

**CITY OF RIGBY
RIGBY, IDAHO**

**Basic Financial Statements and
Required Supplementary Information
With
Supplementary Information and
Independent Auditor's Report
Year Ended September 30, 2016**

CITY OF RIGBY

Table of Contents Year Ended September 30, 2016

	Page
Independent Auditor's Report on the Basic Financial Statements	i-ii
Management Discussion and Analysis of Financial Statements	1-8
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	9
Statement of Activities	10
FUND FINANCIAL STATEMENTS	
Balance Sheet – Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	14
Statement of Net Position – Proprietary Funds	15
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	16
Statement of Cash Flows – Proprietary Funds	17
Notes to the Financial Statements	18-33
REQUIRED SUPPLEMENTARY INFORMATION	
Budget to Actual Comparison Statement – General Fund	34
Budget to Actual Comparison Statement – Road Fund	35
Notes to Required Supplementary Information	36
Schedule of Employer's Share of Net Pension Liability	
Schedule of Employer Contributions	37-38
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Non major Funds	39
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non major Funds	40
Schedule of General Fund Expenditures	41
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	42-43

CITY OF RIGBY

**Table of Contents
Year Ended September 30, 2016**

	Page
Schedule of Audit Findings and Responses	44
Schedule of Prior Findings & Questioned Costs	45

JENSEN POULSEN & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 50700
185 S. CAPITAL
IDAHO FALLS, IDAHO 83405-0700

ERNEST M. JENSEN, M.B.A., C.P.A.
ROBERT B. POULSEN, C.P.A.
SHERI L. POULSEN, C.P.A.
CORY L. WALLACE, C.P.A.

TELEPHONE: (208) 522-2295
(208) 522-1330
FAX: (208) 522-2297
(208) 523-5699

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Rigby, Idaho
Rigby, ID 83442

We have audited the accompanying basic 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 of City of Rigby as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Rigby basic financial statements as listed in the table of contents.

Management's Responsibility of 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 the 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. 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 the purpose of expressing an opinion of 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 opinion.

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governments activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Rigby, as of September 30, 2016, 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 budgetary comparison information on pages 31-32 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 the 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 of the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of City of Rigby's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Jensen Poulsen & Company, PLLC

JENSEN POULSEN & COMPANY, PLLC
Certified Public Accountants

Idaho Falls, ID
February 6, 2017

City of Rigby
Management's Discussion and Analysis of Financial Statements
Fiscal Year Ending September 30, 2016

As management of the City of Rigby, we offer the citizens of the City of Rigby's financial statements this narrative overview and analysis of the financial activities of the City of Rigby for the fiscal year ended September 30, 2016.

FINANCIAL HIGHLIGHTS

The net assets of the City exceeded its liabilities at September 30, 2016 by \$24,045,000.

- Of this amount, \$6.3 million represents unrestricted net position and \$3.4 million of restricted assets which is available to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased from \$22.3 million to \$24.0million, an increase of \$1.7 million as a result of this year's operations.
- At fiscal year end, the City's governmental funds reported combined ending net position balance of \$8.4 million, an increase of \$621,529. The business-type activities reported ending net position balance of \$15.6 million, an increase of \$1.1 million from the prior year.
- The General Fund Balance at the end of the year is \$1,270,978, an increase of \$358,644 over September 30, 2015. The fund balance represents 76.9% of the total General Fund expenditures and fund transfers for the current year.
- The net working capital for all funds increased from \$8.545 million to \$9,421 million, an increase of \$875,843 over the prior year net working capital.
- New acquisitions in the city's capital assets totaled \$632,193; depreciation charges totaled \$963,330 and sales and other reductions (net book value) totaled \$5,851, for a net decrease of \$336,989.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Rigby's basic financial statements. The City of Rigby's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statement themselves.

Government-wide financial statements: The *governmental-wide financial statements* are designed to provide readers with a broad overview of the City of Rigby's finances, in a manner similar to a business-like manner. These statements include all assets and liabilities using full accrual accounting, which is similar to accounting used by most large businesses. Full accrual accounting reports all of the current year's revenues and expenses when they are obligated, regardless of whether or not cash has yet been received or paid out.

These statements distinguish *functions* that are principally supported by property taxes and intergovernmental revenues (governmental activities) from functions that are supported by user fees (business-like activities). Governmental activities include: general administration, public safety, streets and roads, park & recreation, cultural (library), airport operation, capital projects and other special

revenue funds. The business-like activities include: water, sanitation and sewer revenue/wastewater treatment.

The government-wide financial statements also include separately the financial information of the Rigby Urban Renewal Agency as a component unit.

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

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

Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Rigby, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the city can be divided into two categories: governmental funds and proprietary 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* available at the end 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 impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains sixteen individual governmental fund and three proprietary funds (water, sewer and sanitation) and one internal service fund. The city does not have any fiduciary funds.

The basic governmental wide funds financial statements can be found on pages 8-16 and non-major funds on pages 38-39 of the attached audit report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes can be found on pages 17-32 of the audit report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position: For the years ended September 30, 2015 and September 30, 2016, Net Position changed for the governmental fund types and business-type activities as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>All Activities</u>
Net Position Sept 30, 2015	7,799,341	14,501,837	22,301,178
Increase in Net Position	<u>621,529</u>	<u>1,122,854</u>	<u>1,744,383</u>
Net Position Sept 30, 2016	8,420,870	15,624,691	24,045,561
Percent Change	7.97%	7.75%	7.83%

Following is the comparative statement of Net Position (2015 vs. 2016).

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total - All Activities</u>		<u>Favorable/ (Unfavorable)</u>
	2015	2016	2015	2016	2015	2016	Change
Current and other assets	2,533,601	3,020,050	7,342,525	8,090,377	9,876,126	11,110,427	1,234,301
Capital Assets(Net)	<u>6,080,839</u>	<u>6,161,700</u>	<u>17,857,229</u>	<u>17,439,363</u>	<u>23,938,068</u>	<u>23,601,063</u>	<u>(337,005)</u>
Total Assets	8,614,440	9,181,750	25,199,754	25,529,740	33,814,194	34,711,490	897,296
Deferred Outflows - Pension	<u>183,544</u>	<u>314,914</u>	<u>-0-</u>	<u>-0-</u>	<u>183,544</u>	<u>314,914</u>	<u>131,370</u>
Total Assets & Deferred Outflows	8,797,984	9,496,664	25,199,754	25,529,740	33,997,738	35,026,404	1,028,666
Current Liabilities	683,241	848,073	647,548	841,173	1,330,788	1,689,246	(358,458)
Long-term liabilities outstanding	15,886	11,027	10,031,908	9,047,539	10,047,794	9,058,566	989,228
Other Liabilities	<u>45,121</u>	<u>29,890</u>	<u>18,461</u>	<u>16,337</u>	<u>63,582</u>	<u>46,227</u>	<u>17,355</u>
Total Liabilities	744,248	888,990	10,697,917	9,905,049	11,442,164	10,794,039	648,125
Deferred Inflows - Pension	<u>254,395</u>	<u>186,804</u>	<u>-0-</u>	<u>-0-</u>	<u>254,395</u>	<u>186,804</u>	<u>67,591</u>
Net Position:							
Invested in capital assets net of debt	6,060,094	6,145,814	7,364,353	7,909,602	13,424,447	14,055,416	630,969
Restricted	1,290,121	1,423,409	1,680,923	2,181,543	2,971,044	3,604,952	633,908
Unrestricted	<u>449,126</u>	<u>851,647</u>	<u>5,456,561</u>	<u>5,533,546</u>	<u>5,905,687</u>	<u>6,385,193</u>	<u>479,506</u>
Total net assets	7,799,341	8,420,870	14,501,837	15,624,691	22,301,178	24,045,561	1,744,383

As noted above, net assets may serve over time as a useful indicator of government's financial position. In the case of the City of Rigby, assets exceeded liabilities by \$24.045 million at September 30, 2016 versus \$22.301 million at September 30, 2015, an overall net increase of \$1.744 million in net assets. The increase represents the net change in the city's addition in the water and sewer projects less depreciation charges and debt retirement.

Outstanding Debt:

The debt owed on the government activities and business-type assets decreased a total of \$985,328 during the current period as shown below.

	<u>Beginning</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending</u>
Bank of the West	20,745		4,859	15,886
DEQ Wastewater Loan	7,728,821		396,350	7,332,471
USDA-RD Wastewater Loan	<u>2,764,055</u>	<u>-0-</u>	<u>566,764</u>	<u>2,197,291</u>
	10,513,621		967,973	9,545,648
Compensated Absences	<u>63,582</u>	<u>-0-</u>	<u>17,355</u>	<u>46,227</u>
Total	10,577,203		985,328	9,591,875

Working capital (current assets less current liabilities) for all of the cities funds has increased from \$2.8 million at September 30, 2009 to \$9.421 million at September 30, 2016, a net increase of \$6.586 million over the seven year period.

<u>Working Capital - All Funds</u>	<u>2009</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Current/Other Assets	4,372,875	8,765,919	10,138,721	9,876,126	11,110,427
Current Liabilities	<u>1,538,052</u>	<u>1,192,828</u>	<u>927,767</u>	<u>1,330,788</u>	<u>1,689,246</u>
Net Working Capital	2,834,823	7,573,091	9,210,954	8,545,338	9,421,181
Year over Year % Increase (Decrease)		16%	22%	(7.27%)	10.25%

The city's financial goal policy is to maintain unrestricted/unreserved fund balance equal to 25% or greater of the succeeding year's operating budget this allows for unforeseen emergencies, and to mitigate current and future risks. The following schedule shows the funds achieving the financial goal and those that are under achieving; all funds have achieved the goal.

