

NIBLEY CITY
CACHE COUNTY, UTAH
Basic Financial Statements
with
Independent Auditor's Report
Year ended June 30, 2019

**NIBLEY CITY
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YEAR ENDED JUNE 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
City Council Members
Nibley City
Nibley , 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 Nibley City, Utah as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 Nibley City, Utah, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other required supplementary information, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2019, on our consideration of Nibley City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Nibley City's internal control over financial reporting and compliance.



Larson & Company, PC
Spanish Fork, Utah

September 20, 2019

Nibley City

Management's Discussion and Analysis

For the Year Ending June 30, 2019

This Management Discussion and Analysis (MD&A) of Nibley City's financial performance is designed to assist readers in understanding the City's basic financial statements the relationship of different types of statements, and the significant differences in the information they provide. The MD&A will identify changes in the City's ability to address the next and subsequent years financial needs based on currently known facts, and is best understood if read in conjunction with Nibley City's basic financial statements.

Financial highlights as of the close of FY 2019

During the year 2019 the total net position of the City increased by \$3,404,701 to a total of \$29,409,167 . The governmental net position increased by \$2,474,480 and the business-type net position increased by \$930,221 .

The total net position (governmental and business-type activities) of the City consist of \$ 23,497,300 in capital assets, net of related debt, \$ 3,304,826 in restricted net position and \$ 2,607,041 in unrestricted net position.

The total long-term liabilities of the City decreased by \$529,361 during the fiscal year 2019. Regular principal payments were made on existing bonds and notes.

Reporting the City as a whole

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed so that all governmental and business-type activities are reported in columns, which add to a total for the primary government. The Statement of Net Position provides bottom line results of the City's activities as a whole and presents a longer-term view of the City's finances. The Statement of Net Position and the Statement of Activities report information about Nibley City's financial position and activities in the following categories.

Governmental activities – The governmental activities of the City include general government, public safety, parks and recreation, and public works.

Business-type activities – these include the water, sewer, storm water utilities, as well as the municipal building authority.

Refer to the table of contents for the location of the Government-wide financial statements.

Fund Financial Statements

Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide detailed information that focus on the most significant funds rather than the City as a whole. Major funds are separately reported to control and manage money and to show that legal responsibilities are met for certain taxes, grants, and other designated funds. Nibley City uses the following types of funds:

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end

Nibley City

Management's Discussion and Analysis

For the Year Ending June 30, 2019

of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The only governmental funds (as determined by generally accepted accounting principles) are the General Fund and the Capital Projects Fund. The City has several non-major funds, including the First Responder Fund.

Proprietary Funds – The City maintains four proprietary funds, all enterprise funds, to account for its Water, Sewer, Storm Water Utilities, and the Municipal Building Authority operations. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. As determined by general accepted accounting principles, the Water, Sewer, Storm Water utilities, and the Municipal Building Authority all meet the criteria for major fund classification.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City currently has no fiduciary funds.

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.

Refer to the table of contents for the location of the fund financial statements and notes to the financial statements.

Other Information

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

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 Nibley City, assets exceeded liabilities by \$29,409,167 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (80 percent) reflects its investment in capital assets (e.g. land, buildings, machinery & equipment, and infrastructure), less depreciation and any debt used to acquire those assets that is still outstanding. Nibley City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in 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.

The following schedules present summarized information from the Statement of Net Position and the Statement of activities.

Nibley City
Management's Discussion and Analysis
For the Year Ending June 30, 2019

Nibley City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 4,012,208	\$ 4,108,718	\$ 3,771,009	\$ 2,917,760	\$ 7,783,217	\$ 7,026,478
Capital assets	12,548,677	9,846,944	15,303,689	15,383,822	27,852,366	25,230,766
Deferred Outflows	196,762	172,458	75,800	66,439	272,562	238,897.00
Total assets	16,757,647	14,128,120	19,150,498	18,368,021	35,908,145	32,496,141
Other liabilities	329,941	315,906	431,073	80,026	761,014	395,932
Long-term liabilities outstanding	437,877	292,837	4,731,958	5,185,840	5,169,835	5,478,677
Deferred Inflows	646,677	650,705	3,149	48,058	649,826	698,763.00
Total liabilities	1,414,495	1,259,448	5,166,180	5,313,924	6,580,675	6,573,372
Net Position:						
Net Investment in Capital Assets	12,521,611	9,792,812	10,975,689	10,569,822	23,497,300	20,362,634
Restricted	1,515,743	1,564,877	1,789,083	1,688,249	3,304,826	3,253,126
Unrestricted	1,305,798	1,510,983	1,301,243	877,723	2,607,041	2,388,706
Total Net Position	\$15,343,152	\$ 12,868,672	\$ 14,066,015	\$ 13,135,794	\$29,409,167	\$ 26,004,466

A portion of Nibley City's net position (11 percent) represents resources that are subject to external restrictions on how they may be used.

At the end of the year, Nibley City is able to report positive balances in all three categories of net position.

Nibley City
Management's Discussion and Analysis
For the Year Ending June 30, 2019

Nibley City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 1,429,395	\$ 1,280,794	\$ 2,126,515	\$ 1,947,696	\$ 3,555,910	\$ 3,228,490
Operating grants and contribs	694,207	363,658	-	-	694,207	363,658
Capital grants and contribs	-	-	465,133	1,154,459	465,133	1,154,459
General revenues:						
Property taxes	610,903	533,983	-	-	610,903	533,983
Sales taxes	873,420	822,632	-	-	873,420	822,632
Other taxes	359,699	311,182	-	-	359,699	311,182
Gain/(Loss) on disposal	-	(9,400)	92,263	(6,116)	92,263	(15,516)
Impact fees	295,173	287,776	229,736	221,250	524,909	509,026
Unrestricted investment earnings	97,798	66,478	82,529	64,171	180,327	130,649
Other	1,598,805	684,226	118,264	114,676	1,717,069	798,902
Total revenues	5,959,400	4,341,329	3,114,440	3,496,136	9,073,840	7,837,465
Expenses:						
Highways and streets	231,806	389,925	-	-	231,806	389,925
Administration	458,937	427,804	-	-	458,937	427,804
Sanitation	490,569	452,389	-	-	490,569	452,389
Public Safety	319,931	255,847	-	-	319,931	255,847
Public works	255,500	297,262	-	-	255,500	297,262
Non-departmental	310,310	194,652	-	-	310,310	194,652
Planning and zoning	241,340	242,397	-	-	241,340	242,397
Judicial	87,514	76,130	-	-	87,514	76,130
Culture, parks, and recreation	795,362	481,840	-	-	795,362	481,840
Legislative	48,285	40,470	-	-	48,285	40,470
Community development	245,366	257,333	-	-	245,366	257,333
Water	-	-	845,311	806,050	845,311	806,050
Sewer	-	-	1,064,226	983,809	1,064,226	983,809
Municipal building authority	-	-	78,267	80,076	78,267	80,076
Storm water	-	-	196,415	210,632	196,415	210,632
Total expenses	3,484,920	3,116,049	2,184,219	2,080,567	5,669,139	5,196,616
Increase (decrease) in Net Position	2,474,480	1,225,280	930,221	1,415,569	3,404,701	2,640,849
Net Position - Beginning	12,868,672	11,643,392	13,135,794	11,720,225	26,004,466	23,363,617
Net Position - Ending	\$ 15,343,152	\$ 12,868,672	\$ 14,066,015	\$ 13,135,794	\$ 29,409,167	\$ 26,004,466

