Policies, Continued

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 so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the financial statements 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 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, 2020

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, 2020

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 and 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 statements 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 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 the differences are reported in the reconciliations on page 14.

MINERSVILLE TOWN, UTAH
Notes to the Financial Statements
June 30, 2020

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, 2020 consist of the following:

Deposits:		
Cash in bank	\$	187,766
Cash on hand		200
Investments:		
State Treasurer's Investment Pool		<u>1,183,318</u>
Total deposits and investments	\$	<u><u>1,371,284</u></u>

MINERSVILLE TOWN, UTAH
Notes to the Financial Statements
June 30, 2020

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	\$ 872,484
Restricted cash and cash equivalents	<u>498,800</u>
Total cash and cash equivalents	<u><u>\$ 1,371,284</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 invest 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, 2020, the Town had \$1,183,318 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, 2020

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, 2020, none of the Town's demand deposits of \$187,766 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 investment 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, 2020

Note 5. Capital Assets

The following table summarizes the changes to capital assets for business-type activities during the fiscal year ended June 30, 2020:

Governmental Activities:	Balance			Balance
	6/30/2019	Additions	Deletions	6/30/2020
Capital assets, not being depreciated:				
Land	\$ 25,443	\$ -	\$ -	\$ 25,443
Total capital assets, not being depreciated	<u>25,443</u>	<u>-</u>	<u>-</u>	<u>25,443</u>
Capital assets, being depreciated:				
Buildings and improvements	884,768	-	-	884,768
Machinery and equipment	113,413	-	-	113,413
Improvements other than buildings, including infrastructure	550,688	12,896	-	563,584
Total capital assets, being depreciated	<u>1,548,869</u>	<u>12,896</u>	<u>-</u>	<u>1,561,765</u>
Less accumulated depreciation for:				
Buildings and improvements	(445,313)	(32,366)	-	(477,679)
Machinery and equipment	(75,682)	(8,091)	-	(83,773)
Improvements other than buildings, including infrastructure	(343,684)	(23,926)	-	(367,610)
Total accumulated depreciation	<u>(864,679)</u>	<u>(64,383)</u>	<u>-</u>	<u>(929,062)</u>
Total capital assets, being depreciated, net	<u>684,190</u>	<u>(51,487)</u>	<u>-</u>	<u>632,703</u>
Governmental activities capital assets, net	<u>\$ 709,633</u>	<u>\$ (51,487)</u>	<u>\$ -</u>	<u>\$ 658,146</u>

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

Governmental Activities:	
General government	\$ 2,119
Highways and streets	11,669
Culture and recreation	45,127
Senior Center	<u>5,468</u>
Total depreciation expense - governmental activities	<u>\$ 64,383</u>

MINERSVILLE TOWN, UTAH
Notes to the Financial Statements
June 30, 2020

Note 5. Capital Assets, Continued

The following table summarizes the changes to capital assets for business-type activities during the fiscal year ended June 30, 2020:

Business-Type Activities:	Balance			Balance
	6/30/2019	Additions	Deletions	6/30/2020
Capital assets, not being depreciated:				
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>
Capital assets, being depreciated:				
Buildings and improvements	6,866	-	-	6,866
Machinery and equipment	155,530	-	-	155,530
Water and sewer system	4,443,946	-	-	4,443,946
Total capital assets, being depreciated	<u>4,606,342</u>	<u>-</u>	<u>-</u>	<u>4,606,342</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,866)	-	-	(6,866)
Machinery and equipment	(78,817)	(10,787)	-	(89,604)
Water and sewer system	(2,608,472)	(111,852)	-	(2,720,324)
Total accumulated depreciation	<u>(2,694,155)</u>	<u>(122,639)</u>	<u>-</u>	<u>(2,816,794)</u>
Total capital assets, being depreciated, net	<u>1,912,187</u>	<u>(122,639)</u>	<u>-</u>	<u>1,789,548</u>
Business-type activities capital assets, net	<u>\$1,935,637</u>	<u>\$(122,639)</u>	<u>\$ -</u>	<u>\$1,812,998</u>

MINERSVILLE TOWN, UTAH
Notes to the Financial Statements
June 30, 2020

Note 6. Long-term Debt

The following is a summary of changes in long-term obligations for the year ended June 30, 2020:

