

NIBLEY CITY
CACHE COUNTY, UTAH
Basic Financial Statements
with
Independent Auditor's Report
Year ended June 30, 2020

**NIBLEY CITY
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YEAR ENDED JUNE 30, 2020**

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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, 2020, 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 November 12, 2020, 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 Wasatch City's internal control over financial reporting and compliance.



Larson & Company, PC
Spanish Fork, Utah

November 12, 2020

Nibley City

Management's Discussion and Analysis

For the Year Ending June 30, 2020

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 2020

During the year 2020 the total net position of the City increased by \$1,935,694 to a total of \$31,344,861. The governmental net position increased by \$1,405,114 and the business-type net position increased by \$530,580.

The total net position (governmental and business-type activities) of the City consist of \$24,495,545 in capital assets, net of related debt, \$3,365,365 in restricted net position and \$3,483,951 in unrestricted net position.

The total long-term liabilities of the City decreased by \$675,000 during the fiscal year 2020. 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, 2020

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 \$31,344,861 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (78 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.

Nibley City
Management's Discussion and Analysis
For the Year Ending June 30, 2020

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

Nibley City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 4,568,786	\$ 4,102,208	\$ 4,013,189	\$ 3,771,009	\$ 8,581,975	\$ 7,873,217
Capital assets	13,531,391	12,548,677	14,883,154	15,303,689	28,414,545	27,852,366
Deferred Outflows	98,621	196,762	37,991	75,800	136,612	272,562.00
Total assets	18,198,798	16,847,647	18,934,334	19,150,498	37,133,132	35,998,145
Other liabilities	440,434	329,941	129,332	431,073	569,766	761,014
Long-term liabilities outstanding	241,694	437,877	4,253,141	4,731,958	4,494,835	5,169,835
Deferred Inflows	768,404	646,677	36,963	3,149	805,367	649,826.00
Total liabilities	1,450,532	1,414,495	4,419,436	5,166,180	5,869,968	6,580,675
Net Position:						
Net Investment in Capital Assets	13,531,391	12,521,611	10,964,154	10,975,689	24,495,545	23,497,300
Restricted	1,642,289	1,515,743	1,723,076	1,789,083	3,365,365	3,304,826
Unrestricted	1,574,586	1,305,798	1,909,365	1,301,243	3,483,951	2,607,041
Total Net Position	\$16,748,266	\$ 15,343,152	\$ 14,596,595	\$ 14,066,015	\$31,344,861	\$ 29,409,167

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, 2020

Nibley City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,555,209	\$ 1,429,395	\$ 2,253,509	\$ 2,126,515	\$ 3,808,718	\$ 3,555,910
Operating grants and contribs	354,608	694,207	-	-	354,608	694,207
Capital grants and contribs	-	-	155,899	465,133	155,899	465,133
General revenues:						
Property taxes	681,077	610,903	-	-	681,077	610,903
Sales taxes	928,712	873,420	-	-	928,712	873,420
Other taxes	500,832	359,699	-	-	500,832	359,699
Gain/(Loss) on disposal	-	-	-	92,263	-	92,263
Impact fees	148,967	295,173	131,025	229,736	279,992	524,909
Unrestricted investment earnings	82,173	97,798	63,397	82,529	145,570	180,327
Other	1,050,691	1,598,805	167,077	118,264	1,217,768	1,717,069
Total revenues	5,302,269	5,959,400	2,770,907	3,114,440	8,073,176	9,073,840
Expenses:						
Highways and streets	455,886	231,806	-	-	455,886	231,806
Administration	514,212	458,937	-	-	514,212	458,937
Sanitation	534,438	490,569	-	-	534,438	490,569
Public Safety	312,681	319,931	-	-	312,681	319,931
Public works	224,812	255,500	-	-	224,812	255,500
Non-departmental	349,685	310,310	-	-	349,685	310,310
Planning and zoning	259,049	241,340	-	-	259,049	241,340
Judicial	97,683	87,514	-	-	97,683	87,514
Culture, parks, and recreation	853,360	795,362	-	-	853,360	795,362
Legislative	42,097	48,285	-	-	42,097	48,285
Community development	253,252	245,366	-	-	253,252	245,366
Water	-	-	829,987	845,311	829,987	845,311
Sewer	-	-	1,130,302	1,064,226	1,130,302	1,064,226
Municipal building authority	-	-	75,822	78,267	75,822	78,267
Storm water	-	-	204,216	196,415	204,216	196,415
Total expenses	3,897,155	3,484,920	2,240,327	2,184,219	6,137,482	5,669,139
Increase (decrease) in Net Position	1,405,114	2,474,480	530,580	930,221	1,935,694	3,404,701
Net Position - Beginning	15,343,152	12,868,672	14,066,015	13,135,794	29,409,167	26,004,466
Net Position - Ending	\$ 16,748,266	\$ 15,343,152	\$ 14,596,595	\$ 14,066,015	\$ 31,344,861	\$ 29,409,167