Financial Analysis of the Government's Funds

Governmental funds

The focus of Nibley City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Nibley City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, Nibley City's governmental funds reported combined ending fund balances of \$ 3,043,761 , a decrease of \$(223,088) in comparison with the prior year. Approximately 24 percent of this amount (\$ 690,486) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

The general fund is the chief operating fund of Nibley City. All activities which are not required to be accounted for either by state or local ordinance or by a desire to maintain a matching of revenues and expenditures are accounted for in this fund. At the end of the current year, unreserved fund balance of the general fund was \$ 690,486 . As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 15 percent of total general fund revenues.

Nibley City
Management's Discussion and Analysis
For the Year Ending June 30, 2019

Taxes continue to be the largest source of revenue in the General Fund and represent 46 percent of total general fund revenues. The two largest elements of taxes are property taxes and sales taxes. Combined, they represent 80 percent of total tax revenues and 37 percent of total general fund revenues.

Proprietary funds

Nibley City'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 proprietary funds at the end of the year amounted to \$ 1,301,243 .

General Fund Budgetary Highlights

During the current fiscal year the General Fund budget for revenue was \$ 4,105,050 . The actual revenue was \$ 3,958,170 . This resulted in an unfavorable variance of \$ (146,880) for revenue. The General Fund budget for expenditures was \$ 3,783,500 . The actual expenditures were \$ 3,463,586 . This resulted in a favorable variance of \$ 319,914 for expenditures. Overall, the City had a favorable variance for the excess of revenues over expenditures of \$ 173,034 .

Capital Asset and Debt Administration

Capital assets

Nibley City's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$27,934,063 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park facilities, roads and infrastructure (streets, sidewalks, curb and gutter, etc.). The total increase in Nibley City's investment in capital assets for the current year was \$2,614,377 , and depreciation expense was \$1,204,562 .

Nibley City's Capital Assets
(net of depreciation)

	Governmental		Business-type		Total	
	2019	2018	2019	2018	2019	2018
Land and water rights	\$ 6,024,116	\$ 3,934,640	\$ 508,132	\$ 508,132	\$ 6,532,248	\$ 4,442,772
Buildings and improvements	4,928,013	4,203,537	14,171,542	14,217,396	19,099,555	18,420,933
Machinery and equipment	109,313	143,492	624,015	665,519	733,328	809,011
Infrastructure	1,487,235	1,565,273	-	-	1,487,235	1,565,273
Construction in progress	-	-	81,697	81,697	81,697	81,697
Total	<u>\$ 12,548,677</u>	<u>\$ 9,846,942</u>	<u>\$ 15,385,386</u>	<u>\$ 15,472,744</u>	<u>\$ 27,934,063</u>	<u>\$ 25,319,686</u>

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

Nibley City
Management's Discussion and Analysis
For the Year Ending June 30, 2019

Long-term debt

At the end of the current year, Nibley City had long term debt outstanding of \$4,689,610 . The debt represents both general obligation bonds and revenue bonds secured solely by specified revenue sources, capital leases payable, notes payable, and/or compensated absences.

Nibley City's Outstanding Debt

	Governmental		Business-type		Total	
	2019	2018	2019	2018	2019	2018
Compensated absences	\$ 64,141	\$ 51,226	\$ 45,403	\$ 34,613	\$ 109,544	\$ 85,839
Capital lease obligation	27,066	54,132	-	-	27,066	54,132
Revenue bonds	-	-	4,553,000	5,079,000	4,553,000	5,079,000
Total	<u>\$ 91,207</u>	<u>\$ 105,358</u>	<u>\$ 4,598,403</u>	<u>\$ 5,113,613</u>	<u>\$ 4,689,610</u>	<u>\$ 5,218,971</u>

Additional information on Nibley City's debt can be found in the notes to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of Nibley City'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 Nibley City, 455 West 3200 South, Nibley, Utah 84321.

Basic Financial Statements

The basic financial statements include integrated sets of financial statements as required by accounting principles generally accepted in the United States of America. The statements include:

- Government-wide financial statements
- Fund financial statements
 - o Governmental funds
 - o Proprietary (enterprise) funds

Nibley City
Government-wide Statement of Net Position
As of June 30, 2019

	Primary Government		Totals
	Governmental	Business-type	
	Activities	Activities	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash and cash equivalents	\$ 1,543,152	\$ 1,787,867	\$ 3,331,019
Receivables, net			
Taxes	834,978	-	834,978
Accounts	55,568	194,059	249,627
Intergovernmental	62,767	-	62,767
Restricted cash	1,515,743	1,789,083	3,304,826
Capital assets (net of accumulated depreciation):			
Land and water rights (not depreciated)	6,024,116	508,132	6,532,248
Buildings and improvements	4,928,013	14,171,542	19,099,555
Equipment	109,313	624,015	733,328
Infrastructure	1,487,235	-	1,487,235
Construction in progress (not depreciated)	-	81,697	81,697
Total assets	<u>16,560,885</u>	<u>19,156,395</u>	<u>35,717,280</u>
Deferred outflows of resources - pensions	196,762	75,800	272,562
Total Assets and Deferred Outflows of Resources	<u>16,757,647</u>	<u>19,232,195</u>	<u>35,989,842</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Accounts payable	329,941	404,747	734,688
Accrued interest payable	-	26,326	26,326
Current portion of compensated absences	22,183	15,703	37,886
Current portion of bonds payable	-	313,000	313,000
Current portion of capital lease payable	27,066	-	27,066
Non-Current:			
Compensated absences	41,958	29,700	71,658
Bonds payable	-	4,240,000	4,240,000
Net pension liability	346,670	133,555	480,225
Total liabilities	<u>767,818</u>	<u>5,163,031</u>	<u>5,930,849</u>
Deferred inflows of resources - property taxes	638,506	-	638,506
Deferred inflows of resources - pensions	8,171	3,149	11,320
Total Liabilities and Deferred Inflows of Resources	<u>1,414,495</u>	<u>5,166,180</u>	<u>6,580,675</u>
NET POSITION			
Net Investment in Capital Assets	12,521,611	10,975,689	23,497,300
Restricted	1,515,743	1,789,083	3,304,826
Unrestricted	1,305,798	1,301,243	2,607,041
Total Net Position	<u>\$ 15,343,152</u>	<u>\$ 14,066,015</u>	<u>\$ 29,409,167</u>