	<u>Ending Fund Balance</u>	<u>2016 Budget</u>	<u>25% 2016 Budget</u>	<u>Excess Reserves</u>
General Fund	1,270,978	1,298,925	324,700	946,278
Library Fund	49,268	169,615	42,400	6,868
Parks/Recreation	78,300	94,500	23,625	54,675
Roads	410,054	495,800	123,950	286,104
Parks/Rodeo	66,681	84,900	21,225	45,456
Capital Improvement	439,150	239,050	59,750	379,400
Water Revenue (Net)	1,428,367	491,200	122,800	1,305,567
Sanitation (Net)	430,356	246,350	61,575	430,356
Sewer Revenue (Net of Bond)	2,336,484	1,533,200	383,300	1,953,184

GENERAL FUND BUDGETARY HIGHLIGHT

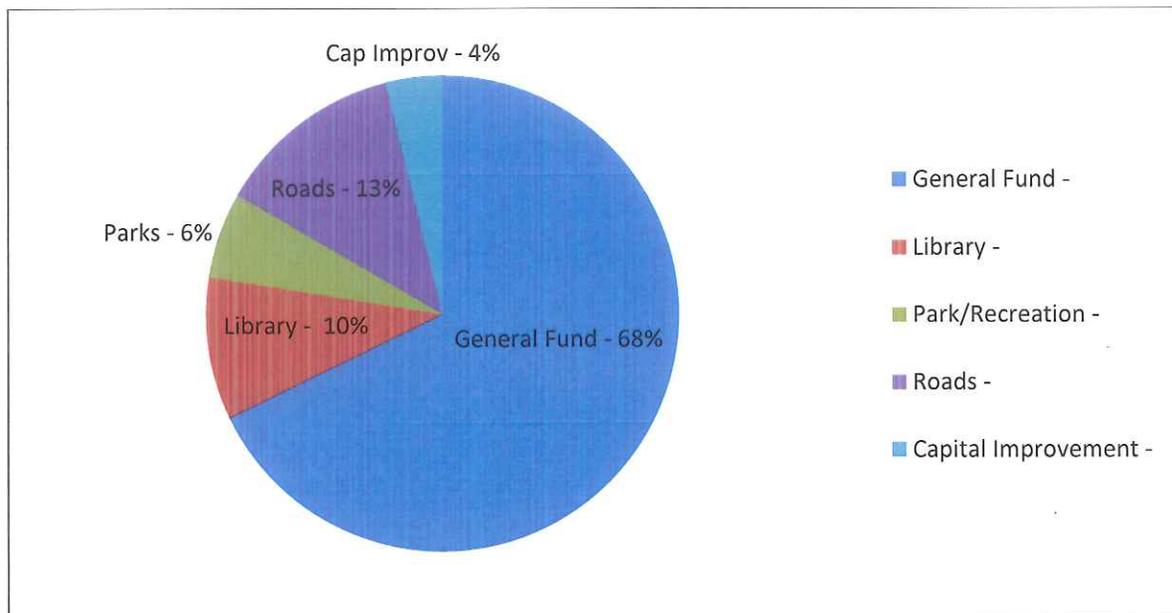
The general fund is the primary operating funds of the city. At year end its unreserved, undesignated fund balance was \$1,270,978 vs. \$912,334 for the prior year.

The mayor and council adopt annual operating budgets for all funds – governmental and proprietary funds. The city measures its success of achieving its goals through implementation of the budget process. Revenues and expenditures are recorded in the financial statements on the modified accrual basis of accounting and budgets on a cash basis of accounting.

Annual budgets are published prior to adoption and public hearings are held. Budgets may be amended during the year. Whenever budgets are raised over the authorized budget statues require public hearing and re-publication of the prior budget, increase and revised budget. The city amended its 2015/16 budget twice during the fiscal year. Once to reduce overall expenditures in the police budget by \$\$92,275, increase in the capital improvement fund of \$10,775, a reduction in the park/rodeo budget of \$3,020, and an increase in the sewer revenue fund of \$65,000.

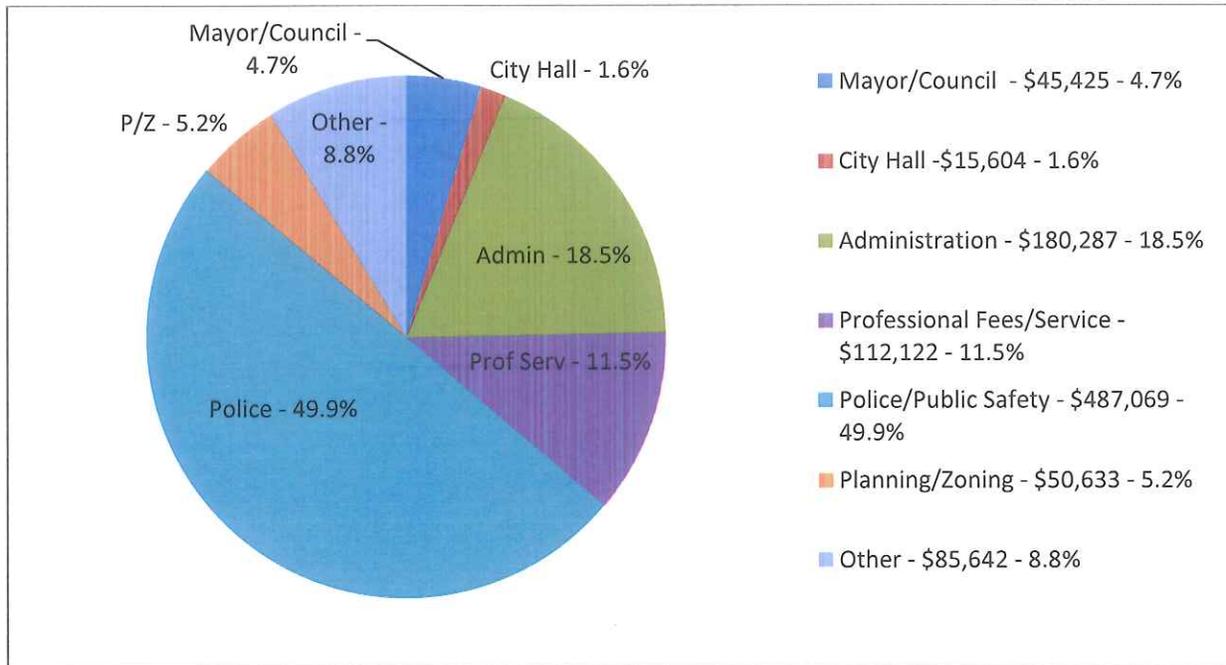
PROPERTY TAX ASSESSMENT -

The city assessed \$1.180 million from property taxes. The following pie chart shows the allocation of the tax to the various funds.



GENERAL FUND EXPENDITURES

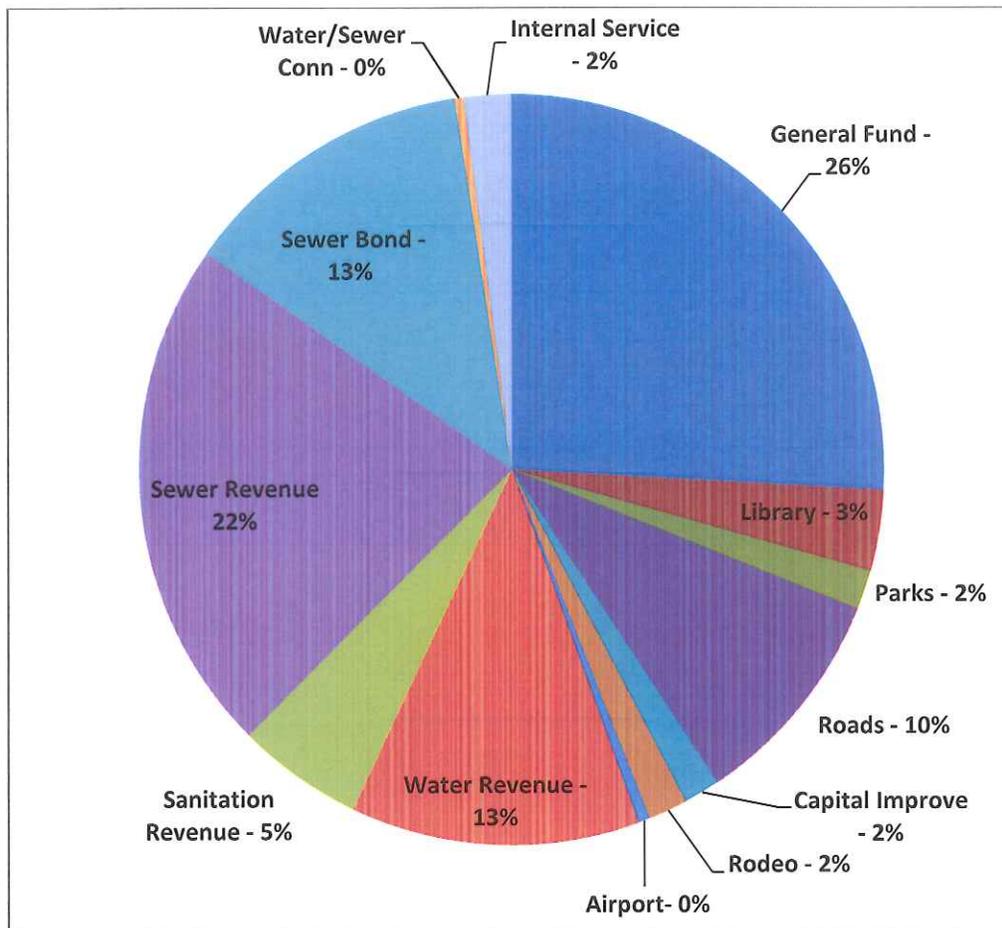
The general fund had an operating budget of \$1.188 million for the year. Actual expenditures total \$933,720. The following chart summarizes the actual expenditures to the various departments within the general fund.