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 balance of \$3,043,761, an increase of \$412,132 in comparison with the prior year. Approximately 19 percent of this amount (\$670,424) 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 \$670,424 . 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 16 percent of total general fund revenues.

Nibley City
Management's Discussion and Analysis
For the Year Ending June 30, 2020

Taxes continue to be the largest source of revenue in the General Fund and represent 51 percent of total general fund revenues. The two largest elements of taxes are property taxes and sales taxes. Combined, they represent 76 percent of total tax revenues and 39 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 \$ 1,909,365.

General Fund Budgetary Highlights

During the current fiscal year the General Fund budget for revenue was \$ 3,745,000. The actual revenue was \$4,147,949. This resulted in a favorable variance of \$402,949 for revenue. The General Fund budget for expenditures was \$4,617,000 . The actual expenditures were \$3,419,231. This resulted in a favorable variance of \$1,197,769 for expenditures. Overall, the City had a favorable variance for the excess of revenues over expenditures of \$1,600,718.

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, 2020, amounts to \$28,496,242 (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 \$ 562,179 , and depreciation expense was \$ 1,199,029 .

Nibley City's Capital Assets
(net of depreciation)

	Governmental		Business-type		Total	
	2020	2019	2020	2019	2020	2019
Land and water rights	\$ 6,780,133	\$ 6,024,116	\$ 508,132	\$ 508,132	\$ 7,288,265	\$ 6,532,248
Buildings and improvements	4,859,280	4,928,013	13,840,282	14,171,542	18,699,562	19,099,555
Machinery and equipment	106,565	109,313	534,740	624,015	641,305	733,328
Infrastructure	1,785,413	1,487,235	-	-	1,785,413	1,487,235
Construction in progress	-	-	81,697	81,697	81,697	81,697
Total	<u>\$ 13,531,391</u>	<u>\$ 12,548,677</u>	<u>\$ 14,964,851</u>	<u>\$ 15,385,386</u>	<u>\$ 28,496,242</u>	<u>\$ 27,934,063</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, 2020

Long-term debt

At the end of the current year, Nibley City had long term debt outstanding of \$4,252,409. 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	
	2020	2019	2020	2019	2020	2019
Compensated absences	\$ 66,689	\$ 64,141	\$ 40,720	\$ 45,403	\$ 107,409	\$ 109,544
Capital lease obligation	-	27,066	-	-	-	27,066
Revenue bonds	-	-	4,145,000	4,553,000	4,145,000	4,553,000
Total	<u>\$ 66,689</u>	<u>\$ 91,207</u>	<u>\$ 4,185,720</u>	<u>\$ 4,598,403</u>	<u>\$ 4,252,409</u>	<u>\$ 4,689,610</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, 2020