The notes to the financial statements are an integral part of this statement

Nibley City
Government-wide Statement of Activities
For the Year Ended June 30, 2019

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Operating		Governmental Activities	Business-type Activities	Total
		Charges for Services	Grants and Contributions			
Primary government:						
Governmental Activities:						
Highways and streets	\$ 231,806	\$ -	\$ 299,142	\$ 67,336	\$ -	\$ 67,336
Administration	458,937	186,717	-	(272,220)	-	(272,220)
Sanitation	490,569	498,836	-	8,267	-	8,267
Public safety	319,931	69,353	35,692	(214,886)	-	(214,886)
Public works	255,500	511,000	-	255,500	-	255,500
Non-departmental	310,310	-	-	(310,310)	-	(310,310)
Planning and zoning	241,340	25,020	-	(216,320)	-	(216,320)
Judicial	87,514	58,299	-	(29,215)	-	(29,215)
Culture, parks, and recreation	795,362	80,170	359,373	(355,819)	-	(355,819)
Legislative	48,285	-	-	(48,285)	-	(48,285)
Community development	245,366	-	-	(245,366)	-	(245,366)
Total Governmental Activities	3,484,920	1,429,395	694,207	(1,361,318)	-	(1,361,318)
Business-type Activities:						
Water fund	845,311	736,600	-	-	90,787	90,787
Sewer fund	1,064,226	1,182,173	-	-	355,941	355,941
Storm water fund	196,415	-	-	-	(168,774)	(168,774)
Municipal building authority	78,267	207,742	-	-	129,475	129,475
Total Business-type Activities	2,184,219	2,126,515	-	-	407,429	407,429
Total Primary Government	5,669,139	3,555,910	694,207.00	(1,361,318)	407,429	(953,889)
General revenues:						
Property tax				610,903	-	610,903
Sales tax				873,420	-	873,420
Franchise and other taxes				359,699	-	359,699
Interest income				97,798	82,529	180,327
Impact fees				295,173	229,736	524,909
Gain (loss) on sale of capital assets				-	92,263	92,263
Miscellaneous				1,598,805	118,264	1,717,069
Total general revenues and transfers				3,835,798	522,792	4,358,590
Change in net position				2,474,480	930,221	3,404,701
Net Position - Beginning				12,868,672	13,135,794	26,004,466
Net Position - Ending				\$ 15,343,152	\$ 14,066,015	\$ 29,409,167

The notes to the financial statements are an integral part of this statement
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Nibley City
Balance Sheet – Governmental Funds
As of June 30, 2019

	General Fund	Capital Project Fund	First Responder Fund (Nonmajor)	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 698,397	\$ 844,596	\$ 159	\$ 1,543,152
Restricted cash	1,412,906	-	102,837	1,515,743
Receivables:				
Taxes	834,978	-	-	834,978
Accounts	55,568	-	-	55,568
Intergovernmental	62,767	-	-	62,767
Total assets	<u>3,064,616</u>	<u>844,596</u>	<u>102,996</u>	<u>4,012,208</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	322,718	7,064	159	329,941
Deferred inflows of resources	638,506	-	-	638,506
Total liabilities and deferred inflows	<u>961,224</u>	<u>7,064</u>	<u>159</u>	<u>968,447</u>
Fund balances:				
Restricted - Impact fees/Capital outlay	1,412,906	-	-	1,412,906
Restricted - First responders	-	-	102,837	102,837
Assigned - Capital outlay	-	837,532	-	837,532
Unassigned	690,486	-	-	690,486
Total fund balances	<u>2,103,392</u>	<u>837,532</u>	<u>102,837</u>	<u>3,043,761</u>
Total liabilities and fund balances	<u>\$ 3,064,616</u>	<u>\$ 844,596</u>	<u>\$ 102,996</u>	<u>\$ 4,012,208</u>

The notes to the financial statements are an integral part of this statement

Nibley City
Reconciliation of Total Governmental Fund Balances to
Government-wide Net Position
As of June 30, 2019

Total fund balances - governmental fund types:	<u>\$ 3,043,761</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and net pension assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	12,548,677
Deferred inflows and outflows of resources, an acquisition or consumption of net position that applies to future periods, is not shown in the fund statements.	
Deferred outflows of resources relating to pensions	196,762
Deferred inflows of resources relating to pensions	(8,171)
Long-term liabilities, including bonds payable, compensated absences, and/or lease obligations are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(64,141)
Capital lease obligations	(27,066)
Net Pension Liability	<u>(346,670)</u>
Net Position of government activities	<u><u>\$ 15,343,152</u></u>

The notes to the financial statements are an integral part of this statement

Nibley City
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Capital Project Fund	First Responder Fund (non-major)	Total Governmental Funds
REVENUES				
Taxes				
Sales taxes	\$ 873,420	\$ -	\$ -	\$ 873,420
Property taxes	610,903	-	-	610,903
Franchise taxes	271,359	-	-	271,359
Mass transit tax	88,340	-	-	88,340
Licenses and permits	186,717	-	-	186,717
Intergovernmental revenue	307,515	355,000	31,692	694,207
Charges for services	1,108,826	-	-	1,108,826
Fines and forfeitures	355,675	-	-	355,675
Interest income	82,115	12,700	2,983	97,798
Miscellaneous	73,300	-	50	73,350
Total revenues	<u>3,958,170</u>	<u>367,700</u>	<u>34,725</u>	<u>4,360,595</u>
EXPENDITURES				
Current:				
Culture, parks, and recreation	301,971	-	-	301,971
Highways and streets	200,629	-	-	200,629
Administration	458,937	-	-	458,937
Sanitation	490,569	-	-	490,569
Public works	255,500	-	-	255,500
Public safety	271,847	-	24,882	296,729
Non-departmental	223,357	-	-	223,357
Planning and zoning	241,340	-	-	241,340
Judicial	87,514	-	-	87,514
Legislative	48,285	-	-	48,285
Community development	193,738	-	-	193,738
Capital outlay	689,899	1,008,262	-	1,698,161
Total expenditures	<u>3,463,586</u>	<u>1,008,262</u>	<u>24,882</u>	<u>4,496,730</u>
Excess revenues over (under) expenditures	<u>494,584</u>	<u>(640,562)</u>	<u>9,843</u>	<u>(136,135)</u>
Other financing sources (uses)				
Transfers in	30,000	558,000	-	588,000
Transfers out	(588,000)	-	-	(588,000)
Contributions to other government entities	(86,953)	-	-	(86,953)
Total other financing sources and uses	<u>(644,953)</u>	<u>558,000</u>	<u>-</u>	<u>(86,953)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(150,369)	(82,562)	9,843	(223,088)
Fund balances - beginning of year	2,253,761	920,094	92,994	3,266,849
Fund balances - end of year	<u>\$ 2,103,392</u>	<u>\$ 837,532</u>	<u>\$ 102,837</u>	<u>\$ 3,043,761</u>