CITY-WIDE REVENUES

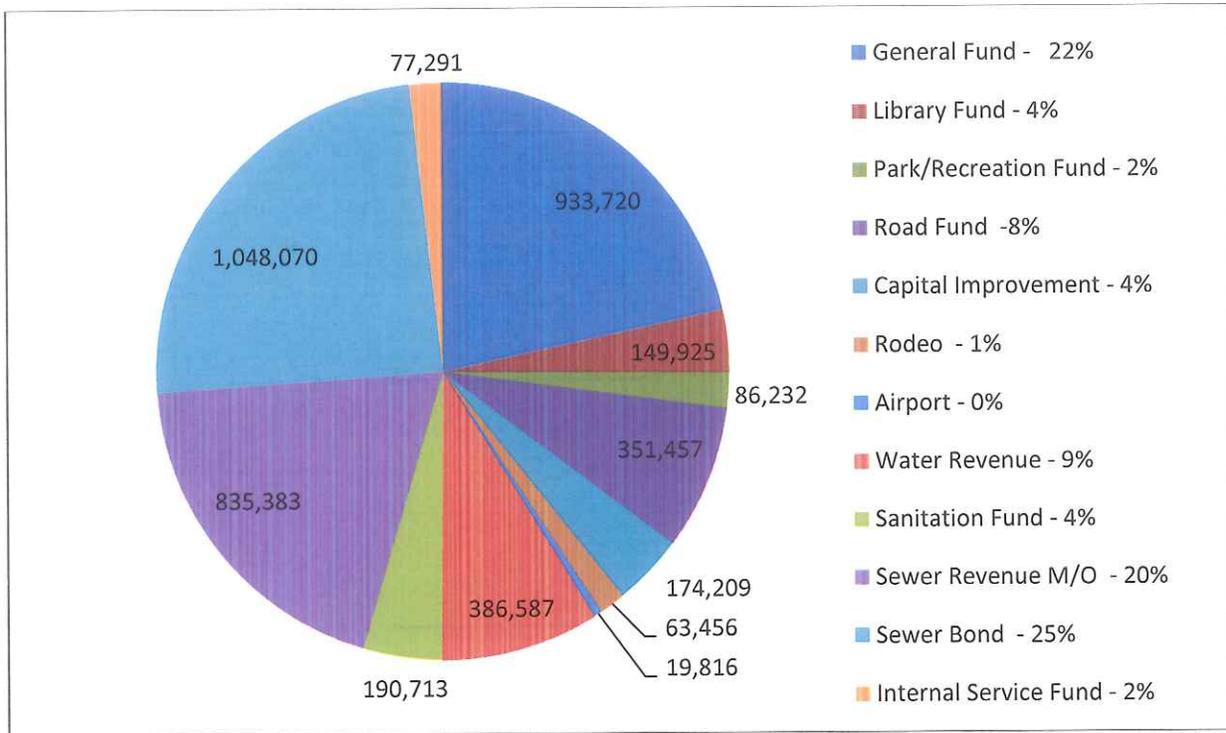
Total city-wide revenues (cash budget basis) totaled \$4.823 million. The following chart shows the source of revenues by funds.

General Fund -	\$ 1,249,302
Library -	168,253
Park/Recreation -	81,637
Roads -	465,070
Capital Improvement -	76,179
Rodeo	82,534
Airport	23,741
Water Revenue	603,429
Sanitation Fund	263,938
Sewer Revenue	1,076,500
Sewer Bond	615,940
Water/Sewer Connections	18,000
Internal Service Fund	<u>99,006</u>
Total City Wide Revenues	\$ 4,823,529



CITY-WIDE EXPENDITURES

Total city-wide expenditures (cash budget basis) totaled \$4.823 million. The following chart shows the allocation expenditures by fund.



Request for Information

This financial report is designed to provide a general overview of the City of Rigby’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or request for additional financial information should be directed to the city clerk/treasurer at 158 West Fremont, Rigby, ID 83442.

David Swager, CPA
City Clerk/Treasurer

BASIC FINANCIAL STATEMENTS

CITY OF RIGBY
Statement of Net Position
September 30, 2016

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents.....	\$ 1,452,379	\$ 2,504,055	\$ 3,956,434	\$ 435,627
Investments.....	1,183,716	5,308,637	6,492,353	-
Receivables (net).....	198,469	273,715	472,184	2,723
Interfund receivable.....	142,812	-	142,812	-
Prepaid expenses.....	42,674	3,970	46,644	-
Capital assets, net of depreciation.....	5,753,057	17,450,707	23,203,764	-
Capital assets, non-depreciable.....	408,659	21,154	429,813	-
Total assets.....	<u>\$ 9,181,766</u>	<u>\$ 25,562,238</u>	<u>\$ 34,744,004</u>	<u>\$ 438,350</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferred outflows.....	314,914	-	314,914	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 9,496,680</u>	<u>\$ 25,562,238</u>	<u>\$ 35,058,918</u>	<u>\$ 438,350</u>
LIABILITIES				
Current liabilities				
Accounts payable.....	\$ 94,569	\$ 326,786	\$ 421,355	\$ 11,294
Interfund payable.....	142,812	-	142,812	-
Other payable.....	51	52	103	-
Salaries & benefits payable.....	34,623	2,912	37,535	-
Water deposits.....	-	29,201	29,201	-
Current portion of long term debt.....	4,859	482,222	487,081	-
Net pension liability.....	571,159	-	571,159	-
Total current liabilities	<u>\$ 848,073</u>	<u>\$ 841,173</u>	<u>\$ 1,689,246</u>	<u>\$ 11,294</u>
Long-term liabilities				
Debt portion due in more than one year.....	11,027	9,047,539	9,058,566	-
Interim DEQ financing	-	-	-	-
Compensated absences.....	29,890	16,337	46,227	-
Total long-term liabilities.....	<u>\$ 40,917</u>	<u>\$ 9,063,876</u>	<u>\$ 9,104,793</u>	<u>\$ -</u>
Total liabilities.....	<u>\$ 888,990</u>	<u>\$ 9,905,049</u>	<u>\$ 10,794,039</u>	<u>\$ 11,294</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferred inflows.....	\$ 186,804	-	\$ 186,804	-
NET POSITION				
Invested in capital assets, net of related debt	6,145,830	7,942,100	14,087,930	-
Restricted for:				
Capital projects.....	1,223,124	-	1,223,124	-
Debt service.....	-	2,181,543	2,181,543	-
Community development and improvement projects.....	200,285	-	200,285	-
Unrestricted	851,647	5,533,546	6,385,193	505,056
Total net position.....	<u>\$ 8,420,886</u>	<u>\$ 15,657,189</u>	<u>\$ 24,078,075</u>	<u>\$ 505,056</u>

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

CITY OF RIGBY
Statement of Activities
For the Year Ended September 30, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Fees, Fines, & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental activities:							
General government.....	\$ 490,107	\$ -	\$ -	\$ (456,165)	\$ -	\$ (456,165)	\$ -
Public safety.....	546,950	-	332,241	(170,690)	-	(170,690)	-
Public works.....	403,856	142,609	-	(122,500)	-	(122,500)	-
Parks and recreation.....	198,916	-	-	(123,483)	-	(123,483)	-
Cultural.....	171,732	3,987	-	(150,719)	-	(150,719)	-
Interest on long term debt.....	-	-	-	-	-	-	-
Internal Service charges.....	32,402	-	-	(32,402)	-	(32,402)	-
Total governmental activities.....	<u>1,843,963</u>	<u>146,596</u>	<u>332,241</u>	<u>(1,055,959)</u>	-	<u>(1,055,959)</u>	-
Business-type activities:							
Water fund.....	386,587	-	-	-	\$ 213,422	213,422	-
Sanitation fund.....	190,713	-	-	-	73,225	73,225	-
Sewer fund.....	893,896	-	-	-	747,371	747,371	-
Internal Service charges.....	92,213	-	-	-	(92,213)	(92,213)	-
Total business-type activities.....	<u>1,563,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>941,805</u>	<u>941,805</u>	<u>-</u>
Total primary government.....	<u>\$ 3,407,372</u>	<u>\$ 146,596</u>	<u>\$ 332,241</u>	<u>(1,055,959)</u>	<u>941,805</u>	<u>(114,154)</u>	<u>-</u>
Component unit.....	\$ 47,325	\$ -	\$ -	-	-	-	(47,325)

General revenues:

Taxes:							
Property taxes, levied for general purposes	847,466	-	-	847,466	-	847,466	266,420
Property taxes, levied for library	121,317	-	-	121,317	-	121,317	-
Property taxes, levied for park and recreation fund	72,608	-	-	72,608	-	72,608	-
Property taxes, levied for public works	159,590	-	-	159,590	-	159,590	-
Property taxes, levied for capital projects	48,445	-	-	48,445	-	48,445	-
State sales taxes	139,394	-	-	139,394	-	139,394	-
State revenue sharing	186,812	-	-	186,812	-	186,812	-
State liquor allocation	64,255	-	-	64,255	-	64,255	-
Earnings on investments	13,075	-	-	13,075	93,857	106,932	529
Miscellaneous	48,075	-	-	48,075	3,301	51,376	-
Gain (loss) on sale of assets	(3,769)	-	-	(3,769)	(183)	(3,952)	-
Internal Service Charges	41,583	-	-	41,583	57,425	99,008	-
Transfers	(59,148)	-	-	(59,148)	59,148	-	-
Net pension revenue (expense)	(2,018)	-	-	(2,018)	-	(2,018)	-
Total general revenues and transfers	<u>1,677,685</u>	-	-	<u>1,677,685</u>	<u>213,548</u>	<u>1,891,233</u>	<u>266,949</u>
Changes in net assets	621,545	-	-	621,545	1,155,352	1,777,079	219,624
Net position--beginning	7,799,341	-	-	7,799,341	14,501,837	22,301,178	285,432
Contributed capital	-	-	-	-	-	-	-
Prior period adjustment	-	-	-	-	-	-	-
Net assets--ending	<u>\$ 8,420,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,420,886</u>	<u>\$ 15,657,189</u>	<u>\$ 24,078,257</u>	<u>\$ 505,056</u>

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

CITY OF RIGBY
Balance Sheet
Governmental Funds
September 30, 2016

	General Fund	Road Fund	Non Major Funds	Total Governmental Funds
ASSETS				
Cash.....	\$ 710,974	\$ 210,368	\$ 499,235	\$ 1,420,577
Investments.....	531,583	152,186	499,947	1,183,716
Taxes receivable.....	31,133	5,783	8,650	45,566
Other receivables.....	84,937	59,553	123,530	268,020
Interfund receivable.....	-	-	142,812	142,812
Prepaid expenses.....	41,261	514	855	42,630
Total assets.....	<u>\$ 1,399,888</u>	<u>\$ 428,404</u>	<u>\$ 1,275,029</u>	<u>\$ 3,103,321</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
CURRENT LIABILITIES				
Accounts payable.....	\$ 50,457	\$ 12,951	\$ 26,675	\$ 90,083
Interfund payable.....	20,000	-	122,812	142,812
Payroll liabilities.....	25,583	-	-	25,583
Salaries payable/Benefits.....	6,571	510	1,959	9,040
Deferred revenue.....	26,299	4,889	122,445	153,633
Total current liabilities.....	<u>128,910</u>	<u>18,350</u>	<u>273,891</u>	<u>421,151</u>
FUND BALANCE				
Restricted.....	-	410,054	760,867	1,170,921
Committed.....	-	-	46,022	46,022
Assigned.....	-	-	194,249	194,249
Unassigned.....	1,270,978	-	-	1,270,978
Total fund balance.....	<u>1,270,978</u>	<u>410,054</u>	<u>1,001,138</u>	<u>2,682,170</u>
Total liabilities and fund balance.....	<u>\$ 1,399,888</u>	<u>\$ 428,404</u>	<u>\$ 1,275,029</u>	<u>\$ 3,103,321</u>

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

CITY OF RIGBY
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2016

Total fund balances - governmental funds \$ 2,682,169

The cost of capital assets (land, buildings, furniture, and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the City as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Cost of capital assets	\$ 8,884,968	
Depreciation expense to date	<u>(2,723,252)</u>	6,161,716

Property taxes received that are not available to pay for current period expenditures are deferred in the funds.		38,516
--	--	--------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Capital leases	(15,886)	
Compensated absences	<u>(29,890)</u>	(45,776)

GASB 68 requires the accrual of net pension assets and liabilities and the deferred inflows and outflows of resources related thereto.