	Primary Government		Totals
	Governmental Activities	Business-type Activities	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash and cash equivalents	\$ 1,931,025	\$ 2,040,199	\$ 3,971,224
Receivables, net			
Taxes	867,514	-	867,514
Accounts	60,067	249,914	309,981
Intergovernmental	67,891	-	67,891
Restricted cash	1,642,289	1,723,076	3,365,365
Capital assets (net of accumulated depreciation):			
Land and water rights (not depreciated)	6,780,133	508,132	7,288,265
Buildings and improvements	4,859,280	13,840,282	18,699,562
Equipment	106,565	534,740	641,305
Infrastructure	1,785,413	-	1,785,413
Construction in progress (not depreciated)	-	81,697	81,697
Total assets	<u>18,100,177</u>	<u>18,978,040</u>	<u>37,078,217</u>
Deferred outflows of resources - pensions	98,621	37,991	136,612
Total Assets and Deferred Outflows of Resources	<u>18,198,798</u>	<u>19,016,031</u>	<u>37,214,829</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Accounts payable	440,434	104,408	544,842
Accrued interest payable	-	24,924	24,924
Current portion of compensated absences	23,341	16,971	40,312
Current portion of bonds payable	-	319,000	319,000
Non-Current:			
Compensated absences	43,348	23,749	67,097
Bonds payable	-	3,826,000	3,826,000
Net pension liability	175,005	67,421	242,426
Total liabilities	<u>682,128</u>	<u>4,382,473</u>	<u>5,064,601</u>
Deferred inflows of resources - property taxes	672,459	-	672,459
Deferred inflows of resources - pensions	95,945	36,963	132,908
Total Liabilities and Deferred Inflows of Resources	<u>1,450,532</u>	<u>4,419,436</u>	<u>5,869,968</u>
NET POSITION			
Net Investment in Capital Assets	13,531,391	10,964,154	24,495,545
Restricted	1,642,289	1,723,076	3,365,365
Unrestricted	1,574,586	1,909,365	3,483,951
Total Net Position	<u>\$ 16,748,266</u>	<u>\$ 14,596,595</u>	<u>\$ 31,344,861</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, 2020

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Operating		Governmental Activities	Primary Government	
		Charges for Services	Grants and Contributions		Capital Grants and Contributions	Business-type Activities
Primary government:						
Governmental Activities:						
Highways and streets	\$ 455,886	\$ -	\$ 294,752	\$ (161,134)	\$ -	\$ (161,134)
Administration	514,212	136,924	-	(377,288)	-	(377,288)
Sanitation	534,438	548,690	-	14,252	-	14,252
Public safety	312,681	71,238	40,791	(200,652)	-	(200,652)
Public works	224,812	502,999	-	278,187	-	278,187
Non-departmental	349,685	-	-	(349,685)	-	(349,685)
Planning and zoning	259,049	134,596	-	(124,453)	-	(124,453)
Judicial	97,683	20,172	-	(77,511)	-	(77,511)
Culture, parks, and recreation	853,360	140,590	19,065	(693,705)	-	(693,705)
Legislative	42,097	-	-	(42,097)	-	(42,097)
Community development	253,252	-	-	(253,252)	-	(253,252)
Total Governmental Activities	3,897,155	1,555,209	354,608	(1,987,338)	-	(1,987,338)
Business-type Activities:						
Water fund	829,987	797,023	-	-	32,887	32,887
Sewer fund	1,130,302	1,243,679	-	-	174,746	174,746
Storm water fund	204,216	-	28,679	-	(175,537)	(175,537)
Municipal building authority	75,822	212,807	-	-	136,985	136,985
Total Business-type Activities	2,240,327	2,253,509	155,899	(1,987,338)	169,081	169,081
Total Primary Government	6,137,482	3,808,718	354,608.00	(1,987,338)	169,081	(1,818,257)
General revenues:						
Property tax				681,077	-	681,077
Sales tax				928,712	-	928,712
Franchise and other taxes				500,832	-	500,832
Interest income				82,173	63,397	145,570
Impact fees				148,967	131,025	279,992
Miscellaneous				1,050,691	167,077	1,217,768
Total general revenues and transfers				3,392,452	361,499	3,753,951
Change in net position				1,405,114	530,580	1,935,694
Net Position - Beginning				15,343,152	14,066,015	29,409,167
Net Position - Ending				\$ 16,748,266	\$ 14,596,595	\$ 31,344,861

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

Nibley City
Balance Sheet – Governmental Funds
As of June 30, 2020

	General Fund	Capital Project Fund	First Responder Fund (Nonmajor)	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 780,423	\$ 1,150,156	\$ 446	\$ 1,931,025
Restricted cash	1,516,293	-	125,996	1,642,289
Receivables:				
Taxes	867,514	-	-	867,514
Accounts	60,067	-	-	60,067
Intergovernmental	67,891	-	-	67,891
Total assets	<u>3,292,188</u>	<u>1,150,156</u>	<u>126,442</u>	<u>4,568,786</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	433,012	6,976	446	440,434
Deferred inflows of resources	672,459	-	-	672,459
Total liabilities and deferred inflows	<u>1,105,471</u>	<u>6,976</u>	<u>446</u>	<u>1,112,893</u>
Fund balances:				
Restricted - Impact fees/Capital outlay	1,516,293	-	-	1,516,293
Restricted - First responders	-	-	125,996	125,996
Assigned - Capital outlay	-	1,143,180	-	1,143,180
Unassigned	670,424	-	-	670,424
Total fund balances	<u>2,186,717</u>	<u>1,143,180</u>	<u>125,996</u>	<u>3,455,893</u>
Total liabilities and fund balances	<u>\$ 3,292,188</u>	<u>\$ 1,150,156</u>	<u>\$ 126,442</u>	<u>\$ 4,568,786</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, 2020