The notes to the financial statements are an integral part of this statement

Nibley City

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities For the Year Ended June 30, 2019

Net changes in fund balances - total governmental funds \$ (223,088)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Developer contributions of assets are also not reported in fund statements as they do not represent current resources, but rather are included with capital assets on the Statement of Net Position. This is the amount by which capital outlay and developer contributions of assets exceeded depreciation in the current period. 2,728,801

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in Compensated Absences (12,915)

Pension benefits/pension expenses resulting from the implementation of GASB 68 (18,318)

Change in net position of governmental activities **\$ 2,474,480**

The notes to the financial statements are an integral part of this statement

Nibley City
Statement of Net Position – Proprietary Funds
As of June 30, 2019

	Business-Type Activities - Enterprise Funds				Total
	Water Fund	Sewer Fund	Municipal Building Authority	Storm Water Fund	
ASSETS AND DEFERRED OUTFLOWS					
Current assets:					
Cash and cash equivalents:					
Unrestricted	\$ 180,151	\$ 1,042,430	\$ 356,057	\$ 209,229	\$ 1,787,867
Restricted	340,212	1,282,924	-	165,947	1,789,083
Receivables:					
Utilities (net of allowance)	53,292	119,672	-	21,095	194,059
Total current assets	<u>573,655</u>	<u>2,445,026</u>	<u>356,057</u>	<u>396,271</u>	<u>3,771,009</u>
Property and Equipment:					
Land and water rights	193,008	305,124	10,000	-	508,132
Construction in Progress	-	-	-	81,697	81,697
Buildings and improvements	8,540,503	9,536,758	1,703,790	695,761	20,476,812
Accumulated depreciation	(2,290,102)	(3,457,779)	(463,631)	(93,758)	(6,305,270)
Machinery and equipment	437,196	461,983	77,854	237,968	1,215,001
Accumulated depreciation	(342,892)	(165,672)	(44,115)	(38,307)	(590,986)
Total noncurrent assets	<u>6,537,713</u>	<u>6,680,414</u>	<u>1,283,898</u>	<u>883,361</u>	<u>15,385,386</u>
Total assets	<u>7,111,368</u>	<u>9,125,440</u>	<u>1,639,955</u>	<u>1,279,632</u>	<u>19,156,395</u>
Deferred Outflows of Resources:					
Deferred outflows related to pensions	29,225	33,086	-	13,489	75,800
Total Assets and Deferred Outflows	<u>7,140,593</u>	<u>9,158,526</u>	<u>1,639,955</u>	<u>1,293,121</u>	<u>19,232,195</u>
LIABILITIES AND DEFERRED INFLOWS					
Current liabilities:					
Accounts payable	8,868	29,309	357,596	8,974	404,747
Accrued interest payable	3,255	-	23,071	-	26,326
Compensated absences - current	6,064	4,859	-	4,780	15,703
Current portion of bonds payable	88,000	205,000	20,000	-	313,000
Total current liabilities	<u>106,187</u>	<u>239,168</u>	<u>400,667</u>	<u>13,754</u>	<u>759,776</u>
Noncurrent liabilities:					
Net Pension Liability	51,492	58,297	-	23,766	133,555
Compensated absences	15,282	7,452	-	6,966	29,700
Bonds payable	164,000	3,432,000	644,000	-	4,240,000
Total noncurrent liabilities	<u>230,774</u>	<u>3,497,749</u>	<u>644,000</u>	<u>30,732</u>	<u>4,403,255</u>
Total liabilities	<u>336,961</u>	<u>3,736,917</u>	<u>1,044,667</u>	<u>44,486</u>	<u>5,163,031</u>
Deferred inflows of Resources:					
Deferred inflows related to pensions	1,213	1,375	-	561	3,149
Total Liabilities and Deferred Inflow:	<u>338,174</u>	<u>3,738,292</u>	<u>1,044,667</u>	<u>45,047</u>	<u>5,166,180</u>
NET POSITION					
Net Investment in Capital Assets	6,285,713	3,248,414	639,898	801,664	10,975,689
Restricted:					
Bond reserve	210,833	421,118	-	-	631,951
Impact fees	129,379	861,806	-	165,947	1,157,132
Unrestricted	176,494	888,896	(44,610)	280,463	1,301,243
Total Net Position	<u>\$ 6,802,419</u>	<u>\$ 5,420,234</u>	<u>\$ 595,288</u>	<u>\$ 1,248,074</u>	<u>\$ 14,066,015</u>

The notes to the financial statements are an integral part of this statement

Nibley City
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds				Total Business Type
	Water Fund	Sewer Fund	Municipal Building Authority	Storm Water Fund	
Operating revenues:					
Services	\$ 703,400	\$ 1,182,173	\$ -	\$ 207,742	\$ 2,093,315
Connection fees	33,200	-	-	-	33,200
Other operating revenues	36,807	13,957	60,000	7,500	118,264
Total operating revenues	<u>773,407</u>	<u>1,196,130</u>	<u>60,000</u>	<u>215,242</u>	<u>2,244,779</u>
Operating expenses:					
Wages and benefits	137,967	133,627	-	92,543	364,137
Current expenses	479,347	593,072	-	76,461	1,148,880
Depreciation	221,535	337,527	49,925	27,411	636,398
Total operating expenses	<u>838,849</u>	<u>1,064,226</u>	<u>49,925</u>	<u>196,415</u>	<u>2,149,415</u>
Operating income	<u>(65,442)</u>	<u>131,904</u>	<u>10,075</u>	<u>18,827</u>	<u>95,364</u>
Nonoperating revenues (expenses):					
Impact fee income	117,391	112,345	-	-	229,736
Interest revenue	7,451	53,936	12,883	8,259	82,529
Capital contributions	199,498	237,994	-	27,641	465,133
Interest expense	(6,462)	-	(28,342)	-	(34,804)
Gain on sale of capital asset	24,274	74,778	-	(6,789)	92,263
Total nonoperating revenues (expenses)	<u>342,152.00</u>	<u>479,053</u>	<u>(15,459)</u>	<u>29,111</u>	<u>834,857</u>
Change in net position	276,710	610,957	(5,384)	47,938	930,221
Total Net Position - Beginning	6,525,709	4,809,277	600,672	1,200,136	13,135,794
Total Net Position - Ending	<u>\$ 6,802,419</u>	<u>\$ 5,420,234</u>	<u>\$ 595,288</u>	<u>\$ 1,248,074</u>	<u>\$ 14,066,015</u>

