

**CITY OF RIGBY  
RIGBY, IDAHO**

**Basic Financial Statements and  
Required Supplementary Information  
With  
Supplementary Information and  
Independent Auditor's Report  
Year Ended September 30, 2017**

CITY OF RIGBY

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## 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, 2017, 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, 2017, 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 the budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 34-38 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.

*Jensen Poulsen & Company, PLLC*

**JENSEN POULSEN & COMPANY, PLLC**  
Certified Public Accountants

Idaho Falls, ID  
February 2, 2018

City of Rigby  
Management's Discussion and Analysis of Financial Statements  
Fiscal Year Ending September 30, 2017

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, 2017.

**FINANCIAL HIGHLIGHTS**

The net assets of the City exceeded its liabilities at September 30, 2017 by \$25,648,711 an increase of \$1.570 million over the prior year.

- Of this amount, \$5,849,000 represents unrestricted net position and \$5,863,000 of restricted assets which is available to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased from \$24.078 million to \$25.649 million, an increase of \$1.781 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 \$10.4 million, an increase of \$2.0 million. The business-type activities reported ending net position balance of \$15.2 million, a decrease of \$438,000 from the prior year.
- The net working capital for all funds increased from \$9.421 million to \$11.243 million, an increase of \$1.822 million over the prior year net working capital.
- Fixed capital assets of the city increased by \$320,008 with new additions with depreciation charges totaling \$958,830 for a net decrease of \$638,822 in fixed assets.

**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 *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 fourteen 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 9-17 and non-major funds on pages 39-40.

**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 18-38 of the audit report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net Position:** For the years ended September 30, 2017 and September 30, 2016. Net Position changed as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>All Activities</u>
Net Position Sept 30, 2016	8,420,886	15,657,189	24,078,075
Increase in Net Position	<u>2,005,570</u>	<u>(437,934)</u>	<u>1,570,360</u>
Net Position Sept 30, 2017	10,429,456	15,219,255	25,648,711
Percent Change	23.823%	( 2.8%)	6.53%

Following is the comparative statement of Net Position (2016 vs. 2017).

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total - All Activities</u>		<u>Favorable/ (Unfavorable)</u>
	2016	2017	2016	2017	2016	2017	Change
Current and other assets	3,020,050	4,900,321	8,090,377	7,748,646	11,110,427	12,648,967	1,538,540
Capital Assets(Net)	<u>6,161,716</u>	<u>6,116,191</u>	<u>17,471,861</u>	<u>16,878,564</u>	<u>23,633,577</u>	<u>22,994,755</u>	<u>(638,822)</u>
<b>Total Assets</b>	<b>9,181,766</b>	<b>11,016,512</b>	<b>25,562,238</b>	<b>24,627,210</b>	<b>34,744,004</b>	<b>35,643,722</b>	<b>899,718</b>
Deferred Outflows - Pension	<u>314,914</u>	<u>91,871</u>	-	-	<u>314,914</u>	<u>91,871</u>	<u>(223,043)</u>
<b>Total Assets &amp; Deferred Outflows</b>	<b>9,496,680</b>	<b>11,108,383</b>	<b>25,562,238</b>	<b>24,627,210</b>	<b>35,058,918</b>	<b>35,735,593</b>	<b>676,675</b>
Current Liabilities	848,073	579,650	841,173	826,265	1,689,246	1,405,915	283,330
Long-term liabilities outstanding	40,917	38,184	9,063,876	8,581,690	9,104,793	8,898,874	205,919
<b>Total Liabilities</b>	<b>888,990</b>	<b>617,834</b>	<b>9,905,049</b>	<b>9,407,955</b>	<b>10,794,039</b>	<b>10,025,789</b>	<b>768,250</b>
Deferred Inflows - Pension	<u>186,804</u>	<u>61,093</u>	-	-	<u>186,804</u>	<u>61,093</u>	<u>125,711</u>
<b>Net Position:</b>							
Invested in capital assets net of debt	6,145,830	6,105,376	7,942,100	7,831,024	14,087,930	13,936,400	(151,530)
Restricted	1,423,409	3,145,202	2,181,543	2,717,867	3,604,952	5,863,069	2,258,117
Unrestricted	<u>851,647</u>	<u>1,178,878</u>	<u>5,533,546</u>	<u>4,670,364</u>	<u>6,385,193</u>	<u>5,849,242</u>	<u>(535,951)</u>
<b>Total net assets</b>	<b>8,420,886</b>	<b>10,429,456</b>	<b>15,657,189</b>	<b>15,219,255</b>	<b>24,078,075</b>	<b>25,648,711</b>	<b>1,570,636</b>

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 \$24.078 million at September 30, 2016 compared with \$25.649 million at September 30, 2017, an overall net increase of \$1.570 million in net assets. The increase represents the net change in the city's addition: the governmental fund types increased their net position from \$8.4 million to \$10.4 million, the business-types funds decreased their net position by \$437,934.

**Outstanding Debt:**

The debt owed on the government activities and business-type assets decreased from \$9.591 million to \$9.110 million as shown below.