Total fund balances - governmental fund types:	<u>\$ 3,455,893</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:	13,531,391
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	98,621
Deferred inflows of resources relating to pensions	(95,945)
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	(66,689)
Net Pension Liability	<u>(175,005)</u>
Net Position of government activities	<u><u>\$ 16,748,266</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, 2020

	General Fund	Capital Project Fund	First Responder Fund (non-major)	Total Governmental Funds
REVENUES				
Taxes				
Sales taxes	\$ 928,712	\$ -	\$ -	\$ 928,712
Property taxes	681,077	-	-	681,077
Franchise taxes	314,589	-	-	314,589
Mass transit tax	186,243	-	-	186,243
Licenses and permits	136,924	-	-	136,924
Intergovernmental revenue	300,177	13,640	40,791	354,608
Charges for services	1,261,616	-	-	1,261,616
Fines and forfeitures	170,589	-	-	170,589
Interest income	65,026	14,768	2,379	82,173
Miscellaneous	102,996	32,051	-	135,047
Total revenues	<u>4,147,949</u>	<u>60,459</u>	<u>43,170</u>	<u>4,251,578</u>
EXPENDITURES				
Current:				
Culture, parks, and recreation	339,845	-	-	339,845
Highways and streets	221,352	-	-	221,352
Administration	514,212	-	-	514,212
Sanitation	534,438	-	-	534,438
Public works	224,812	-	-	224,812
Public safety	267,733	-	20,011	287,744
Non-departmental	254,292	-	-	254,292
Planning and zoning	259,049	-	-	259,049
Judicial	97,683	-	-	97,683
Legislative	42,097	-	-	42,097
Community development	197,764	-	-	197,764
Capital outlay	465,954	304,811	-	770,765
Total expenditures	<u>3,419,231</u>	<u>304,811</u>	<u>20,011</u>	<u>3,744,053</u>
Excess revenues over (under) expenditures	<u>728,718</u>	<u>(244,352)</u>	<u>23,159</u>	<u>507,525</u>
Other financing sources (uses)				
Transfers in	-	550,000	-	550,000
Transfers out	(550,000)	-	-	(550,000)
Contributions to other government entities	(95,393)	-	-	(95,393)
Total other financing sources and uses	<u>(645,393)</u>	<u>550,000</u>	<u>-</u>	<u>(95,393)</u>
Excess of revenues and other sources over (under) expenditures and other uses	83,325	305,648	23,159	412,132
Fund balances - beginning of year	2,103,392	837,532	102,837	3,043,761
Fund balances - end of year	<u>\$ 2,186,717</u>	<u>\$ 1,143,180</u>	<u>\$ 125,996</u>	<u>\$ 3,455,893</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, 2020

Net changes in fund balances - total governmental funds	<u>\$ 412,132</u>
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.	1,009,780
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	(2,548)
Pension benefits/pension expenses resulting from pension liability	<u>(14,250)</u>
Change in net position of governmental activities	<u><u>\$ 1,405,114</u></u>