The notes to the financial statements are an integral part of this statement

Nibley City
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds				Total
	Water Fund	Sewer Fund	Municipal Building Authority	Storm Water Fund	
Cash Flows From Operating Activities					
Receipts from customers	\$ 806,835	\$ 1,189,645	\$ 60,000	\$ 213,388	\$ 2,269,868
Payments to suppliers	(493,708)	(589,053)	357,596	(71,315)	(796,480)
Payments to employees	(133,823)	(135,756)	-	(90,826)	(360,405)
Net cash provided (used) by operating activities	<u>179,304</u>	<u>464,836</u>	<u>417,596</u>	<u>51,247</u>	<u>1,112,983</u>
Cash Flows From Capital and Related Financing Activities					
Purchases of capital assets	(264,348)	(302,844)	-	(27,641)	(594,833)
Impact fee income	117,391	112,345	-	-	229,736
Capital contributions from others	199,498	237,994	-	27,641	465,133
Principal paid on capital debt	(202,651)	(260,000)	(60,000)	-	(522,651)
Gain(loss) on sale of assets	63,281	73,715	-	4,603	141,599
Interest paid on capital debt	(7,215)	-	(28,943)	-	(36,158)
Net cash provided (used) by capital and related financing activities	<u>(94,044)</u>	<u>(138,790)</u>	<u>(88,943)</u>	<u>4,603</u>	<u>(317,174)</u>
Cash Flows From Investing Activities					
Interest received	7,451.00	53,936	12,883	8,259	82,529
Net cash provided (used) by investing activities	<u>7,451.00</u>	<u>53,936</u>	<u>12,883</u>	<u>8,259</u>	<u>82,529</u>
Net increase (decrease) in cash and cash equivalents	92,711	379,982	341,536	64,109	878,338
Cash and cash equivalents, July 1	427,652	1,945,372	14,521	311,067	2,698,612
Cash and cash equivalents, June 30	<u>\$ 520,363</u>	<u>\$ 2,325,354</u>	<u>\$ 356,057</u>	<u>\$ 375,176</u>	<u>\$ 3,576,950</u>
Cash and cash equivalents at end of year consists of:					
Unrestricted cash	180,151	1,042,430	356,057	209,229	1,787,867
Restricted cash	340,212	1,282,924	-	165,947	1,789,083
	<u>\$ 520,363</u>	<u>\$ 2,325,354</u>	<u>\$ 356,057</u>	<u>\$ 375,176</u>	<u>\$ 3,576,950</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	\$ (65,442)	\$ 131,904	\$ 10,075	\$ 18,827	\$ 95,364
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization expense	221,535	337,527	49,925	27,411	636,398
Noncash change in pension/benefit expense	(2,722)	(3,081)	-	(1,255)	(7,058)
Decrease (increase) in accounts receivable	33,428	(6,485)	-	(1,854)	25,089
Increase (decrease) in accounts payable	(14,361)	4,019	357,596	5,146	352,400
Increase (decrease) in compensated absences	6,866	952	-	2,972	10,790
Total adjustments	<u>244,746</u>	<u>332,932</u>	<u>407,521</u>	<u>32,420</u>	<u>1,017,619</u>
Net cash provided (used) by operating activities	<u>\$ 179,304</u>	<u>\$ 464,836</u>	<u>\$ 417,596</u>	<u>\$ 51,247</u>	<u>\$ 1,112,983</u>

The notes to the financial statements are an integral part of this statement

Notes to Financial Statements

The notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of Nibley City have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The accompanying financial statements present the financial position of the various fund types and the results of their operations. The basic financial statements are presented for the year ended June 30, 2019.

Reporting Entity

Nibley City (the City) was incorporated under the laws of the state of Utah. The City operates by ordinance under the Mayor-Council form of government and provides such services as are authorized by its charter including public safety (police and fire), highways and streets, sanitation, recreation, public improvements, planning and zoning, and general administration. In addition, the City owns and operates water and sewer utilities.

Basis of Presentation

The government-wide financial statements report information on the financial position and all of the activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Fiduciary funds are not reported in the government-wide financial statements.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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 City applies expenses for restricted resources first when both restricted and unrestricted net position are available.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgements are recognized only when payment is due.

Nibley City

Notes to the Financial Statements

June 30, 2019

Property taxes, state-shared revenue, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be available only when cash is received by the City.

The City has presented the following major governmental funds:

General Fund – is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Capital Projects Fund – is used to account for fund received and expended for the acquisition or construction of capital facilities, improvements, and equipment (other than those financed by proprietary funds).

The City has presented the following major governmental funds:

Water Utility – is used to account for the activities of the City's water production, treatment, and distribution operations.

Sewer Utility – is used to account for the activities of the City's sewer treatment operations.

Storm Water Services – is used to account for the activities of the City's storm water runoff.

Municipal Building Authority – is used to account for the activities of some of the City's real estate.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Net Position

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Net position for governmental funds can consist of the following:

Nonspendable – Any nonspendable fund balance includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted – Any restricted fund balance includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Nibley City

Notes to the Financial Statements

June 30, 2019

Committed – Any committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision making authority, the Nibley City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

Assigned – Any assigned fund balance includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Nibley City Council or (b) a body to which the governing body has delegated the authority to assign amounts. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) other than the General Fund that are not classified as nonspendable, restricted, or committed.

Unassigned – The unassigned fund balance is the residual classification for the General Fund. This designation is also used in other governmental funds to report a negative fund balance.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple net position classifications, net position is depleted in the order of restricted, committed, assigned, and unassigned, as needed unless the City Council has provided otherwise in its commitment or assignment actions.

Property Taxes

Cache County assesses all taxable property other than centrally-assessed property. Which is assessed through the state, by May 22 of each year. The City must adopt a final tax rate prior to June 22, which is then submitted to the State for approval. Property taxes are due on November 30. Delinquent taxes are subject to a penalty of 2% or \$10, whichever is greater. After January 16 of the following year, delinquent taxes and penalties bear interest at 6% above the federal discount rate from January 1 until paid.

Property tax revenues are recognized when they become measureable and available. Amounts available include those property tax receivables expected to be collected within 60 days after year end.

Short-term Interfund Receivables/Payables

During the course of operations, transactions occur which result in amounts owed to a particular fund by another fund, other than for goods provided or services rendered. These receivables and payables are classified as interfund receivables/payables on the balance sheet.

Internal Activity in the Government-Wide Financial Statements

Any internal activity between funds is eliminated for the presentation of the government-wide financial statements.

Compensated Absences

Under terms of administrative policy, regular, full-time, and permanent employees are granted paid time off (PTO) or vacation and sick leave in varying amounts which may be accumulated and paid upon separation from City service. Vested or accumulated PTO or vacation and sick leave that is due at year-end to terminated employees is reported as an expenditure and liability of the governmental fund that will pay it. Amounts of vested or accumulated PTO or vacation and sick leave that are not due and payable at year-end are reported only in the proprietary funds and in the government-wide financial statements. No liability is recorded for non-vesting rights to personal leave.

Pensions

For purposes of measuring the net pension liability, deferred outflow 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,

Nibley City

Notes to the Financial Statements

June 30, 2019

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. The City has one of these items that qualify for reporting in this category. Deferred outflows of resources related to pensions – includes a) net difference between projected and actual earnings on pension plan investments and b) City contributions subsequent to the measurement date of December 31, 2018.