Net pension liability	(571,159)	
Deferred outflows of resources	314,914	
Deferred inflows of resources	<u>(186,804)</u>	(443,049)

Internal service funds are used by management to charge the costs of equipment usage to individual funds. The fund balance of certain activities of the internal service funds is reported with governmental activities.

27,310

Total net assets for governmental activities \$ 8,420,886

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

CITY OF RIGBY
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
September 30, 2016

	General Fund	Road Fund	Non Major Funds	Total Governmental Funds
REVENUES				
Local Revenue:				
Property taxes.....	\$ 850,207	\$ 159,859	\$ 245,286	\$ 1,255,352
Earnings on investments.....	6,277	1,515	5,100	12,892
Fees and fines.....	20,201	-	-	20,201
Charges for services.....	44,019	97,217	53,967	195,203
Miscellaneous and other revenue.....	13,608	1,200	149,232	164,040
State revenues.....	299,754	205,279	27,753	532,786
Grants.....	15,236	-	1,485	16,721
Total revenue.....	<u>1,249,302</u>	<u>465,070</u>	<u>482,823</u>	<u>2,197,195</u>
EXPENDITURES				
General government.....	403,768	-	14,841	418,609
Public safety.....	485,386	-	930	486,316
Street and public improvement.....	-	351,457	-	351,457
Parks and recreation.....	-	-	138,894	138,894
Cultural.....	14,000	-	149,925	163,925
Capital outlay.....	30,566	-	189,978	220,544
Total expenditures.....	<u>933,720</u>	<u>351,457</u>	<u>494,568</u>	<u>1,779,745</u>
Excess (deficiency) of revenue over expenditures.....	315,582	113,613	(11,745)	417,450
OTHER FINANCING SOURCES (USES)				
Other Financing Source.....	-	-	200	200
Transfers.....	43,062	-	31,938	75,000
Net change in fund balances.....	358,644	113,613	20,393	492,650
Fund Balance - Beginning.....	912,334	296,441	980,744	2,189,519
Prior Period Adjustment.....	-	-	-	-
Fund Balance - Ending.....	<u>\$ 1,270,978</u>	<u>\$ 410,054</u>	<u>\$ 1,001,137</u>	<u>\$ 2,682,169</u>

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

CITY OF RIGBY
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2016

Net Change in fund balances-total governmental funds		\$ 492,650
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense over the life of the asset. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capitalized assets	\$ 383,241	
Depreciation expense	<u>(296,513)</u>	86,728
<p>In the statement of activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.</p>		
		(5,851)
<p>Transfers from governmental type activities to proprietary type activities are not recorded at the governmental fund level and are classified as capital contributions at the proprietary fund level. For government wide activities it is reported as a transfer.</p>		
<p>Debt payments are treated as an expenditure in the governmental funds, but the payments reduce long term debt in the Statement of Activities.</p>		
Capital lease payable	4,859	
Bonds payable	<u>-</u>	4,859
<p>Tax revenues are deferred and not recognized in the funds until they are available to pay for current period expenditures. In the Statement of Activities, however they are recognized when levied. This is the difference between the amount deferred at the beginning and end of the current period.</p>		
Deferred revenue - 2016	38,516	
Deferred revenue - 2015	<u>(41,976)</u>	(3,460)
<p>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.</p>		
Compensated absences - 2016	(29,890)	
Compensated absences - 2015	<u>45,121</u>	15,231
<p>GASB 68 requires the calculation of net pension revenue (expense), and the deferral of current contributions.</p>		
Current contributions	24,223	
Net pension revenue (expense)	<u>(2,018)</u>	22,205
<p>Internal service funds are used by management to charge the costs of equipment usage to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.</p>		
		<u>9,183</u>
Change in Net Position of Governmental Activities		<u>\$ 621,545</u>

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

CITY OF RIGBY
Statement of Net Position
Proprietary Funds
September 30, 2016

	Water Fund	Sanitation	Sewer Fund	Sewer Collection	Total	Internal Service Funds
ASSETS						
Cash.....	\$ 389,468	\$ 16,371	\$ 1,594,609	\$ 224,749	\$ 2,225,197	\$ 75,068
Cash - restricted for bond.....	-	-	235,592	-	235,592	-
Investments.....	1,052,246	390,606	2,790,968	1,074,817	5,308,637	-
Receivables.....	66,939	27,370	179,406	-	273,715	-
Capital assets, net of depreciation.....	2,072,273	356,946	14,645,900	-	17,075,119	375,587
Capital assets, non-depreciable.....	21,154	-	-	-	21,154	-
Prepaid expenses.....	1,164	1,781	980	-	3,925	89
Total assets.....	<u>3,603,244</u>	<u>793,074</u>	<u>19,447,455</u>	<u>1,299,566</u>	<u>25,143,339</u>	<u>\$ 450,744</u>

LIABILITIES

Current Liabilities:						
Accounts payable.....	46,365	671	275,264	-	322,300	\$ 8,972
Other payable.....	-	-	-	-	-	102
Water deposits.....	29,201	-	-	-	29,201	-
Salaries payable & payroll liabilities.....	805	898	1,209	-	2,912	-
Current portion of long term debt.....	-	-	482,222	-	482,222	-
Total current liabilities.....	<u>76,371</u>	<u>1,569</u>	<u>758,695</u>	<u>-</u>	<u>836,635</u>	<u>9,074</u>
Noncurrent liabilities:						
Bond payable - long term.....	-	-	9,047,539	-	9,047,539	-
Interim DEQ financing.....	-	-	-	-	-	-
Compensated absences payable.....	5,079	4,203	7,055	-	16,337	-
Total liabilities.....	<u>81,450</u>	<u>5,772</u>	<u>9,813,289</u>	<u>-</u>	<u>9,900,511</u>	<u>9,074</u>

NET POSITION

Invested in capital assets, net of related debt.....	2,093,427	356,946	5,116,139	-	7,566,512	375,587
Restricted for debt service.....	-	-	2,181,543	-	2,181,543	-
Net assets - unrestricted.....	1,428,367	430,356	2,336,484	1,299,566	5,494,773	66,083
Total net position.....	<u>\$ 3,521,794</u>	<u>\$ 787,302</u>	<u>\$ 9,634,166</u>	<u>\$ 1,299,566</u>	<u>\$ 15,242,828</u>	<u>\$ 441,670</u>

Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.

Net position of business-type activities \$ 414,361

The notes to the financial statements are an integral part of this statement. \$ 15,657,189

CITY OF RIGBY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
September 30, 2016

	Water Fund	Sanitation	Sewer Fund	Sewer Collection Project	Total	Internal Service Funds
OPERATING REVENUE						
Consumer charges.....	\$ 600,009	\$ 263,938	\$ 1,641,267	\$ -	\$ 2,505,214	\$ -
Other revenue.....	3,420	-	-	-	3,420	-
Other Services.....	-	-	-	-	-	99,008
Total operating revenue.....	<u>603,429</u>	<u>263,938</u>	<u>1,641,267</u>	<u>-</u>	<u>2,508,634</u>	<u>99,008</u>
OPERATING EXPENSES						
Salaries.....	43,420	66,322	111,654	-	221,396	7,274
Payroll taxes.....	4,902	5,195	4,594	-	14,691	1,214
Insurance - employee.....	17,477	16,136	33,955	-	67,568	1,570
Retirement - employee.....	7,298	7,642	12,721	-	27,661	881
Legal fees.....	-	-	-	-	-	-
Municipal shop building	6,344	6,052	5,879	-	18,275	8,649
Utilities.....	142	-	75,907	-	76,049	-
Office supplies and postage.....	3,985	3,986	5,005	-	12,976	-
Maintenance and repairs.....	179,175	20,420	37,167	-	236,762	22,452
Training and travel.....	500	163	1,854	-	2,517	-
Supplies.....	1,373	76	26,463	-	27,912	10,348
Fuel.....	82	-	1,899	-	1,981	24,759
Depreciation.....	84,143	40,003	462,705	-	586,851	47,468
Miscellaneous expense.....	32,189	24,718	23,082	-	79,989	-
Irrigation assessments.....	5,557	-	-	-	5,557	-
Total operating expense.....	<u>386,587</u>	<u>190,713</u>	<u>802,885</u>	<u>-</u>	<u>1,380,185</u>	<u>124,615</u>
Operating income (loss).....	<u>216,842</u>	<u>73,225</u>	<u>838,382</u>	<u>-</u>	<u>1,128,449</u>	<u>(25,607)</u>
NONOPERATING REVENUE (EXPENSE)						
Wastewater project grant income.....	-	-	-	(6,055)	(6,055)	-
Wastewater project expenditures.....	-	-	-	-	-	-
Interest income.....	13,185	3,993	43,701	8,715	69,594	-
Interest expense.....	-	-	(84,956)	-	(84,956)	-
Gain (loss) on investments.....	13,538	(183)	12,192	(1,467)	24,080	-
Reserve for debt service.....	-	-	-	-	-	-
Capital contributions.....	-	(57,475)	-	-	(57,475)	191,623
Operating transfers.....	(25,000)	(25,000)	(25,000)	-	(75,000)	-
Changes in net position.....	<u>218,565</u>	<u>(5,440)</u>	<u>784,319</u>	<u>1,193</u>	<u>998,637</u>	<u>166,016</u>
NET POSITION						
Total net position - beginning.....	3,303,229	792,742	8,849,847	1,298,373		275,654
Prior years adjustment.....	-	-	-	-		-
Total net position - ending.....	<u>\$ 3,521,794</u>	<u>\$ 787,302</u>	<u>\$ 9,634,166</u>	<u>\$ 1,299,566</u>		<u>\$ 441,670</u>

Some amounts reported for business-type activities in the statement of activities are different because the net revenue of certain internal service funds is reported with business-type activities.