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, 2020

	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	\$ 440,645	\$ 1,332,804	\$ 486	\$ 266,264	\$ 2,040,199
Restricted	285,332	1,268,256	-	169,488	1,723,076
Receivables:					
Utilities (net of allowance)	104,023	124,387	-	21,504	249,914
Total current assets	830,000	2,725,447	486	457,256	4,013,189
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	8,606,354	9,598,127	1,703,790	736,384	20,644,655
Accumulated depreciation	(2,491,040)	(3,696,326)	(505,770)	(111,237)	(6,804,373)
Machinery and equipment	437,196	461,983	77,854	237,968	1,215,001
Accumulated depreciation	(362,013)	(205,386)	(51,901)	(60,961)	(680,261)
Total noncurrent assets	6,383,505	6,463,522	1,233,973	883,851	14,964,851
Total assets	7,213,505	9,188,969	1,234,459	1,341,107	18,978,040
Deferred Outflows of Resources:					
Deferred outflows related to pensions	14,648	16,582	-	6,761	37,991
Total Assets and Deferred Outflows	7,228,153	9,205,551	1,234,459	1,347,868	19,016,031
LIABILITIES AND DEFERRED INFLOWS					
Current liabilities:					
Accounts payable	27,258	58,461	-	18,689	104,408
Accrued interest payable	2,485	-	22,439	-	24,924
Compensated absences - current	7,474	4,623	-	4,874	16,971
Current portion of bonds payable	93,000	205,000	21,000	-	319,000
Total current liabilities	130,217	268,084	43,439	23,563	465,303
Noncurrent liabilities:					
Net Pension Liability	25,994	29,429	-	11,998	67,421
Compensated absences	8,854	7,904	-	6,991	23,749
Bonds payable	71,000	3,172,000	583,000	-	3,826,000
Total noncurrent liabilities	105,848	3,209,333	583,000	18,989	3,917,170
Total liabilities	236,065	3,477,417	626,439	42,552	4,382,473
Deferred inflows of Resources:					
Deferred inflows related to pensions	14,250	16,135	-	6,578	36,963
Total Liabilities and Deferred Inflow	250,315	3,493,552	626,439	49,130	4,419,436
NET POSITION					
Net Investment in Capital Assets	6,219,505	3,291,522	650,973	802,154	10,964,154
Restricted:					
Bond reserve	210,833	421,118	-	-	631,951
Impact fees	74,499	847,138	-	169,488	1,091,125
Unrestricted	473,001	1,152,221	(42,953)	327,096	1,909,365
Total Net Position	\$ 6,977,838	\$ 5,711,999	\$ 608,020	\$ 1,298,738	\$ 14,596,595

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, 2020

	Business-Type Activities - Enterprise Funds				Total Business Type
	Water Fund	Sewer Fund	Municipal Building Authority	Storm Water Fund	
Operating revenues:					
Services	\$ 773,923	\$ 1,243,679	\$ -	\$ 212,807	\$ 2,230,409
Connection fees	23,100	-	-	-	23,100
Other operating revenues	68,820	5,257	88,100	4,900	167,077
Total operating revenues	865,843	1,248,936	88,100	217,707	2,420,586
Operating expenses:					
Wages and benefits	134,163	139,567	-	84,794	358,524
Current expenses	471,800	712,475	-	79,289	1,263,564
Depreciation	220,060	278,260	49,925	40,133	588,378
Total operating expenses	826,023	1,130,302	49,925	204,216	2,210,466
Operating income	39,820	118,634	38,175	13,491	210,120
Nonoperating revenues (expenses):					
Impact fee income	64,350	66,675	-	-	131,025
Interest revenue	9,362	45,087	454	8,494	63,397
Capital contributions	65,851	61,369	-	28,679	155,899
Interest expense	(3,964)	-	(25,897)	-	(29,861)
Total nonoperating revenues (expenses)	135,599.00	173,131	(25,443)	37,173	320,460
Change in net position	175,419	291,765	12,732	50,664	530,580
Total Net Position - Beginning	6,802,419	5,420,234	595,288	1,248,074	14,066,015
Total Net Position - Ending	\$ 6,977,838	\$ 5,711,999	\$ 608,020	\$ 1,298,738	\$ 14,596,595