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. The City reports two of these items. Property taxes are reported as deferred inflows of resources since they are recognized as receivables before the period for which the taxes are levied. Deferred inflows of resources related to pensions – includes a) differences between expected and actual experience and b) changes of assumptions in the measurement of the net pension liability/asset. These amounts are also reported on the government-wide statement of net position.

Cash and Investments

The City considers all highly liquid investments maturing within three months of date of purchase to be cash equivalents. Cash balances are invested to the extent available. Investments include obligation of the U.S. Treasury, and repurchase agreements. Cash deemed to be in excess of immediate needs, other than cash and investments held for the City by trustees, is invested in the Utah State Public Treasurer's Investment Fund or in approved corporate bonds. Investments are stated at cost, which approximates fair market value.

Budget Amendments

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for governmental and proprietary fund types. Encumbrance accounting is not employed by the City in its governmental funds, therefore all annual appropriations lapse at fiscal year-end. Project length financial plans are adopted for all capital projects.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at June 30, 2019, and revenues and expenses during the year then ended. The actual results could differ from those estimates.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental and business-type activities columns in the government-wide financial statements and in the fund financial statements for the proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the dated donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the period on property, plant, and equipment in the governmental funds.

Nibley City
Notes to the Financial Statements
June 30, 2019

Assets, having an original cost of \$5,000 or more are capitalized. Depreciation has been calculated on each class of depreciable property other than infrastructure using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	25-50 Years
Improvements other than buildings	7-50 Years
Machinery and equipment	5-20 Years
Infrastructure	15-40 Years

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations in the City funds.

Cash and Cash Equivalents

For the purpose of the Statement of Net Position, the term “cash and cash equivalents” includes all demand deposit accounts, savings accounts, or other short-term, highly-liquid investments. For the purposes of the Statement of Cash Flows, the enterprise funds consider all highly-liquid investments (including restricted position) with original maturities of three months or less to be cash equivalents.

Note 2 – Deposits and Investments with Financial Institutions

The City follows the requirements for the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This Act requires the depositing of City funds in a “qualified depository”. The Act defines a “qualified depository” as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Utah Commissioner of Financial Institutions as meeting the requirement of the Act and adhering to the rules of the Utah Money Management Council. Following are discussions of the City’s exposure to various risks related to its cash management activities.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be recovered. The City does not have a formal deposit policy for custodial credit risk. The uninsured and uncollateralized portion of the City’s bank balances was \$247,011 on June 30, 2019.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City’s policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investments transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as “first-tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. Government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated “A” or higher by two nationally recognized statistical rating organizations as defined in the Act.

The City is authorized to invest in the Utah Public Treasurer’s Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to

Nibley City
Notes to the Financial Statements
June 30, 2019

participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based on the participants' average daily balances. The fair value of the City's position in the pool is the same as the value of its pool shares. The PTIF has not been rated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The local government's policy to limit this risk is to adhere to the rules of the Money Management Council.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an instrument. The City manages its exposure to declines in fair value by investment mainly in the PTIF and adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments maturity of investments may not exceed the period of availability of the funds to be invested.

As of June 30, 2019 the government had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
PTIF	\$6,555,009	less than 1 year

Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those the Governmental Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's investments of \$6,555,009 are with the Utah PTIF as aforementioned and are considered Level 2 inputs.

The deposits and investments described above are included on the Statement of Net Position as per the following reconciliation:

Reconciliation to Government-wide Statement of Net Assets:

Deposits	Deposits	\$ 80,436
Investments	Investments	6,555,009
Cash on hand	Cash on hand	400
	Total	<u>\$ 6,635,845</u>
Government - Wide		
Cash and Cash Equivalents	Unrestricted	\$ 3,331,019
Restricted Cash	Restricted	3,304,826
	Total	<u>\$ 6,635,845</u>

Nibley City
Notes to the Financial Statements
June 30, 2019

Note 3 – Legal Compliance – Budgets

On or before the first scheduled City council meeting in May, all agencies of the City submit requests for appropriation to the City’s financial officer so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information and the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the City council for review at the first scheduled meeting in May. The City council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes to the budget must be within the revenues and reserves estimated as available by the City financial officer or the revenue estimates must be changed by an affirmative vote of a majority of the City council. Within 30 days of adoption, the final budget must be submitted to the Utah State Auditor. If there is no increase to the certified tax rate, a final rate is adopted by June 22 and adoption of budgets is done similarly.

State statute requires that City officers shall not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or subsequently amended.

Note 4 – Capital Assets

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

	<u>December 31, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2019</u>
Governmental Assets				
Assets not Depreciated				
Land	\$ 3,934,640	\$ 2,089,476	\$ -	\$ 6,024,116
Assets Being Depreciated				
Building & Improvements	9,652,019	1,180,424	-	10,832,443
Infrastructure	2,260,337	-	-	2,260,337
Machinery & Equipment	886,716	-	-	886,716
Total Governmental Assets	16,733,712	3,269,900	-	20,003,612
Accumulated Depreciation				
Building and Improvements	(5,448,482)	(455,948)	-	(5,904,430)
Infrastructure	(695,064)	(78,038)	-	(773,102)
Machinery & Equipment	(743,224)	(34,179)	-	(777,403)
Total Accumulated Depreciation	(6,886,770)	(568,165)	-	(7,454,935)
Net Governmental Capital Assets	\$ 9,846,942			\$ 12,548,677
Business-Type Assets				
Assets not Depreciated				
Land and water rights	\$ 508,132	-	-	\$ 508,132
Construction in progress	81,697	-	-	81,697
Assets Being Depreciated				
Buildings & improvements	20,018,904	457,908	-	20,476,812
Machinery & Equipment	1,159,649	136,925	(81,573)	1,215,001
Total Business-Type Assets	21,768,382	594,833	(81,573)	22,281,642
Accumulated Depreciation				
Buildings & Improvements	(5,801,508)	(503,762)	-	(6,305,270)
Machinery & Equipment	(494,130)	(132,635)	35,779	(590,986)
Total Accumulated Depreciation	(6,295,638)	(636,397)	35,779	(6,896,256)
Net Business-Type Capital Assets	\$ 15,472,744			\$ 15,385,386

Nibley City
Notes to the Financial Statements
June 30, 2019

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

Governmental		Business-type	
General Government	51,628	Water	221,535
Public Safety	23,202	Sewer	337,527
Highways and Public Improvements	462,158	Storm drain	27,411
Parks and recreation	31,177	Municipal building	49,926
	<u>568,165</u>		<u>636,399</u>

Note 5 – Long-term Debt

Long-term liability transactions for the fiscal year ended June 30, 2019, were as follows:

<u>Type of Debt</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>	<u>Due within one year</u>
Governmental					
Compensated absences	\$ 51,226	\$ 12,915	\$ -	\$ 64,141	\$ 22,183
Capital lease payable	\$ 54,132	\$ -	\$ (27,066)	\$ 27,066	\$ 27,066
Business-Type Activities:					
Compensated absences	\$ 34,613	\$ 10,790	\$ -	\$ 45,403	\$ 15,703
Revenue bonds					
2010 MBA lease revenue	\$ 724,000	\$ -	\$ (60,000)	\$ 664,000	\$ 19,000
2012 water revenue	458,000	-	(206,000)	252,000	86,000
2004 sewer revenue	3,897,000	-	(260,000)	3,637,000	250,000
	<u>\$ 5,079,000</u>	<u>\$ -</u>	<u>\$ (526,000)</u>	<u>\$ 4,553,000</u>	<u>\$ 355,000</u>

Details of long-term debt for business-type activities consists of the following:

Notes and bonds payable

2010 MBA lease revenue bonds

\$850,000 bond payable, due in various annual installments, including interest at 4%, through October 2042. The note is secured by land.

