



NIBLEY CITY
CITY COUNCIL MEETING AGENDA
Thursday, February 4, 2016
6:30 p.m.

Nibley City Hall
455 West 3200 South
Nibley, Utah 84321

1. Opening Ceremonies (Councilmember Hansen)
2. Call to Order and Roll Call (Chair)
3. Approval of Minutes and Agenda (Chair)
4. Public Comment Period¹ (Chair)
5. Discussion and Consideration of Resolution 16-02: A Resolution Re-Appointing the City Treasurer and Recorder
6. Discussion and Consideration of a Letter of Engagement from Matt Regen, CPA for Auditing Services
7. Discussion and Consideration of a Sanitary Sewer Management Plan
8. Discussion and Consideration of the Acquisition of Real Property
9. Council and Staff Reports

Adjourn Meeting

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, REASONABLE ACCOMMODATIONS FOR INDIVIDUALS WITH DISABILITIES WILL BE PROVIDED UPON REQUEST. FOR ASSISTANCE, PLEASE CALL 752-0431 A MINIMUM OF 24 HOURS BEFORE THE MEETING.

¹ Public input is welcomed at all City Council Meetings. 15 minutes have been allotted to receive verbal public comment. Verbal comments shall be limited to 3 minutes per person. A sign-up sheet is available at the entrance to the Council Chambers starting 15 minutes prior to each council meeting and at the rostrum for the duration of the public comment period. Commenters shall identify themselves by name and address on the comment form and verbally for inclusion in the record. Comment will be taken in the order shown on the sign-up sheet. Written comment will also be accepted and entered into the record for the meeting if received prior to the conclusion of the meeting. Comments determined by the presiding officer to be in violation of Council meeting rules shall be ruled out of order.



Nibley City Council Agenda Report for February 4, 2016

Agenda Item #5

Description	Discussion and Consideration of Resolution 16-02: A Resolution Re-Appointing the City Treasurer and Recorder
Department	City Council
Presenter	Mayor Shaun Dustin
Sponsor	n/a
Applicant	n/a
Background	Every two years, after a municipal election, the Mayor is required to appoint, with the advice and consent of the city council, the City Treasurer and Recorder. The current City Treasurer, Stephen Nelson, who also serves as the Utility Manager, has been serving in that capacity since November of 2013. The current City Recorder, David Zook, who also serves as the City Manager, has been serving in that position since April 2012.
Recommendation	Provide advice and consent to Mayor's appointment.
Financial Impact	n/a
Reviewed By	Mayor, City Manager

Agenda Item #6

Description	Discussion and Consideration of a Letter of Engagement from Matt Regen, CPA for Auditing Services
Department	City Council, City Recorder, City Treasurer
Presenter	Stephen Nelson, City Treasurer
Sponsor	n/a
Applicant	n/a
Background	<p>On May 7, 2015, the city council discussed conducting a competitive recruitment for auditing services and directed to staff to bring a Request for Proposals (RFP) to the Council in January 2016. As directed, staff drafted an RFP in order to conduct a competitive recruitment for auditing services.</p> <p>On January 21, 2016, the City Council met and considered the request for proposals, but instead voted unanimously to extend the agreement with the current auditor for two more years. Staff was directed to return to the Council with a letter of engagement to engage the services of Mr. Regan for two more budget years. That letter is before the Council to allow the Council to hire the Auditor.</p>
Recommendation	Authorize Mayor Dustin to sign the letter of engagement.
Financial Impact	The cost for outside auditing services has been approximately \$10,000 per year in recent years. The letter indicates that the cost shall not exceed \$11,500.
Reviewed By	Mayor, City Manager, City Treasurer

Agenda Item #7

Description	Discussion and Consideration of a Sewer System Management Plan
Department	Public Works Department, Sewer Division
Presenter	Justin Maughan, Public Works Director
Sponsor	n/a
Applicant	n/a
Background	Under Rule R317-801 of the Utah Administrative Code, effective December 1, 2015, the State of Utah requires Cities to adopt a Sewer System Management Plan. The proposed SSMP has been established to provide a plan and a schedule to properly manage, operate, and maintain all parts of the sewer collection system to reduce and prevent sanitary sewer overflows, as well as minimize impacts of any overflows that do occur. Nibley City recognizes the responsibility it has to operate the sewer system in an environmentally and fiscally responsible manner. As such, this plan covers aspects of the collection system program necessary to provide such an operation.
Recommendation	Provide staff with direction on the contents of the plan and/or approve the plan for implementation.
Financial Impact	Having a Sewer Management Plan in place, and following the practices set forth in the plan, lowers the City's liability for potential losses related to the sewer system.
Reviewed By	City Manager, Public Works Director and staff, City Planner

Agenda Item #8

Description	Discussion and Consideration of the Acquisition of Real Property
Department	City Council, Public Works – Streets Division
Presenter	David Zook, City Manager
Sponsor	n/a
Applicant	n/a
Background	On January 21, 2016, the City Council met in a closed session to discussion the potential purchase of property for road right-of-way purposes. Based on those discussions, staff have been working with the City's real estate broker to negotiate a potential purchase. Staff will report to the Council on the outcome of the negotiations and potentially request the Council's approval of the purchase.
Recommendation	Receive staff update and authorize purchase of property.
Financial Impact	It is expected that the purchase price, combined with associated costs, would exceed \$140,000, including appraisal fees, brokerage commissions, title insurance and other closing costs. Sufficient funds for the purchase were budgeted in this year's streets budget.
Reviewed By	City Manager, Public Works Director, Contracted Real Estate Broker