	Balance			Balance	Current
	6/30/2019	Additions	Deletions	6/30/2020	Portion
Governmental Activities:					
Compensated absences	\$ 10,580	\$ 7,941	\$ (16,538)	\$ 1,983	\$ 1,983
Equipment loan	21,465	-	(10,535)	10,930	10,930
Governmental activity long-term liabilities	32,045	7,941	(27,073)	12,913	12,913
Business-Type Activities:					
Revenue bonds	526,470	-	(85,468)	441,002	56,000
Equipment loan	21,465	-	(10,535)	10,930	10,930
Total bonds payable	547,935	-	(96,003)	451,932	66,930
Business-type long-term liabilities	547,935	-	(96,003)	451,932	66,930
Total long-term liabilities	<u>\$ 579,980</u>	<u>\$ 7,941</u>	<u>\$ (123,076)</u>	<u>\$ 464,845</u>	<u>\$ 79,843</u>

The annual requirements to amortize bonds payable at June 30, 2020 are as follows:

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	10,930	410	66,930	12,122
2022	-	-	60,000	10,125
2023	-	-	61,000	8,418
2024	-	-	30,000	6,679
2025	-	-	31,000	5,920
2026-2030	-	-	167,000	17,406
2031	-	-	36,000	911
Total	<u>\$ 10,930</u>	<u>\$ 410</u>	<u>\$ 451,930</u>	<u>\$ 61,581</u>

MINERSVILLE TOWN, UTAH
Notes to the Financial Statements
June 30, 2020

Note 6. Long-term Debt, Continued

The following is a listing of long-term debt outstanding as of June 30, 2020:

Governmental Activities:

Loans payable:

State Bank loan payable in stallments of \$22,680 bearing an interest rate of 3.7%.	<u>\$ 10,930</u>
Total loans payable	<u>10,930</u>

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.	91,000
--	--------

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.	350,000
--	---------

State Bank loan payable in stallments of \$22,680 bearing an interest rate of 3.7%.	<u>10,930</u>
--	---------------

Total revenue bonds payable, business-type activities	<u>451,930</u>
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Compensated absences	<u>1,983</u>
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Total long-term liabilities	<u><u>\$ 464,843</u></u>
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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, 2020

Note 7. Equity Classifications

As of June 30, 2020, the Town's restricted fund balances are as follows:

General Fund:

Restricted for:	
Class B and C roads	\$ 76,897
Total general fund	<u>\$ 76,897</u>

Permanent Fund:

Restricted for:	
Cemetery perpetual care	<u>\$ 30,000</u>

Water Fund:

Debt reserves:	
Water revenue bonds - series 2001:	
Sinking fund	\$ 33,005
Reserve and repair	184,018
Water revenue bonds - series 2011:	
Sinking fund	37,326
Reserve and repair	<u>109,654</u>
Total debt reserves	<u>364,003</u>
Total water fund restrictions	<u>\$ 364,003</u>

MINERSVILLE TOWN, UTAH
Notes to the Financial Statements
June 30, 2020

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/general/publications.

MINERSVILLE TOWN, UTAH
Notes to the Financial Statements
June 30, 2020

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, 2020 are as follows:

Utah Retirement Systems	Employee	Employer	Employer 401(K)
Contributory System			
111 - Local Government Div - Tier 2	N/A	15.66	1.03
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, 2020

Note 10. Retirement and Pension Plans, Continued

The employer and employee contributions to the Systems for June 30, 2020 were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 26,700	N/A
Tier 2 Public Employees System	2,351	-
Total Contributions	\$ 29,051	\$ -

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, 2020, we reported a net pension asset of \$0 and a net pension liability of \$68,286.

(Measurement Date): December 31, 2019

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2018	Change (Decrease)
Noncontributory System	\$ -	\$ 68,062	0.0180591%	0.0163259%	0.0000173 %
Tier 2 Public Employees System	-	224	0.0009941%	0.0007346%	0.0000026 %
	<u>\$ -</u>	<u>\$ 68,286</u>			

The Net pension asset and liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 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, 2020 we recognized pension expense of \$40,538.

At June 30, 2020 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	\$ 6,254	\$ 1,055
Changes in assumptions	7,304	6
Net difference between projected and actual earnings on pension plan investments	-	34,592
Changes in proportion and differences between contributions and proportionate share of contributions	8,931	269
Contributions subsequent to the measurement date	10,734	-
Total	<u><u>\$ 33,223</u></u>	<u><u>\$ 35,922</u></u>

MINERSVILLE TOWN, UTAH
Notes to the Financial Statements
June 30, 2020

Note 10. Retirement and Pension Plans, Continued

The amount of \$10,734 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, 2019.