\$ 664,000

2012 water revenue bonds

\$850,000 bond payable, due in various semi-annual installments including interest at 1.75%, through July 2022. The note is secured by future water billings.

252,000

2004 sewer revenue bonds

\$7,739,000 bond payable, due in various annual installments bearing no interest, through May 2034. The note is secured by future sewer billings.

3,637,000

\$ 4,553,000

Nibley City
Notes to the Financial Statements
June 30, 2019

The following is a summary of the annual payments to maturity for the business-type revenue bonds:

Year Ending June 30	Business-type Activities Bonds Payable	
	Principal	Interest
2020	\$ 368,000	\$ 24,980
2021	374,000	32,596
2022	353,000	30,111
2023	282,000	27,560
2024	293,000	25,840
2025-2029	1,500,000	114,600
2030-2034	1,116,000	86,360
2035-2039	194,000	51,880
2040-2044	73,000	11,480
Total	<u>\$ 4,553,000</u>	<u>\$ 405,407</u>

During 2018 the city acquired equipment under a capital lease from Bancorp in the amount of \$81,200. The remaining minimum lease payments reported under governmental activities are as follows:

	Principal	Interest
2020	\$ 27,066	\$ 4,502
	<u>\$ 27,066</u>	<u>\$ 4,502</u>

Accumulated depreciation on the assets under capital lease as of June 30, 2019, was \$32,520

Note 6 – Restricted Net Position /Fund Balance Classifications

Restricted net position represents amounts required to be maintained to satisfy third party agreements or legal requirements. On June 30, 2019 the City's enterprise funds held \$ 631,951 restricted for future bond payments, and \$861,806 for impact fees.

Pursuant to GASB No. 54 (see Note 1, *Net Position*) the governmental fund balances are classified as follows:

Restricted fund balance - \$ 1,515,743 for future roads, parks, first responders, and other projects.

Assigned fund balance - \$ 837,532 for future capital projects.

The remaining fund balance is unassigned.

Note 7 – Retirement Plans

General information about the Pension Plan

Plan Description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefit Plans

The **Public Employees Noncontributory Retirement System (Noncontributory System)** is a multiple employer, cost sharing, public employee retirement system.

The **Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System)** is a multiple employer, cost sharing, public retirement systems.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have not previous 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 Utah State Retirement 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 in writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Nibley City
Notes to the Financial Statements
June 30, 2019

Summary of Benefits by System

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 any 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.

Contribution Rate Summary

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 state statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2019 are as follows:

	Employee	Employer	Employer 401(k) Plan
Contributory System			
111-Local Government Division Tier 2	N/A	15.54%	1.15%
Noncontributory System			
15-Local Government Division Tier 1	N/A	18.47%	N/A
Tier 2 DC Only			
211-Local Government	N/A	6.69%	10.00%

For fiscal year ended June 30, 2019, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 83,411	N/A
Tier 2 Public Employees System	55,751	-
Tier 2 DC Only System	5,570	N/A
Total Contributions	\$ 144,732	\$ -

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.

Nibley City
Notes to the Financial Statements
June 30, 2019

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

At June 30, 2019, we reported a net pension asset of \$0 and net pension liability of \$480,225.

	(Measurement Date): December 31, 2018				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2016	Change (Decrease)
Noncontributory System	\$ -	\$ 468,752	0.0636569%	0.0587781%	0.0048788%
Tier 2 Public Employees System	-	11,473	0.0267875%	0.0247514%	0.0020361%
Total Net Pension Asset / Liability	<u>\$ -</u>	<u>\$ 480,225</u>			

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the 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, 2019, we recognized pension expense of \$174,064.

At June 30, 2019 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	\$ 6,110	\$ 11,114
Changes in assumptions	65,671	206
Net difference between projected and actual earnings on pension plan investments	101,278	-
Changes in proportion and differences between contributions and proportionate share of contributions	26,819	-
Contributions subsequent to the measurement date	72,683	-
Total	<u>\$ 272,561</u>	<u>\$ 11,320</u>

\$72,683 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, 2018.

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

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2019	\$ 83,636
2020	\$ 36,693
2021	\$ 17,600
2022	\$ 48,047
2023	\$ 346
Thereafter	\$ 2,234

Nibley City
Notes to the Financial Statements
June 30, 2019

Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are 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%, and a real return of 4.45% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flow used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

Nibley City
Notes to the Financial Statements
June 30, 2019

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 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 960,688	\$ 468,752	\$ 59,099
Tier 2 Public Employees System	45,961	11,473	(15,144)
Total	\$ 1,006,649	\$ 480,225	\$ 43,955

*** Pension plan fiduciary net position: Detailed information about the pension plans fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Savings Plans

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

Nibley City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- *401(k) Plan
- *457(b) Plan
- *Roth IRA Plan

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

401(k) Plan	2019	2018	2017
Employer Contributions	\$87,591	\$84,390	\$55,222
Employee Contributions	\$ 3,900	\$ 3,400	\$ 300
457(b) Plan	2019	2018	2017
Employer Contributions	\$0	\$0	\$26,093
Employee Contributions	\$0	\$0	\$0
Roth IRA Plan	2019	2018	2017
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$60,489	\$52,003	\$47,469

Note 8 – Risk Management

The City 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 City participates in the Utah Local Government Insurance Trust (the Trust), a public entity risk pool to manage its risk of loss. The City pays an annual premium to the trust for its general insurance coverage. The trust was created to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of one million dollars for each insured event. There have been no claim settlements that exceeded the City's coverage for the past three years.

Note 9 – Subsequent Events

The City has evaluated subsequent events through September 20, 2019 the date the financial statements were available for issuance, for items that could have a material impact on the financial statements at June 30, 2019. There were no subsequent events to report.