Change in net position of business-type activities

156,834
\$ 1,155,471

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

CITY OF RIGBY
Statement of Cash Flows
Proprietary Funds
September 30, 2016

	Water Fund	Sanitation	Sewer Fund	Sewer Collection	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers.....	587,914	261,306	1,626,537	-	2,475,757	99,008
Payments to suppliers and employees.....	(265,699)	(149,997)	(185,543)	-	(601,239)	(71,234)
Cash provided by customer deposits.....	(3,132)	-	-	-	(3,132)	-
Net cash provided (used) by operating activities.....	319,083	111,309	1,440,994	-	1,871,386	27,774
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from (to) other funds.....	(25,000)	(82,475)	(25,000)	-	(132,475)	-
Net cash provided (used) by noncapital financing activities.....	(25,000)	(82,475)	(25,000)	-	(132,475)	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Cash proceeds from grants.....	-	-	-	(6,055)	(6,055)	-
Cash paid for construction and equipment.....	-	-	(57,329)	-	(57,329)	-
Bond principle payments.....	-	-	(963,115)	-	(963,115)	-
Interest paid on bonds and leases.....	-	-	(84,956)	-	(84,956)	-
Net cash provided (used) by capital and related financing activities.....	-	-	(1,105,400)	(6,055)	(1,111,455)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income.....	26,723	3,993	43,701	8,715	83,132	-
Change in market value of investments.....	(176,626)	(3,993)	(36,311)	(8,364)	(225,294)	-
Purchase of investments.....	-	-	-	-	-	-
Net cash provided (used) from investing activities.....	(149,903)	-	7,390	351	(142,162)	-
Net increase (decrease) in cash.....	144,180	28,834	317,984	(5,704)	485,294	27,774
Cash and cash equivalents-beginning of year.....	245,288	(12,463)	1,512,217	230,453	1,975,495	47,383
Cash and cash equivalents-end of year.....	389,468	16,371	1,830,201	224,749	2,460,789	75,157
Reconciliation of operating income to net cash provided by operating activities						
Operating income.....	216,842	73,225	838,382	-	1,128,449	(25,607)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation.....	84,143	40,003	462,705	-	586,851	47,468
(Increase) decrease in accounts receivable.....	(15,515)	(2,632)	(14,730)	-	(32,877)	-
Increase (decrease) in customer deposits.....	(3,132)	-	-	-	(3,132)	-
(Increase) decrease in customer prepaids.....	3,232	(1,781)	20,222	-	21,673	-
Increase (decrease) in accounts payable.....	33,513	2,494	134,415	-	170,422	5,913
Noncash loss on capital assets no longer in service	-	-	-	-	-	-
Net cash provided by operating activities.....	319,083	111,309	1,440,994	-	1,871,386	27,774

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

CITY OF RIGBY

Notes to the Financial Statements September 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Rigby consists of patrons from Jefferson County.

This report includes all of the funds/accounts of the City. It includes all activities considered to be part of the City under GASB Statement #2100, *Defining the Governmental Reporting Entity*. Activities include areas in which the City can assert its authority either directly or indirectly by financial means. The City has an urban renewal agency within its legal jurisdiction. The agencies follow Idaho Code in their operations. The agencies boards, which must include one of the members of the City Council, are approved by the City Council. The agencies adopt their own budgets based on revenues prescribed by Idaho Code. The City does not have any authority over the urban renewal agency either directly or indirectly.

The City is organized and operates under the provisions of the Idaho Constitution and the accounting policies and practices of the City conform to generally accepted accounting principles as applied to governments. The city's reporting entity applies all relevant *Governmental Accounting Standards Boards (GASB)* pronouncements. Proprietary funds and similar component units apply *Financial Accounting Standards Board's (FASB)* pronouncements and *Accounting Principal Board (APB)* opinions issued on or after November 30, 1989.

In conformity with generally accepted accounting principles, the basic financial statements of Rigby Urban Renewal Agency have been included in the financial reporting entity as a discretely presented component unit. It is presented as a separate column within the basic financial statements. The City appoints the governing body of the Agency. The Agency is comprised of volunteers who devote their time to improving and enhancing the quality of life within the City of Rigby.

For financial reporting purposes on the government wide financial statements, the City has capitalized improvement projects that the Agency has paid for and donated to the City for public use.

A copy of the Rigby Urban Renewal Agency audit may be obtained at the City office.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal balances and transfers. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2016

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING, Continued

Basis of Presentation, continued

Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category—*governmental* and *proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

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

Road Fund. This fund is responsible for the operation, maintenance and development of roads within the City's jurisdiction.

The City reports the following major enterprise funds:

Water Fund. This fund accounts for the operation, maintenance and development of the City's water resources.

Sewer Fund. This fund accounts for the operation and maintenance of the City's sewer system.

Sanitation Fund. This fund accounts for the operation and maintenance of the City's sanitation system.

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

CITY OF RIGBY

Notes to the Financial Statements September 30, 2016

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING, Continued

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the City follow FASB Statements and Interpretations issued on or after November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

C. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

The cash balances of substantially all funds are pooled and invested by the City Clerk for the purpose of increasing earnings through investment activities. The pooled investments are reported at fair value at September 30, 2016 based on market prices. Cash also includes funds held at the Local Government Investment Pool. The cash at the Local Government Investment Pool earns interest at a variable rate and is available upon demand. Earnings on the pooled funds are apportioned and paid or credited to the funds based on the balance of each participating fund.

Cash and Cash Equivalents

The City considers cash and cash equivalents in the proprietary funds to be cash on hand and demand deposits. Demand deposits include money market accounts and certificates of deposit. In addition, because the Local Government Investment Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2016**

C. ASSETS, LIABILITIES, AND EQUITY, Continued

Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectables. Because property taxes attach as an enforceable lien after three years of delinquency, the City feels that all receivables are collectible.

Property Tax Calendar

Property taxes are levied in November of each year and become payable on December 20, and June 20, of the following year for real property and personal property.

Property taxes attach as an enforceable lien as of December 20 following the levy in August. Therefore, no amount has been set aside for an allowance for doubtful accounts. Property taxes collected after December 1, 2016 are classified as deferred revenue.

Inventories and Prepaid Items

The City does not have any inventory items at September 30, 2016.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The City had the following prepaid items at the end of the fiscal year.

General Fund	\$ 22,472
Water Fund	2,050
Sanitation	2,116
Sewer Bond Fund	-
Non-Major Funds	-

The balance represents SUTA overpayments in the amount of \$18,558, and prepaid workers compensation insurance in the amount of \$8,080.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired after July 1, 2001 are reported at cost or estimated historical cost. The Standards did not require that we track and maintain general infrastructure assets acquired prior to July 1, 2001 and also do not require us to retroactively restate these assets for financial reporting purposes. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. The City has elected to capitalize all asset acquisitions that exceed \$3,000. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and structures	10 – 40
Machinery and equipment	3 – 10
Industrial systems	30 – 40

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2016**

C. ASSETS, LIABILITIES, AND EQUITY, Continued

Compensated Absences

The liability for compensated absences in the government-wide and proprietary fund statements consists of unpaid, accumulated sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Fund Balance Reserves

The five categories of fund balance are nonspendable, restricted, committed, assigned, and unassigned. For the year ended September 30, 2016, the City had fund balances which were restricted, committed, assigned, and unassigned of \$1,169,844, \$46,022, \$193,324 and \$1,278,787 respectively. Restricted funds are those which are constrained to being used for a specific purpose by external parties, constitutional provisions, or enabling legislation. Committed funds are those which are constrained to being used for a specific purpose by the City itself. Assigned Funds are amounts intended to be used for specific purposes as expressed by the City's management. Unassigned funds are those which are available for any purpose.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 DEPOSITS AND INVESTMENTS

Following is a reconciliation of the City's deposit and investment balances as of September 30, 2016:

	Pooled Cash and Investments
Demand Deposits	\$ 3,212,456
State Investment Pool	7,954
Investments	6,492,353
Money Market	<u>736,026</u>
Total	<u>\$ 10,448,789</u>

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2016

NOTE 2 DEPOSITS AND INVESTMENTS, Continued

Cash Deposits

The following is a schedule illustrating the cash balances held by the City of Rigby that are insured, collateralized, or uninsured as of September 30, 2016. The City does not have a deposit policy.

<u>Depository Institution</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>FDIC Insured</u>	<u>Collateralized</u>	<u>Uninsured</u>
Zions Bank	\$3,364,010	\$3,361,850	\$ 250,000	\$ 736,028	\$ 2,377,982
Xpress Deposit	37,647	37,647	37,647	-	-
Wells Fargo	10,469	10,469	10,469	-	-
US Bank	47,350	47,185	47,350	-	-
State Invest. Pool	7,950	7,954	-	-	7,950
Petty Cash	-	150	-	-	150
Investment Accts:					
Beehive Credit Union	301,388	301,045	250,000	-	51,388
Idaho Central	1,033,415	1,032,498	250,000	-	783,415
Westmark	587,491	587,491	250,000	-	337,491
RBC Wealth	993,854	993,483	-	-	993,854
Edward Jones	440,460	440,459	-	-	440,460
US Bank	1,069,629	1,069,629	867,725	-	201,904
Wells Fargo	403,041	406,019	403,041	-	-
Zions	<u>2,149,975</u>	<u>2,152,910</u>	<u>1,700,000</u>	-	<u>449,975</u>
Total	<u>\$10,446,679</u>	<u>\$10,448,789</u>	<u>\$4,066,232</u>	<u>\$ 736,028</u>	<u>\$5,644,569</u>

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2016, \$5,644,569 of the government's cash and investments bank balance of \$10,446,679 was exposed to custodial credit risk.