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
2020	\$ 1,841
2021	(4,403)
2022	2,114
2023	(13,132)
2024	22
Thereafter	124

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

For the year ended June 30, 2020, we recognized pension expense of \$39,281. At June 30, 2020, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,191	\$ 978
Changes in assumptions	7,209	-
Net difference between projected and actual earnings on pension plan investments	-	34,420
Changes in proportion and differences between contributions and proportionate share of contributions	8,708	210
Contributions subsequent to the measurement date	9,603	-
Total	\$ 31,711	\$ 35,608

The amount of \$9,603 reported as deferred outflows of resources related to pensions results from contributions made by us prior to or fiscal year end, but subsequent to the measurement date of December 31, 2019.

MINERSVILLE TOWN, UTAH
Notes to the Financial Statements
June 30, 2020

Note 10. Retirement and Pension Plans, Continued

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

<u>Year Ended December 31,</u>	<u>Deferred Outflows (inflows) of Resources</u>
2020	\$ 1,865
2021	(4,383)
2022	2,104
2023	(13,086)
2024	-
Thereafter	-

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

For the year ended June 30, 2020, we recognized pension expense of \$1,257. At June 30, 2020, we reported deferred outflows of resources and determined inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 63	\$ 77
Changes in assumptions	95	6
Net difference between projected and actual earnings on pension plan investments	-	172
Changes in proportion and differences between contributions and proportionate share of contributions	223	59
Contributions subsequent to the measurement date	1,132	-
Total	\$ 1,513	\$ 314

The amount of \$1,132 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, 2019. 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 related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (inflows) of</u>
2020	\$ (24)
2021	(21)
2022	9
2023	(46)
2024	22
Thereafter	124

MINERSVILLE TOWN, UTAH
Notes to the Financial Statements
June 30, 2020

Note 10. Retirement and Pension Plans, Continued

Actuarial assumptions

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

Inflation	2.50%
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, 2019, 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:

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%
Totals	100%		4.75%
		Inflation	2.50%
		Expected arithmetic nominal return	7.25%

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

MINERSVILLE TOWN, UTAH
Notes to the Financial Statements
June 30, 2020

Note 10. Retirement and Pension Plans, Continued

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 remained unchanged at 6.95 percent.

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

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 212,583	\$ 68,062	\$ (52,466)
Tier 2 Public Employees System	1,928	224	(1,094)
Total	\$ 214,511	\$ 68,286	\$ (53,560)

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

Defined Contribution Savings Plans

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

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

401(K) Plan	2020	2019	2018
Employer Contributions	\$ 7,700	\$ 8,566	\$ 8,251
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, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 47,000	\$ 46,500	\$ 46,388	\$ (112)
Sales and use taxes	95,000	100,000	119,087	19,087
Fee in lieu	7,000	7,000	7,049	49
Franchise taxes	39,000	39,000	40,022	1,022
Licenses and permits	640	640	765	125
Intergovernmental revenue	116,200	121,543	143,437	21,894
Investment earnings	2,515	2,515	2,118	(397)
Contributions and donations	-	-	-	-
Charges for services	55,500	68,300	83,822	15,522
Other revenues	17,900	15,100	10,312	(4,788)
Total revenue	<u>380,755</u>	<u>400,598</u>	<u>453,000</u>	<u>52,402</u>
Expenditures				
General government	115,600	118,100	100,262	17,838
Public safety	32,900	35,300	40,634	(5,334)
Highways and streets	90,700	64,700	63,291	1,409
Culture and recreation	151,100	176,772	127,601	49,171
Senior center	6,000	6,000	3,304	2,696
Sanitation	44,000	44,000	45,675	(1,675)
Capital outlay	25,172	20,000	12,896	7,104
Debt service	-	20,000	10,535	9,465
Total expenditures	<u>465,472</u>	<u>484,872</u>	<u>404,198</u>	<u>80,674</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(84,717)</u>	<u>(84,274)</u>	<u>48,802</u>	<u>133,076</u>
Other financing sources (uses):				
Impact fees	335	335	-	(335)
Total other financing sources (uses)	<u>335</u>	<u>335</u>	<u>-</u>	<u>(335)</u>
Net change in fund balance	(84,382)	(83,939)	48,802	132,741
Fund balance, beginning of year	186,935	186,935	186,935	-
Fund balance, end of year	<u><u>\$ 102,553</u></u>	<u><u>\$ 102,996</u></u>	<u><u>\$ 235,737</u></u>	<u><u>\$ 132,741</u></u>

MINERSVILLE TOWN, UTAH
Schedule of the Proportionate Share of the Net Pension Liability, Continued
June 30, 2020
Last 10 Fiscal Years*