Required Supplementary Information (Unaudited)

Required supplementary information includes financial information and disclosures that are required by GASB, but are not considered a part of the basic financial statement. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of the Proportionate Share of the Net Pension Liability
- Schedule of Contributions – Pensions
- Notes to Required Supplementary Information

Nibley City

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and actual General Fund

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over(Under)
	Original	Final		
REVENUES				
Taxes				
Sales taxes	\$ 687,000	\$ 687,000	\$ 873,420	\$ 186,420
Property taxes	525,000	525,000	610,903	85,903
Franchise taxes	279,000	279,000	271,359	(7,641)
Mass transit taxes	-	120,000	88,340	(31,660)
Licenses and permits	147,500	147,500	186,717	39,217
Intergovernmental revenue	257,500	257,500	307,515	50,015
Charges for services	1,056,000	1,106,000	1,108,826	2,826
Fines and forfeitures	315,350	315,350	355,675	40,325
Interest income	43,000	43,000	82,115	39,115
Miscellaneous	58,700	624,700	73,300	(551,400)
Total revenues	3,369,050	4,105,050	3,958,170	(146,880)
EXPENDITURES				
Current:				
Culture, parks, and recreation	316,000	316,000	301,971	(14,029)
Highways and streets	224,500	224,500	200,629	(23,871)
Administration	496,000	496,000	458,937	(37,063)
Sanitation	444,000	494,000	490,569	(3,431)
Public works	267,500	267,500	255,500	(12,000)
Public safety	278,500	278,500	271,847	(6,653)
Non-departmental	256,000	256,000	223,357	(32,643)
Planning and zoning	281,000	281,000	241,340	(39,660)
Judicial	90,000	90,000	87,514	(2,486)
Legislative	49,000	49,000	48,285	(715)
Community development	202,000	202,000	193,738	(8,262)
Capital outlay	880,000	829,000	689,899	(139,101)
Total expenditures	3,784,500	3,783,500	3,463,586	(319,914)
Excess revenues over (under) expenditures	(415,450)	321,550	494,584	173,034
Other financing sources (uses)				
Beginning fund balance	415,450	356,450	-	-
Transfers in	30,000	30,000	30,000	-
Transfers out	(30,000)	(588,000)	(588,000)	-
Contributions to other government units	-	(120,000)	(86,953)	(33,047.00)
Total other financing sources and uses	415,450	(321,550)	(644,953)	-
Excess of revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	(150,369)	\$ (150,369)
Fund balances - beginning of year			2,253,761	
Fund balances - end of year			2,103,392	

Nibley City
Schedule of the Proportionate Share of the Net Pension Liability
 June 30, 2019
 Last 10 fiscal Years*

As of fiscal year ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of its covered employee payroll
Noncontributory System					
2019	0.0636569%	\$ 468,752	458,229	102.30%	87.00%
2018	0.0587781%	257,524	428,491	60.10%	91.90%
2017	0.0583695%	374,804	450,218	83.25%	87.30%
2016	0.0555285%	314,207	405,922	77.41%	87.80%
2015	0.0494244%	214,612	363,038	59.10%	90.20%
Tier 2 Public Employees System*					
2019	0.024751%	2,182	424,465	0.90%	97.40%
2018	0.022127%	2,468	181,457	1.36%	95.10%
2017	0.031485%	(69)	203,382	-0.03%	100.20%
2016	0.035973%	(1,090)	176,450	-6.00%	103.50%

* In accordance with paragraph 81 of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10 year schedule will need to be built prospectively. The schedule above is only for the past 5 years.

Nibley City
Schedule of Contributions - Pensions
 June 30, 2019
 Last 10 fiscal Years*

As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in Relation to the contractually required contribution		Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
		\$	\$			
Noncontributory System						
2016	\$ 79,330	\$ 79,330	\$ -	\$ -	494,582	16.04%
2017	78,860	78,860	-	-	474,145	16.63%
2018	76,939	76,939	-	-	435,690	17.66%
2019	83,411	83,411	-	-	448,202	18.61%
Tier 2 Public Employees System*						
2016	28,838	28,838	-	-	216,329	13.33%
2017	32,391	32,391	-	-	236,683	13.69%
2018	39,264	39,264	-	-	259,434	15.13%
2019	55,751	55,751	-	-	358,761	15.54%
Tier 2 Public Employees DC Only System*						
2016	3,373	3,373	-	-	57,908	5.82%
2017	4,598	4,598	-	-	74,716	6.15%
2018	6,373	6,373	-	-	95,906	6.65%
2019	5,570	5,570	-	-	83,847	6.64%

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

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. The schedule above is only for the past 4 years. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

Nibley City

Notes to Required Supplementary Information

June 30, 2019

Changes in Assumptions Related to Pensions

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

Budgetary Comparison Schedules

The budgetary comparison schedule presented in this section of the report is for the City's General Fund.

Budgeting and Budgetary Control

Budgets for the General Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the City Commission prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2019 all departments and funds were within budgeted appropriations.

Additional Reports

Additional Auditor's Reports

- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- Independent Auditor's Report on Compliance and Report on Internal Control Over Compliance as Required by the State Compliance Audit Guide.



**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**

Honorable Mayor and
City Council Members
Nibley City
Nibley , 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 Nibley City, Utah, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Nibley City's basic financial statements and have issued our report thereon dated September 20, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nibley City'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.

A handwritten signature in blue ink that reads "Larson & Company, PC". The signature is written in a cursive style and is positioned above a light blue rectangular background.

Larson & Company

Spanish Fork, Utah
September 20, 2019



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

Honorable Mayor and
City Council Members
Nibley City
Nibley , Utah

Report on Compliance with General State Compliance Requirements

We have audited Nibley City's (the City) compliance with applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor that could have a direct and material effect on the City for the year ended June 30, 2019

General state compliance requirements were tested for the year ended June 30, 2019 in the following areas:

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the 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 compliance requirements referred to above that could have a direct and material effect on the City occurred. An audit includes examining, on a test basis, evidence about the City'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 with general state compliance requirements. However, our audit does not provide a legal determination of the City's compliance.

Opinion on General State Compliance Requirements

In our opinion Nibley City complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2019.

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 the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general 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 the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general 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 general 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 general 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.

Purpose of 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.

LARSON & COMPANY, PC

Larson & Company, PC
Certified Public Accountants

September 20, 2019

Nibley City , Utah

***Communication with those charged with
Governance
(Management Letter)***

JUNE 30, 2019

To the Honorable Mayor and
Members of the City Council
Nibley City, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Nibley City for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 9, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Nibley City are described in Note 1 to the financial statements. GASB Statement no. 88 was assessed and adopted during the period. The application of other existing policies was not changed during 2019. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 20, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Nibley City, management of Nibley City, and other various Federal and State funding and auditing agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah
September 20, 2019

SCHEDULE OF FINDINGS

Internal Control Finding(s) – Current Year

There were no Internal Control Findings noted for the period under audit.

State Compliance Finding(s) – Current Year

There were no State Compliance Findings noted for the period under audit.

Status of Internal Control Finding(s) – Prior Year

No Internal Control Findings noted in prior period

Status of State Compliance Finding(s) – Prior Year

No State Compliance Findings noted in prior period