Credit Risk: Per the Local Government Investment Pool management, the investment pool itself does not have a credit rating.

Investments

The City's investment policy, in compliance with state statutes, authorizes the Clerk to invest in the following – 1) Corporate Bonds, 2) Federal Agency Obligations, 3) Mortgage Backed Securities, and 4) Mutual Funds.

As of September 30, 2016, the City has the following investments.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Money Market	n/a	143,415
Certificates of Deposit	Various	4,743,781
Federal Agency Obligations	Various	118,905
Mortgage Backed Securities	n/a	104
Mutual Funds	n/a	220,492
Bonds	Various	<u>1,751,323</u>
Total Investments		<u>\$ 6,978,020</u>

Concentration Credit Risk is the risk that the City has invested more than 5% of their total investment in any one issuer. Currently, the City of Rigby holds the following individual issues in an amount greater than 5% of their total investments:

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2016**

NOTE 2 DEPOSITS AND INVESTMENTS, Continued

<u>Individual Issuer</u>	<u>% of Total Investment</u>
American Express	5.00%
Bank of Idaho	14.81%
Goldman Sachs	9.10%

Credit Risk: The City's investments are rated by the two nationally recognized statistical rating organizations—Standard & Poor's and Moody's Investment Services. Investments in US Government Agencies, Corporate Bonds, and Mutual Funds are rated AAA and Aaa, respectively.

NOTE 3 RECEIVABLES

Receivables at year end consist of the following:

	<u>General Fund</u>	<u>Street and Road Fund</u>	<u>Other Governmental Funds</u>	<u>Enterprise Funds</u>				<u>Sewer Collection</u>
				<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>		
Local Sources								
Property Taxes	\$ 31,133	\$ 5,783	\$ 8,650	\$ -	\$ -	\$ -	\$ -	
Consumer Fees	-	-	-	66,939	178,146	27,370	-	
Other	-	-	-	-	1,260	-	-	
Total Local	<u>\$ 31,133</u>	<u>\$ 5,783</u>	<u>\$ 8,650</u>	<u>\$ 66,939</u>	<u>\$ 179,406</u>	<u>\$ 27,370</u>	<u>\$ -</u>	
State Sources								
Other State Revenue	<u>\$ 84,937</u>	<u>\$ 59,553</u>	<u>\$ 8,413</u>					
Total Receivable	<u>\$116,070</u>	<u>\$ 65,336</u>	<u>\$ 17,063</u>					

NOTE 4 INTERFUND TRANSACTIONS

Interfund Receivable/Payable

During the course of its operations, the City had numerous transactions between funds to finance operations, provide services, construct assets, and service debt. As of September 30, 2016 the LID#8 fund owed the Capital Improvement fund \$122,812 to payback the initial funding of the LID project. Funds are remitted back to Capital Improvement as they are received from assessments to the property owners. The General fund owed the Airport fund \$20,000 for land to be purchased for the airport.

The following interfund operating transfers were made during the fiscal year to cover expenditures from operations:

<u>Major Funds</u>	<u>Transfers To</u>	<u>Transfers From</u>
General	\$ 75,000	\$ 32,000
Parks, Rodeo	16,000	-
Water	-	25,000
Sanitation	-	25,000
Sewer	-	25,000
Library	10,000	-
Airport	6,000	-

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2016**

NOTE 5 LONG-TERM OBLIGATIONS

Rodeo Tractor

During fiscal year 2014, the City entered into a capital lease agreement with Bank of the West for the lease and subsequent purchase of a Kubota tractor and loading bucket. Payments are due in five annual installments of \$5,765.55, including interest at a rate of 4.37%. Principal due on the lease payments as of September 30, 2016 is \$15,886.

Sewer Revenue Bond Issue:

As of September 30, 2016 the City had one sewer revenue bond outstanding. The bond bears interest of 3.75% per annum and matures December 22, 2040. Annual payments of principal and interest are due in December in the amount of \$168,270. The total amount outstanding as of September 30, 2016 was \$2,197,291.

Wastewater Project Loans

The DEQ is providing loan funds to the City which are being used to finance the construction of the wastewater treatment facility as well as improvements to the wastewater collection system. As of September 30, 2016, the loan balance payable to the DEQ was \$7,332,471 for the wastewater treatment facility. The loan is interest free with annual payments of \$198,175 and will mature in April of 2035.

The following schedule recaps the changes in long-term obligations for the fiscal year ending September 30, 2016:

	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Balance</u>
Governmental-type activities				
Bank of the West	20,745	-	4,859	15,886
Compensated absences	45,151	-	15,261	29,890
<i>Total governmental-type</i>	<u>\$ 65,896</u>	<u>\$ -</u>	<u>\$ 20,120</u>	<u>\$ 45,776</u>
Business-type activities				
Waste Water Project DEQ Loan	7,728,821	-	396,350	7,332,471
Sewer USDA Loan	3,715,423	-	566,764	2,197,291
Compensated absences	18,410	-	2,073	16,337
<i>Total business-type activities</i>	<u>\$10,511,286</u>	<u>\$ -</u>	<u>\$ 965,187</u>	<u>\$ 9,546,099</u>

Maturities of long-term obligations are as follows:

2017	\$ 487,294
2018	490,735
2019	494,304
2020	492,249
2021	495,845
Thereafter	<u>7,085,222</u>
Total	<u>\$ 9,545,648</u>

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2016

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Capital Acquisitions</u>	<u>Sales / Other Changes</u>	<u>Ending Balance</u>
Governmental Activities				
Non-depreciable Assets:				
Work-in-progress	\$ -	\$ -	\$ -	\$ -
Land	408,659	-	-	408,659
Depreciable Assets:				
Buildings/Sites	\$ 3,850,595	\$ 178,005	\$ (5,319)	\$ 4,023,281
Equipment	1,445,360	205,236	(89,313)	1,561,283
Infrastructure	<u>2,891,745</u>	<u>-</u>	<u>-</u>	<u>2,891,745</u>
<i>Total capital assets</i>	<i>8,596,359</i>	<i>383,241</i>	<i>(94,632)</i>	<i>8,884,968</i>
Less: accumulated depreciation	<u>(2,515,520)</u>	<u>(296,513)</u>	<u>88,781</u>	<u>(2,723,252)</u>
<i>Governmental activity capital assets, net</i>	<u><i>\$ 6,080,839</i></u>	<u><i>\$ 86,728</i></u>	<u><i>\$ (5,851)</i></u>	<u><i>\$ 6,161,716</i></u>
Business-type Activities				
Non-depreciable Assets:				
Work-in-progress	\$ -	\$ -	\$ -	\$ -
Land	21,154	-	-	21,154
Depreciable Assets:				
Water Fund				
Buildings & equipment	\$ 3,087,148	\$ -	\$ -	\$ 3,087,148
Less: accumulated depreciation	<u>(930,732)</u>	<u>(84,143)</u>	<u>-</u>	<u>(1,014,875)</u>
<i>Water capital assets, net</i>	<u><i>2,156,416</i></u>	<u><i>(84,143)</i></u>	<u><i>-</i></u>	<u><i>2,072,273</i></u>
Sanitation Fund				
Buildings & equipment	826,926	-	(16,617)	810,309
Less: accumulated depreciation	<u>(429,977)</u>	<u>(40,003)</u>	<u>16,617</u>	<u>(453,364)</u>
<i>Sanitation capital assets, net</i>	<u><i>396,949</i></u>	<u><i>(40,003)</i></u>	<u><i>-</i></u>	<u><i>356,945</i></u>
Sewer				
Buildings & equipment	17,519,112	57,329	-	17,576,441
Less: accumulated depreciation	<u>(2,467,837)</u>	<u>(495,203)</u>	<u>-</u>	<u>(2,963,040)</u>
<i>Sewer capital assets, net</i>	<u><i>15,051,275</i></u>	<u><i>(437,874)</i></u>	<u><i>-</i></u>	<u><i>14,613,401</i></u>
<i>Business-type activities capital assets, net</i>	<u><i>\$17,625,794</i></u>	<u><i>\$ (562,020)</i></u>	<u><i>\$ -</i></u>	<u><i>\$17,063,774</i></u>
Internal Service Fund				
Buildings & equipment	\$ 653,660	\$ 191,623	\$ (129,640)	\$ 715,643
Less: accumulated depreciation	<u>(422,228)</u>	<u>(47,468)</u>	<u>129,640</u>	<u>(340,056)</u>
<i>Internal Service capital assets, net</i>	<u><i>\$ 231,432</i></u>	<u><i>\$ 144,155</i></u>	<u><i>\$ -</i></u>	<u><i>\$ 375,587</i></u>

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2016

NOTE 6 CAPITAL ASSETS, Continued

Depreciation expense was charged to functions as follows:

General government	\$ 296,513
Water fund	84,143
Sanitation fund	40,003
Sewer fund	495,203
Internal Service	<u>47,468</u>
	<u>\$ 963,330</u>

NOTE 7 RISK MANAGEMENT

The City is exposed to a considerable number of risks of loss including but not limited to a) damage to and loss of property and contents; b) employee torts; c) professional liability, i.e. errors and omissions; d) environmental damage; e) workers compensation, i.e. employee injuries and f) medical insurance costs of its employees. Commercial insurance policies transferring the risk of loss, but for a relatively small deductible amount, are purchased for property and content damage, employees' torts and professional liabilities. Settled claims resulting from these risks have not exceeded the insurance deductible provided for in the last three years.

NOTE 8 SUBSEQUENT EVENTS

Transactions occurring subsequent to year end have been evaluated through February 6, 2017, the date which the financial statements were available for dissemination, and no items were identified that merited disclosure.

NOTE 9 RELATED PARTY TRANSACTIONS

The City has not been involved in any related party transactions that would violate the Idaho Code or applicable federal regulations.

NOTE 10 PRIOR PERIOD ADJUSTMENTS

No prior period adjustments were made for the year ending Sep 30, 2016.