RESOLUTION 16-02

A RESOLUTION APPOINTING STEPHEN A. NELSON AS
CITY TREASURER AND DAVID ZOOK AS CITY RECORDER FOR NIBLEY CITY, UTAH

WHEREAS, pursuant to Utah State Code 10-3-916, the Mayor with the advice and consent of the City Council, shall appoint a City Treasurer and Recorder; and

WHEREAS, it has become necessary for Nibley City to re-appoint City Treasurer and Recorder; and

WHEREAS, Nibley City wishes to appoint Stephen A. Nelson as the City Treasurer and David Zook as the City Recorder.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF NIBLEY CITY, STATE OF UTAH, AS FOLLOWS:

Stephen A. Nelson is hereby re-appointed to serve as the City Treasurer for Nibley City, Utah, effective immediately.

David Zook is hereby re-appointed to serve as the City Recorder for Nibley City, Utah, effective immediately.

Dated this 4th day of February 2016

Shaun Dustin, Mayor

David Zook, City Recorder

MATTHEW REGEN, CPA, PC

Certified Public Accountant/Business Consultant

P.O. Box 6393 • Logan, Utah 84341
Office (435) 752-4864 • Fax (435) 752-0329
Cell (435) 770-5403 • matt@regencpa.com

January 25, 2016

Shaun Dustin
Nibley City
Nibley, UT 84321

I am pleased to confirm my understanding of the services I will provide Nibley City for the *years ending June 30, 2016 and June 30, 2017*. I will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the entity's basic financial statements, of Nibley City as of and for the *years ending June 30, 2016 and June 30, 2017*. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to Nibley City's basic financial statements. As part of my engagement, I will apply certain limited procedures to Nibley City's RSI. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to me in its representation letter. Unless I encounter problems with the presentation of the RSI or with procedures relating to it, I will disclaim an opinion on it. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis.
2. Budgetary Comparison Information.

Supplementary information other than RSI, such as combining and individual fund financial statements, also accompanies Nibley City's basic financial statements. I will subject the following supplementary information to the auditing procedures applied in my audit of the basic financial statements and will provide an opinion on it in relation to the basic financial statements.

1. Combining Fund Information.
2. Additional Information.
3. Report on Compliance with State Legal Compliance Requirements.

Audit Objectives

The objective of my audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted

accounting principle and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the financial statements taken as a whole. My audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Nibley City and other procedures I consider necessary to enable me to express such an opinion. If my opinion on the financial statements is other than unqualified, I will fully discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or am unable to form or have not formed an opinion, I may decline to express an opinion or to issue a report as a result of this engagement

I will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during my audit I become aware the Nibley City is subject to an audit requirement that is not encompassed in the terms of this engagement, I will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Mendon City and the respective changes in financial position and cash flows, where applicable, in conformity with U.S. generally accepted accounting principles. Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein.

You are responsible for management decisions and functions. As part of the audit, I will prepare a draft of your financial statements and related notes. In accordance with *Government Auditing Standards*, you will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment in those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing my services.

Management is responsible for making all financial records and related information available to me and for the accuracy and completeness of that information. Management's responsibilities include adjusting the financial statements to correct material misstatements and for confirming to

us in the representation letter that the effects if any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing me about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements.

You are also responsible for informing me of your knowledge of any allegations of fraud or suspected fraud, or illegal acts affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that I may report

Management is responsible for establishment and maintenance of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us correct actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, and the timing and format related thereto.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, my audit will involve judgment about the number of transactions to be examined and the areas to be tested. I will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because I will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, I will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to my attention, unless clearly inconsequential. My responsibility as an auditor is limited to the period covered by my audit and does not extend to later periods for which I am not engaged as an auditor.

My procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. I will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of my audit, I will also require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

My audit will include an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that I consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. My tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in my report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, I will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Nibley City's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Audit Administration, Fees, and Other

I understand that your employees will prepare all cash or other confirmations I request and will locate any documents selected by me for testing.

I will provide copies of my reports to Nibley City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of my reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Matthew Regen, CPA, PC and constitutes confidential information. However, pursuant to authority given by law or regulation,

I may be requested to make certain audit documentation available to The Utah State Auditor or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. I will notify you of any such request. If requested, access to such audit documentation will be provided under my supervision. Furthermore, upon request, I may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

I expect to begin my audit on approximately June 15, 2016 and to issue my reports no later than September 30, 2016.

My annual fee for these services will not exceed \$11,500. My invoices for this fee or a portion thereof will be rendered each month as work progresses and are payable on presentation. In accordance with my firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If I elect to terminate my services for nonpayment, my engagement will be deemed to have been completed upon written notification of termination, even if I have not completed my report. You will be obligated to compensate me for all time expended and to reimburse me for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, I will discuss it with you and arrive at a new fee estimate before I incur the additional costs.

Government Auditing Standards require that I provide you with a copy of my most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. My 2015 peer review report accompanies this letter.

I appreciate the opportunity to be of service to Nibley City and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let me know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to me.

Very truly yours,

Matthew Regen, CPA, PC

A handwritten signature in cursive script that reads "Matthew Regen, CPA, PC".

RESPONSE:

This letter correctly sets forth the understanding of Nibley City.

By:

Title: Mayor

Date: January 25, 2016