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, 2020

	Business-Type Activities - Enterprise Funds				Total
	Water Fund	Sewer Fund	Municipal Building Authority	Storm Water Fund	
Cash Flows From Operating Activities					
Receipts from customers	\$ 815,112	\$ 1,244,221	\$ 88,100	\$ 217,298	\$ 2,364,731
Payments to suppliers	(453,409)	(683,323)	(357,596)	(69,575)	(1,563,903)
Payments to employees	(137,067)	(136,954)	-	(83,698)	(357,719)
Net cash provided (used) by operating activities	<u>224,636</u>	<u>423,944</u>	<u>(269,496)</u>	<u>64,025</u>	<u>443,109</u>
Cash Flows From Capital and Related Financing Activities					
Purchases of capital assets	(65,851)	(61,369)	-	(40,622)	(167,842)
Impact fee income	64,350	66,675	-	-	131,025
Capital contributions from others	65,851	61,369	-	28,679	155,899
Principal paid on capital debt	(88,000)	(260,000)	(59,998)	-	(407,998)
Interest paid on capital debt	(4,734)	-	(26,531)	-	(31,265)
Net cash provided (used) by capital and related financing activities	<u>(28,384)</u>	<u>(193,325)</u>	<u>(86,529)</u>	<u>(11,943)</u>	<u>(320,181)</u>
Cash Flows From Investing Activities					
Interest received	9,362.00	45,087	454	8,494	63,397
Net cash provided (used) by investing activities	<u>9,362.00</u>	<u>45,087</u>	<u>454</u>	<u>8,494</u>	<u>63,397</u>
Net increase (decrease) in cash and cash equivalents	205,614	275,706	(355,571)	60,576	186,325
Cash and cash equivalents, July 1	520,363	2,325,354	356,057	375,176	3,576,950
Cash and cash equivalents, June 30	<u>\$ 725,977</u>	<u>\$ 2,601,060</u>	<u>\$ 486</u>	<u>\$ 435,752</u>	<u>\$ 3,763,275</u>
Cash and cash equivalents at end of year consists of:					
Unrestricted cash	440,645	1,332,804	486	266,264	2,040,199
Restricted cash	285,332	1,268,256	-	169,488	1,723,076
	<u>\$ 725,977</u>	<u>\$ 2,601,060</u>	<u>\$ 486</u>	<u>\$ 435,752</u>	<u>\$ 3,763,275</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	<u>\$ 39,820</u>	<u>\$ 118,634</u>	<u>\$ 38,175</u>	<u>\$ 13,491</u>	<u>\$ 210,120</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization expense	220,060	278,260	49,925	40,133	588,378
Noncash change in pension/benefit expense	2,114	2,397	-	977	5,488
Decrease (increase) in accounts receivable	(50,731)	(4,715)	-	(409)	(55,855)
Increase (decrease) in accounts payable	18,391	29,152	(357,596)	9,714	(300,339)
Increase (decrease) in compensated absences	(5,018)	216	-	119	(4,683)
Total adjustments	<u>184,816</u>	<u>305,310</u>	<u>(307,671)</u>	<u>50,534</u>	<u>232,989</u>
Net cash provided (used) by operating activities	<u>\$ 224,636</u>	<u>\$ 423,944</u>	<u>\$ (269,496)</u>	<u>\$ 64,025</u>	<u>\$ 443,109</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, 2020.

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, 2020

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, 2020

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, 2020

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.

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, 2020, 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, 2020

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 \$387,958 on June 30, 2020.

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, 2020

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, 2020 the government had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
PTIF	\$6,888,589	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 \$6,888,589 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	\$ 447,772
Investments	Investments	6,888,589
Cash on hand	Cash on hand	228
	Total	<u><u>\$ 7,336,589</u></u>
Government - Wide		
Cash and Cash Equivalents	Unrestricted	\$ 3,971,224
Restricted Cash	Restricted	3,365,365
	Total	<u><u>\$ 7,336,589</u></u>

Nibley City
Notes to the Financial Statements
June 30, 2020

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, 2020 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	\$ 6,024,116	\$ 756,017	\$ -	\$ 6,780,133
Assets Being Depreciated				
Building & Improvements	10,832,443	426,471	-	11,258,914
Infrastructure	2,260,337	374,972	-	2,635,309
Machinery & Equipment	886,716	35,905	-	922,621
Total Governmental Assets	20,003,612	1,593,365	-	21,596,977
Accumulated Depreciation				
Building and Improvements	(5,904,430)	(495,204)	-	(6,399,634)
Infrastructure	(773,102)	(76,794)	-	(849,896)
Machinery & Equipment	(777,403)	(38,653)	-	(816,056)
Total Accumulated Depreciation	(7,454,935)	(610,651)	-	(8,065,586)
Net Governmental Capital Assets	\$ 12,548,677			\$ 13,531,391
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	20,476,812	167,843	-	20,644,655
Machinery & Equipment	1,215,001	-	-	1,215,001
Total Business-Type Assets	22,281,642	167,843	-	22,449,485
Accumulated Depreciation				
Buildings & Improvements	(6,305,270)	(499,103)	-	(6,804,373)
Machinery & Equipment	(590,986)	(89,275)	-	(680,261)
Total Accumulated Depreciation	(6,896,256)	(588,378)	-	(7,484,634)
Net Business-Type Capital Assets	\$ 15,385,386			\$ 14,964,851