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2016

NOTE 11 PENSION ACTIVITY—EMPLOYER REPORTING

The City of Rigby contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Employee membership data related to the PERSI Base Plan, as of September 30, 2016 was as follows:

Retirees and beneficiaries currently receiving benefits	44,181
Terminated employees entitled to but not yet receiving benefits	12,251
Active plan members	<u>68,517</u>
	124,949

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months. Amounts in parenthesis represent police/firefighters.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2016

NOTE 11 PENSION ACTIVITY—EMPLOYER REPORTING – CONTINUED

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2016 it was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. The City of Rigby's contributions were \$89,873 for the year ended September 30, 2016.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2016, the City of Rigby reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Rigby's proportion of the net pension liability was based on the City of Rigby's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2016, the City of Rigby's proportion was .0281754 percent.

For the year ended September 30, 2016, the City of Rigby's recognized pension expense (revenue) of \$2,018. At September 30, 2016 the City of Rigby reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 56,912
Changes in assumptions or other inputs	12,696	-
Net difference between projected and actual earnings on pension plan investments	277,995	129,892
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
Contributions subsequent to the measurement date	<u>24,223</u>	<u>-</u>
TOTAL	\$314,914	\$186,804

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2016

NOTE 11 PENSION ACTIVITY—EMPLOYER REPORTING – CONTINUED

\$24,223 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at June 30, 2016 the beginning of the measurement period ended September 30, 2016 is 4.9 years.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year ended September 30, 2016:	
2017	\$ 580
2018	\$ 580
2019	\$ 66,264
2020	\$ 36,462

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.5 – 10.25%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2016

NOTE 11 PENSION ACTIVITY—EMPLOYER REPORTING – CONTINUED

An experience study was performed in 2013 for the period July 1, 2009 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2016 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2016 is based on the results of an actuarial valuation date of July 1, 2016.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2016.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000 / Russell 3000	55.00%	6.35%
Developed Foreign Equities	MSCI EAFE	15.00%	7.30%
Assumed Inflation – Mean			3.25%
Assumed Inflation – Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.08%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long-Term Expected Rate of Return, net of Investment Expenses			7.10%

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2016

NOTE 11 PENSION ACTIVITY—EMPLOYER REPORTING – CONTINUED

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. 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 long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
City or Rigby's proportionate share of the net pension liability (asset)	1,120,411	571,158	114,395

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2016

NOTE 12 DEFICIT FUND BALANCE

At September 30, 2016 the LID#8 fund had a deficit fund balance of \$115,117.

NOTE 13 POST RETIREMENT BENEFITS

The City of Rigby does not provide post-retirement benefits to its employees and has no reporting requirement under GASB #45.

NOTE 14 RIGBY URBAN RENEWAL

The Rigby Urban Renewal Agency (Agency) has been presented in the government-wide financial statements as a discretely presented component unit of the City of Rigby due to its operational and/or financial relationship with the City. The agency is organized and operates under the Idaho Urban Renewal Law of 1965 (Chapter 20, Title 50, Idaho Code).

- A. The accounting policies and practices of the Agency conform to generally accepted accounting principles applied to governments.
- B. Cash and investments for all funds consist of the following at year end:

Cash – demand deposit (net of overdrafts)	\$ 305,287
Cash – State Investment Pool	<u>130,339</u>
Total	<u>\$ 435,626</u>

Deposits with financial institutions include bank demand deposits as authorized by Idaho statutes. The carrying amounts and the bank balance were \$305,287 at year end. Only \$250,000 of the balance was covered by federal depository insurance. Cash held at the Local Government Investment Pool is uninsured and uncollateralized.

The Agency follows the requirements of the Idaho Public Depository Law (Idaho Code Section: Title 57-100) and applicable investment rights and restrictions cited by Idaho Code Section, Title 67:67-1210.

- C. Receivables at year end consist of the following:

Property Taxes	\$ 2,723
----------------	----------

- D. Payables at year end consist of the following:

Accounts Payable	\$ 11,293
------------------	-----------

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIGBY
Budget to Actual Comparison Schedule
General Fund
For Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local Sources:				
Local Revenue:				
Taxes.....	\$ 842,755	\$ 842,755	\$ 850,207	\$ 7,452
Earnings on investments.....	1,500	1,500	6,277	4,777
Fees and fines.....	14,200	14,200	20,201	6,001
Charges for services.....	36,200	36,200	44,019	7,819
Miscellaneous and other revenue.....	15,000	15,000	13,608	(1,392)
State revenues.....	279,952	279,952	299,754	19,802
Grants.....	3,000	11,500	15,236	3,736
Total revenue.....	<u>1,192,607</u>	<u>1,201,107</u>	<u>1,249,302</u>	<u>48,195</u>
EXPENDITURES				
General government.....	474,080	474,080	403,768	70,312
Public safety.....	682,120	606,950	485,386	121,564
Cultural.....	15,000	15,000	14,000	1,000
Capital outlay.....	25,500	34,000	30,566	3,434
Total expenditures.....	<u>1,196,700</u>	<u>1,130,030</u>	<u>933,720</u>	<u>196,310</u>
Excess (deficiency) of revenue over expenditures.....	(4,093)	71,077	315,582	244,505
OTHER FINANCING SOURCES (USES)				
Other Financing Source.....	-	-	-	-
Transfers.....	43,000	43,000	43,062	62
Net change in fund balances.....	38,907	114,077	358,644	244,567
Fund Balance - Beginning.....	912,334	912,334	912,334	-
Prior Period Adjustment.....	-	-	-	-
Fund Balance - Ending.....	<u>\$ 951,241</u>	<u>\$ 1,026,411</u>	<u>\$ 1,270,978</u>	<u>\$ 244,567</u>

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

CITY OF RIGBY
Budget to Actual Comparison Schedule
Road Fund
For Year Ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources:				
Local Revenue:				
Taxes.....	\$ 158,703	\$ 158,703	\$ 159,859	\$ 1,156
Earnings on investments.....	-	-	1,515	1,515
Charges for services.....	75,000	75,000	97,217	22,217
Miscellaneous and other revenue.....	1,800	1,800	1,200	(600)
State revenues.....	188,035	188,035	160,254	(27,781)
Total revenue.....	<u>423,538</u>	<u>423,538</u>	<u>420,045</u>	<u>(3,493)</u>
EXPENDITURES				
Street and public improvement.....	383,538	383,538	351,457	32,081
Capital outlay.....	-	-	-	-
Total expenditures.....	<u>383,538</u>	<u>383,538</u>	<u>351,457</u>	<u>32,081</u>
Excess (deficiency) of revenue over expenditures.....	40,000	40,000	68,588	28,588
OTHER FINANCING SOURCES (USES)				
Transfers.....	-	-	-	-
Net change in fund balances.....	40,000	40,000	68,588	28,588
FUND BALANCES				
Beginning of the year.....	296,441	296,441	296,441	-
Prior Period Adjustment.....	-	-	-	-
End of the year.....	<u>\$ 336,441</u>	<u>\$ 336,441</u>	<u>\$ 365,029</u>	<u>\$ 28,588</u>

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

CITY OF RIGBY

**Notes to the Required Supplementary Information
September 30, 2016**

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

The Idaho Constitution and the Idaho State Tax Commission prescribe the budget process and procedures for governmental subdivisions. The City has satisfied the basic requirements prescribed in the following particulars:

- 1) Formulation of subsequent year budget requirements by City officials and personnel.
- 2) Perusal of formulated budgets by City officials.
- 3) Presentation of preliminary and final budget requirements in formal news media of the City.
- 4) Open hearings to permit taxpayer input before such budgets are formally adopted.

Subsequent control of budgets following adoption is accomplished through a budget-expenditures control system with interim status accounting and reporting made available to officials and employees for management purposes. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at the end of the fiscal year.

NOTE 2 EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

Expenditures did not exceed budget amounts in any major funds during 2016.

NOTE 3 PENSION - GASB 68

The City of Rigby contributes to a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies, and various participating political subdivisions.

During the fiscal year ended June 30, 2016, there were no changes of benefit terms, neither was there any significant change in the composition of the population covered by the benefit terms. All assumptions used in actuarial calculations were not significantly different from those used in the past.

CITY OF RIGBY
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
PERSI - Base Plan
Last 10 Fiscal Years*

	2016
City of Rigby's portion of the net pension liability	0.0281754%
City of Rigby's proportionate share of the net pension liability	\$ 571,159
City of Rigby's covered-employee payroll	\$ 818,067
City of Rigby's proportional share of the net pension liability as a percentage of its covered-employee payroll	69.82%
Plan fiduciary net position as a percentage of the total pension liability	87.26%

- Data reported is measured as of June 30, 2016

	2015
City of Rigby's portion of the net pension liability	0.0299508%
City of Rigby's proportionate share of the net pension liability	\$ 394,403
City of Rigby's covered-employee payroll	\$ 822,546
City of Rigby's proportional share of the net pension liability as a percentage of its covered-employee payroll	47.95%
Plan fiduciary net position as a percentage of the total pension liability	91.38%

- Data reported is measured as of June 30, 2015

** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, City of Rigby will only present those years for which information is available.*

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

CITY OF RIGBY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERSI - Base Plan
Last 10 Fiscal Years*

	2016
Statutorily required contribution	\$ 93,282
Contributions in relation to the statutorily required contribution	\$ 94,559
Contribution (deficiency) excess	\$ 1,277
Employer's covered-employee payroll	\$ 815,799
Contributions as a percentage of covered-employee payroll	11.59%

- Data reported is measured as of June 30, 2016

	2015
Statutorily required contribution	\$ 97,353
Contributions in relation to the statutorily required contribution	\$ 93,143
Contribution (deficiency) excess	\$ (4,210)
Employer's covered-employee payroll	\$ 809,554
Contributions as a percentage of covered-employee payroll	11.51%

- Data reported is measured as of June 30, 2015

** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, City of Rigby will only present those years for which information is available.*