Noncontributory Retirement System	2015	2016	2017	2018	2019
Proportion of net pension liability (asset)	0.0137341%	0.0148252%	0.0142478%	0.0157136%	0.0163259%
Proportionate share of the net pension liability (asset)	\$ 59,637	\$ 83,888	\$ 91,488	\$ 68,846	\$ 120,219
Covered employee payroll	\$ 120,435	\$ 130,527	\$ 127,011	\$ 141,025	\$ 150,708
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	49.5%	64.3%	72.0%	48.8%	79.8%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	87.8%	87.3%	91.9%	87.0%
 Tier 2 Public Employees Retirement System					
Proportion of net pension liability (asset)		0.0006595%	0.0015937%	0.0013759%	0.0007346%
Proportionate share of the net pension liability (asset)		\$ (1)	\$ 178	\$ 121	\$ 315
Covered employee payroll		\$ 4,268	\$ 13,070	\$ 13,470	\$ 8,615
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		-0.02%	1.36%	0.90%	3.66%
Plan fiduciary net position as a percentage of the total pension liability		100.2%	95.1%	97.4%	90.8%

MINERSVILLE TOWN, UTAH
Schedule of the Proportionate Share of the Net Pension Liability, Continued
June 30, 2020
Last 10 Fiscal Years*

Noncontributory Retirement System	2020
Proportion of net pension liability (asset)	0.0180591%
Proportionate share of the net pension liability (asset)	\$ 68,062
Covered employee payroll	\$ 171,220
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	39.8%
Plan fiduciary net position as a percentage of the total pension liability	93.7%

Tier 2 Public Employees Retirement System	
Proportion of net pension liability (asset)	0.0009941%
Proportionate share of the net pension liability (asset)	\$ 224
Covered employee payroll	\$ 13,807
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	1.62%
Plan fiduciary net position as a percentage of the total pension liability	96.5%

*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, 2020
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
Noncontributory System	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%
	2019	29,201	29,201	-	158,097	18.47%
	2020	26,700	26,700	-	144,557	18.47%
Tier 2 Public Employees System*	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%
	2019	1,522	1,522	-	9,793	15.54%
	2020	2,351	2,351	-	15,011	15.66%
Tier 2 Public Employees DC Only System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	38	38	-	575	6.69%
	2019	134	134	-	2,005	6.69%
	2020	-	-	-	-	0.00%

* 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, 2020

Changes in Assumptions

As a result of the passage of SB 129, the retirement rates for members in the Tier 2 Public Safety and Firefighter Hybrid System have been modified to be the same as the assumption used to model the retirement pattern in the Tier 1 Public Safety and Firefighter Systems, except for a 10% load at first eligibility for unreduced retirement prior to age 65.

MINERSVILLE TOWN, UTAH
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	<u>Capital Projects</u>	<u>Permanent Fund Cemetery Perpetual Care Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 56	\$ 57,844	\$ 57,900
Total assets	<u>\$ 56</u>	<u>\$ 57,844</u>	<u>\$ 57,900</u>
Liabilities and Fund Balances			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted for:			
Perpetual care	-	30,000	30,000
Committed to:			
Capital outlay	<u>56</u>	<u>27,844</u>	<u>27,900</u>
Total fund balances	<u>56</u>	<u>57,844</u>	<u>57,900</u>
Total liabilities and fund balances	<u>\$ 56</u>	<u>\$ 57,844</u>	<u>\$ 57,900</u>

MINERSVILLE TOWN, UTAH
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	<u>Capital Projects</u>	<u>Permanent Fund Cemetery Perpetual Care Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Investment earnings	\$ 1	\$ 1,220	\$ 1,221
Perpetual care fees	-	1,200	1,200
Total revenues	<u>1</u>	<u>2,420</u>	<u>2,421</u>
Expenditures			
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	1	2,420	2,421
Other financing sources (uses):			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1	2,420	2,421
Fund balances, beginning of year	<u>55</u>	<u>55,424</u>	<u>55,479</u>
Fund balances, end of year	<u>\$ 56</u>	<u>\$ 57,844</u>	<u>\$ 57,900</u>



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 Minersville Town, Utah as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Minersville Town's basic financial statements and have issued our report thereon dated October 1, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rees CPA

Rees CPA
Cedar City, Utah
October 1, 2020



**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, 2020.

- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Related Restricted Revenues
- Open and Public Meetings Act
- Fraud Risk Assessment
- Cash Management
- Enterprise Fund Transfers, Reimbursements, Loans, and Services

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, 2020.

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 CPA

Rees CPA
Cedar City, Utah
October 1, 2020