Nibley City
Notes to the Financial Statements
June 30, 2020

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

Governmental		Business-type	
General Government	55,488	Water	220,060
Public Safety	24,937	Sewer	278,260
Highways and Public Improvements	496,717	Storm drain	40,133
Parks and recreation	33,509	Municipal building	49,925
	<u>610,651</u>		<u>588,378</u>

Note 5 – Long-term Debt

Long-term liability transactions for the fiscal year ended June 30, 2020, were as follows:

Type of Debt	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020	Due within one year
Governmental					
Compensated absences	\$ 64,141	\$ 2,548	\$ -	\$ 66,689	\$ 23,341
Capital lease payable	\$ 27,066	\$ -	\$ (27,066)	\$ -	\$ -
Business-Type Activities:					
Compensated absences	\$ 45,403	\$ -	\$ (4,683)	\$ 40,720	\$ 16,971
Revenue bonds					
2010 MBA lease revenue	\$ 664,000	\$ -	\$ (60,000)	\$ 604,000	\$ 21,000
2012 water revenue	252,000	-	(88,000)	164,000	93,000
2004 sewer revenue	3,637,000	-	(260,000)	3,377,000	260,000
	<u>\$ 4,553,000</u>	<u>\$ -</u>	<u>\$ (408,000)</u>	<u>\$ 4,145,000</u>	<u>\$ 374,000</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.

\$ 604,000

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.

164,000

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.

3,377,000

\$ 4,145,000

Nibley City
Notes to the Financial Statements
June 30, 2020

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
2021	\$ 374,000	\$ 24,980
2022	353,000	30,111
2023	282,000	27,560
2024	293,000	25,840
2025	294,000	24,920
2026-2030	1,525,000	109,400
2031-2035	833,000	80,000
2036-2040	191,000	38,520
Total	<u><u>\$ 4,145,000</u></u>	<u><u>\$ 361,331</u></u>

During 2018 the city acquired equipment under a capital lease from Bancorp in the amount of \$81,200. The lease was paid in full during 2020.

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, 2020 the City's enterprise funds held \$ 631,951 restricted for future bond payments, and \$1,091,125 for impact fees.

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

Restricted fund balance - \$1,642,289 for future roads, parks, first responders, and other projects.

Assigned fund balance - \$1,143,180 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, 2020

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, 2020 are as follows:

	Employee	Employer	Employer 401(k) Plan
Contributory System			
111-Local Government Division Tier 2	N/A	15.66%	1.03%
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, 2020, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 81,374	N/A
Tier 2 Public Employees System	54,487	-
Tier 2 DC Only System	8,200	N/A
Total Contributions	\$ 144,061	\$ -

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, 2020

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

At June 30, 2020, we reported a net pension asset of \$0 and net pension liability of \$242,426.

	(Measurement Date): December 31, 2019				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/201	Change (Decrease)
Noncontributory System	\$ -	\$ 236,678	0.0627981%	0.0636569%	-0.0008588%
Tier 2 Public Employees System	-	5,748	0.0255586%	0.0267875%	-0.0012289%
Total Net Pension Asset / Liability	<u>\$ -</u>	<u>\$ 242,426</u>			

The net pension asset and liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2020, we recognized pension expense of \$163,064.

At June 30, 2020 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,137	\$ 5,373
Changes in assumptions	27,522	165
Net difference between projected and actual earnings on pension plan investments	-	124,109
Changes in proportion and differences between contributions and proportionate share of contributions	15,030	3,263
Contributions subsequent to the measurement date	70,922	-
Total	<u>\$ 136,611</u>	<u>\$ 132,910</u>

\$70,922 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end. But subsequent to the measurement date of December 31, 2019.

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

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2020	\$ (4,298)
2021	\$ (23,174)
2022	\$ 3,186
2023	\$ (46,704)
2024	\$ 567
Thereafter	\$ 3,203

Nibley City
Notes to the Financial Statements
June 30, 2020

Actuarial Assumptions

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

Inflation	2.50 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, 2019, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are 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, 2020

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	\$ 739,227	\$ 236,678	\$ (182,443)
Tier 2 Public Employees System	49,570	5,748	(28,118)
Total	\$ 788,797	\$ 242,426	\$ (210,561)

*** 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
- *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	\$82,018	\$87,591	\$84,390
Employee Contributions	\$33,256	\$ 3,900	\$ 3,400
Roth IRA Plan	2019	2018	2017
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$57,674	\$60,489	\$52,003

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 the date of the audit report, which is the date the financial statements were available for issuance. In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including duration and spread of the outbreak. At this point, the extent to which COVID-19 may impact the entity is uncertain.