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

SUPPLEMENTARY INFORMATION

CITY OF RIGBY
 Combining Balance Sheet - Non Major Funds
 September 30, 2016

	Special Revenue										Capital Projects		
	Library Fund	Arterial Road Fund	Park Fund	Senior Citizens	Utility Assistance Trust Fund	Police Drug Fund	Airport Fund	Splash Park	Capital Improvement	Water Construction	Sewer Construction Fund	LID #8	Totals
ASSETS													
Cash.....	\$ 56,539	\$ 4,211	\$ 157,368	\$ -	\$ -	\$ 10,469	\$ 30,528	\$ 200	\$ 162,997	\$ 42,825	\$ 26,403	\$ 7,695	\$ 499,235
Investments.....	-	41,811	-	-	-	-	12,680	-	150,694	269,398	25,364	-	499,947
Taxes receivable.....	4,450	-	2,694	-	-	-	-	-	1,506	-	-	-	8,650
Other receivables.....	3,579	-	2,142	-	-	-	-	-	2,692	-	-	115,117	123,530
Interfund receivable.....	-	-	-	-	-	-	20,000	-	122,812	-	-	-	142,812
Prepaid expenses.....	75	-	759	-	-	-	21	-	-	-	-	-	855
Total assets.....	<u>\$ 64,643</u>	<u>\$ 46,022</u>	<u>\$ 162,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,469</u>	<u>\$ 63,229</u>	<u>\$ 200</u>	<u>\$ 440,701</u>	<u>\$ 312,223</u>	<u>\$ 51,767</u>	<u>\$ 122,812</u>	<u>\$ 1,275,029</u>
LIABILITIES AND FUND BALANCE													
LIABILITIES:													
Accounts payable.....	\$ 10,646	\$ -	\$ 14,716	\$ -	\$ -	\$ -	\$ 1,054	\$ -	\$ 259	\$ -	\$ -	\$ -	\$ 26,675
Interfund payable.....	-	-	-	-	-	-	-	-	-	-	-	122,812	122,812
Salaries payable.....	968	-	991	-	-	-	-	-	-	-	-	-	1,959
Payroll liabilities.....	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Expenditures.....	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue.....	3,761	-	2,275	-	-	-	-	-	1,292	-	-	115,117	122,445
Total liabilities.....	<u>15,375</u>	<u>-</u>	<u>17,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,054</u>	<u>-</u>	<u>1,551</u>	<u>-</u>	<u>-</u>	<u>237,929</u>	<u>273,891</u>
FUND BALANCE:													
Restricted.....	-	-	-	-	-	10,469	62,175	200	439,150	312,223	51,767	(115,117)	760,867
Committed.....	-	46,022	-	-	-	-	-	-	-	-	-	-	46,022
Assigned.....	49,268	-	144,981	-	-	-	-	-	-	-	-	-	194,249
Total fund balance.....	<u>49,268</u>	<u>46,022</u>	<u>144,981</u>	<u>-</u>	<u>-</u>	<u>10,469</u>	<u>62,175</u>	<u>200</u>	<u>439,150</u>	<u>312,223</u>	<u>51,767</u>	<u>(115,117)</u>	<u>1,001,138</u>
Total liabilities and fund balance.....	<u>\$ 64,643</u>	<u>\$ 46,022</u>	<u>\$ 162,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,469</u>	<u>\$ 63,229</u>	<u>\$ 200</u>	<u>\$ 440,701</u>	<u>\$ 312,223</u>	<u>\$ 51,767</u>	<u>\$ 122,812</u>	<u>\$ 1,275,029</u>

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

CITY OF RIGBY
Combining Statement of Revenue, Expenditures and Changes
in Fund Balances - Non Major Funds
September 30, 2016

	Special Revenue											Capital Projects			
	Library Fund	Arterial Road Fund	Park Fund	Senior Citizens	Utility Assistance Trust Fund	Police Drug Fund	Airport Fund	Splash Park	Capital Improvement	Water Construction	Sewer Construction Fund	LID #8	Total		
REVENUES															
Local Revenue:															
Property taxes.....	\$ 121,690	\$ -	\$ 72,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,668	\$ -	\$ -	\$ -	\$ 245,286		
Earnings on investments.....	730	-	-	-	-	-	-	909	3,269	192	-	-	5,100		
Charges for services.....	17,026	-	-	-	-	13,869	-	5,072	9,000	9,000	-	-	53,967		
Miscellaneous and other revenue.....	4,637	-	83,496	-	-	23,872	-	12,938	-	-	21,580	-	149,232		
State revenues.....	13,416	-	7,746	-	-	2,709	-	6,591	-	-	-	-	27,753		
Grants.....	1,485	-	-	-	-	-	-	-	-	-	-	-	1,485		
Total revenue.....	158,254	730	164,170	-	2,709	37,741	-	76,178	12,269	9,192	21,580	-	482,823		
EXPENDITURES															
General government.....	-	-	-	-	-	-	-	-	-	-	-	-	14,841		
Street and public improvement.....	-	-	-	-	-	-	-	-	-	-	-	-	-		
Public safety.....	-	-	-	-	-	930	-	-	-	-	-	-	930		
Parks and recreation.....	-	-	138,894	-	-	-	-	-	-	-	-	-	138,894		
Culture.....	149,925	-	10,794	-	-	4,975	-	174,209	-	-	-	-	149,925		
Capital outlay.....	-	-	149,688	-	-	19,816	-	174,209	-	-	-	-	189,978		
Total expenditures.....	149,925	-	149,688	-	930	19,816	-	174,209	-	-	-	-	494,568		
Excess (deficiency) of revenue over expenditures.....	8,329	730	14,482	-	-	1,779	17,925	(98,031)	12,269	9,192	21,580	-	(11,745)		
OTHER FINANCING SOURCES (USES)															
Transfers.....	10,000	-	16,000	(62)	-	6,000	-	-	-	-	-	-	31,938		
Other financing sources.....	-	-	-	-	-	-	200	-	-	-	-	-	200		
Net change in fund balances.....	18,329	730	30,482	(62)	-	23,925	200	(98,031)	12,269	9,192	21,580	-	20,393		
FUND BALANCES															
Beginning of the year.....	30,939	45,292	114,499	62	-	8,690	38,250	537,181	299,954	42,575	(136,697)	-	980,745		
Prior period adjustment.....	-	-	-	-	-	-	-	-	-	-	-	-	-		
End of the year.....	\$ 49,268	\$ 46,022	\$ 144,981	\$ -	\$ -	\$ 10,469	\$ 62,175	\$ 439,150	\$ 312,223	\$ 51,767	\$ (115,117)	\$ -	\$ 1,001,138		

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

CITY OF RIGBY
Schedule of Expenditures
General Fund
For Year Ended September 30, 2016

		Total	
		Expenditures	
GENERAL GOVERNMENT			
Mayor & Council			
Payroll related expenditures	\$	39,777	
Public relations		3,733	
Other		1,915	
Total Mayor & Council		\$ 45,425	
City Hall			
Payroll related expenditures	\$	670	
Utilities & telephone		8,911	
Maintenance		4,684	
Total City Hall		\$ 14,265	
Administration			
Payroll related expenditures	\$	132,784	
Office expenditures		30,153	
Bank fees		15,541	
Other		1,007	
Total Administration		\$ 179,485	
Non-departmental			
Payroll related expenditures	\$	18,025	
Legal & professional		57,739	
Bonds & insurance		35,671	
Other		12,732	
Total Non-departmental		\$ 124,167	
Planning & Zoning			
Payroll related expenditures	\$	46,103	
Office expenditures		3,646	
Engineering fees		-	
Other		55	
Total Planning & Zoning		\$ 49,804	
TOTAL GENERAL GOVERNMENT EXPENDITURES		\$ 413,146	
PUBLIC SAFETY			
Payroll related expenditures	\$	420,392	
Office expenditures		6,145	
Utilities & telephone		15,608	
Police expenditures		27,924	
Maintenance & repairs		14,390	
TOTAL PUBLIC SAFETY		\$ 484,459	
CULTURAL			
Museum, rodeo, & discretionary cultural expenditures		\$ 14,000	
CAPITAL OUTLAY			
City Hall	\$	1,350	
Administration		23,780	
Police		5,436	
TOTAL CAPITAL OUTLAY		\$ 30,566	
TOTAL GOVERNMENTAL EXPENDITURES		\$ 942,171	

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

JENSEN POULSEN & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 50700

185 S. CAPITAL

IDAHO FALLS, IDAHO 83405

ERNEST M. JENSEN, M.B.A., C.P.A.

ROBERT B. POULSEN, C.P.A.

SHERI L. POULSEN, C.P.A.

CORY L. WALLACE, C.P.A.

TELEPHONE: (208) 522-2295

(208) 522-1330

FAX: (208) 522-2297

(208) 523-5699

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

Mayor and City Council
City of Rigby
Rigby, ID 83442

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 City of Rigby, Idaho, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise City of Rigby, Idaho's basic financial statements and have issued our report thereon dated February 6, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Rigby, Idaho'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of Rigby'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 sections 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 and deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings and responses that we consider to be significant deficiencies (#2016-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 that are required to be reported under Government Auditing Standards.

Mayor and City Council
City of Rigby, Idaho
Page 2

City of Rigby, Idaho's Response to Findings.

City of Rigby, Idaho's response to the findings identified in our audit is described in the accompanying schedule of findings. City of Rigby, Idaho's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Jensen Poulsen & Company, PLLC

JENSEN POULSEN & COMPANY, PLLC

Certified Public Accountants

Idaho Falls, Idaho

February 4, 2017

CITY OF RIGBY

Schedule of Audit Findings and Responses
September 30, 2016

FINDINGS—FINANCIAL STATEMENT AUDIT

A. SIGNIFICANT DEFICIENCIES

2016-01 – Inadequate separation of duties in the cash disbursement function

Condition:

The duties of custody, recording, and approval of cash disbursements, are not sufficiently separated to provide reasonable assurance that material misstatements of the financial statements due to error or fraud would be detected and corrected in a timely manner.

Criteria:

While the Council and Mayor hold the power of approval, both the Clerk and the administrative assistant have custody and recording duties and capabilities and are not sufficiently separated.

Effect:

The lack of proper separation of duties may increase the risk or occurrence of materially misstated financial information due to error or fraud.

Recommendation:

We recommend that the duties of custody and recording be more distinctly separated between the clerk and the assistant.

Response:

The City recognizes the lack of separation of duties and will attempt to further correct the situation as they are able, considering the inherent limitations presented by limited personnel. At this time, it is not cost effective to hire additional personnel. Rather, the City will rely on their compensating controls.

CITY OF RIGBY

**Schedule of Audit Findings and Responses
September 30, 2016**

Findings on Prior Findings:

FINDINGS—FINANCIAL STATEMENT AUDIT

A. SIGNIFICANT DEFICIENCIES

2015-01 — Inadequate separation of duties in the cash disbursement function
Status: Still reporting finding at 2016-1.