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over(Under)
	Original	Final		
REVENUES				
Taxes				
Sales taxes	\$ 840,000	\$ 879,000	\$ 928,712	\$ 49,712
Property taxes	584,000	584,000	681,077	97,077
Franchise taxes	285,000	285,000	314,589	29,589
Mass transit taxes	120,000.00	120,000	186,243	66,243
Licenses and permits	167,000	167,000	136,924	(30,076)
Intergovernmental revenue	226,000	226,000	300,177	74,177
Charges for services	1,098,000	1,130,000	1,261,616	131,616
Fines and forfeitures	266,000	266,000	170,589	(95,411)
Interest income	43,000	43,000	65,026	22,026
Miscellaneous	45,000	45,000	102,996	57,996
Total revenues	3,674,000	3,745,000	4,147,949	402,949
EXPENDITURES				
Current:				
Culture, parks, and recreation	332,000	364,000	339,845	(24,155)
Highways and streets	250,000	250,000	221,352	(28,648)
Administration	530,000	530,000	514,212	(15,788)
Sanitation	513,000	535,000	534,438	(562)
Public works	275,000	253,000	224,812	(28,188)
Public safety	278,000	278,000	267,733	(10,267)
Non-departmental	256,000	286,000	254,292	(31,708)
Planning and zoning	281,000	281,000	259,049	(21,951)
Judicial	98,000	105,000	97,683	(7,317)
Legislative	55,000	55,000	42,097	(12,903)
Community development	240,000	240,000	197,764	(42,236)
Capital outlay	1,320,000	1,440,000	465,954	(974,046)
Total expenditures	4,428,000	4,617,000	3,419,231	(1,197,769)
Excess revenues over (under) expenditures	<u>(754,000)</u>	<u>(872,000)</u>	<u>728,718</u>	<u>1,600,718</u>
Other financing sources (uses)				
Beginning fund balance	874,000	1,374,000	-	-
Transfers out	-	(500,000)	(550,000)	50,000.00
Contributions to other government units	<u>(120,000.00)</u>	<u>(120,000)</u>	<u>(95,393)</u>	<u>(24,607.00)</u>
Total other financing sources and uses	754,000	754,000	(645,393)	50,000.00
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ (118,000)</u>	83,325	<u>\$ (34,675)</u>
Fund balances - beginning of year			2,103,392	
Fund balances - end of year			<u>\$2,186,717</u>	

Nibley City
Schedule of the Proportionate Share of the Net Pension Liability
 June 30, 2020
 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
				Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	
Noncontributory System						
2020	0.0627981%	\$ 236,678	456,516	51.84%		93.70%
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*						
2020	0.025559%	5,748	355,395	1.62%		96.50%
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 6 years.

Nibley City
Schedule of Contributions - Pensions
 June 30, 2020
 Last 10 fiscal Years*

As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in Relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
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%
2020	81,374	81,374	-	635,961	12.80%
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%
2020	54,487	54,487	-	347,118	15.70%
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%
2020	8,200	8,200	-	125,058	6.56%

* 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 5 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, 2020

Changes in Assumptions Related to Pensions

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

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, 2020 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, 2020, and the related notes to the financial statements, which collectively comprise Nibley City's basic financial statements and have issued our report thereon dated November 12, 2020.

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.

Larson & Company, PC

Larson & Company

Spanish Fork, Utah

November 12, 2020



**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, 2020

General state compliance requirements were tested for the year ended June 30, 2020 in the following areas:

Budgetary Compliance
Fund Balance
Justice Courts

Restricted Taxes and Related Revenues
Open and Public Meetings Act
Fraud Risk Assessment

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, 2020.

Other Matters

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of 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
Spanish Fork, Utah

November 12, 2020

Nibley City , Utah

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

JUNE 30, 2020

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, 2020. 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, 2020. 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. No new accounting policies were adopted and the application of other existing policies was not changed during 2020. 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 November 12, 2020.

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
November 12, 2020

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