	<u>Beginning</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending</u>
Bank of the West	15,886		5,071	10,815
DEQ Wastewater Loan	7,332,471		396,350	6,936,121
USDA-RD Wastewater Loan	<u>2,197,291</u>		<u>85,872</u>	<u>2,111,419</u>
	9,545,648		487,293	9,058,355
Compensated Absences	<u>46,227</u>	<u>6,027</u>	<u>0</u>	<u>52,254</u>
<b>Total</b>	<b>9,591,875</b>	<b>6,027</b>	<b>487,293</b>	<b>9,110,609</b>

Working capital (current assets less current liabilities) for all of the cities funds has increased from \$2.8 million at September 30, 2009 to \$11.243 million at September 30, 2017, a net increase of \$8.4 million over the eight year period.

<u>Working Capital - All Funds</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Current/Other Assets	8,765,919	10,138,721	9,876,126	11,110,427	12,648,967
Current Liabilities	<u>1,192,828</u>	<u>927,767</u>	<u>1,330,788</u>	<u>1,689,246</u>	<u>1,405,915</u>
Net Working Capital	7,573,091	9,210,954	8,545,338	9,421,181	11,243,052
Year over Year % Increase (Decrease)	16%	22%	(7.27%)	10.25%	19.3%

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.

	<u>Ending Fund Balance</u>	<u>2018 Budget</u>	<u>25% 2018 Budget</u>	<u>Excess Reserves</u>
General Fund	1,420,537	1,298,990	324,747	1,095,790
Library Fund	65,337	187,323	46,830	18,507
Parks/Recreation	200,409	194,905	48,726	151,683
Roads	537,329	886,100	221,525	315,804
Capital Improvement	559,116	242,150	60,537	498,579
Water Revenue (Net)	1,725,302	745,900	186,475	1,538,827
Sanitation	519,391	246,050	61,512	457,879
Sewer Revenue (Net of Bond)	2,370,713	1,536,525	384,131	1,986,582

As shown, all funds have excess reserves, thus achieving the financial goal of 25% reserves.

**GENERAL FUND BUDGETARY HIGHLIGHT**

The general fund is the primary operating funds of the city. At year end its unreserved, undesignated fund balance was \$1.42 million versus \$1.27 million for the prior year an increase of \$150,000. The fund balance is 1.10% of the total General Fund expenditures and fund transfers for the current year.

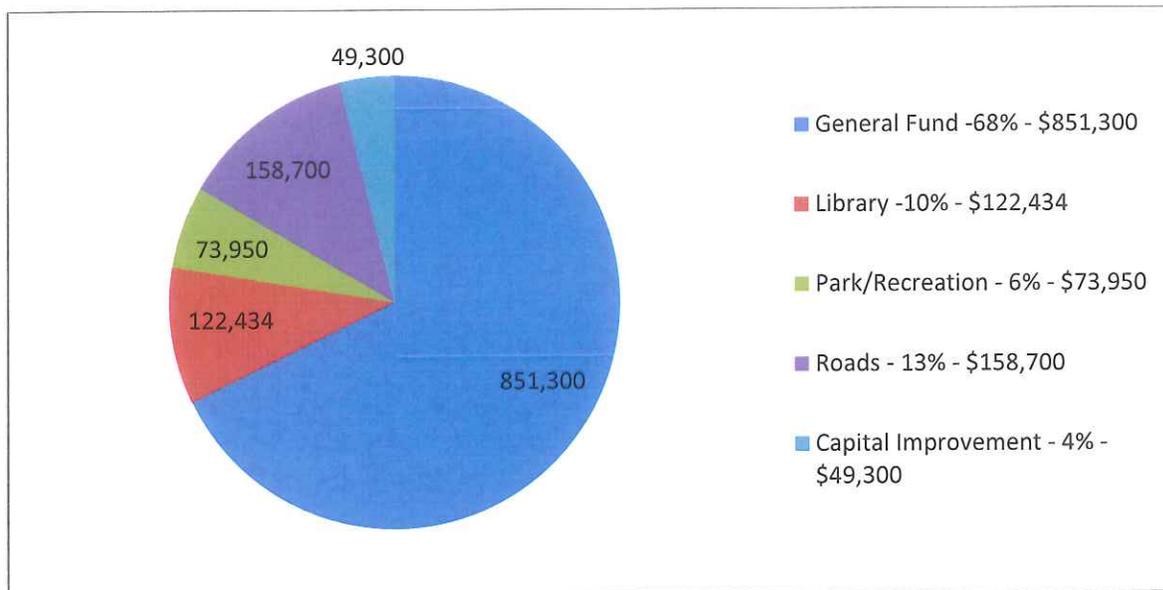
The city authorized a \$175,000 transfer from the unreserved fund balance to the capital improvement fund which was made during the year.

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 2016/17 budget for unexpected revenues of \$60,400 from grants and increased authorized expenditures of \$86,900 of which, \$26,500 was funded using accumulated prior years fund balances.

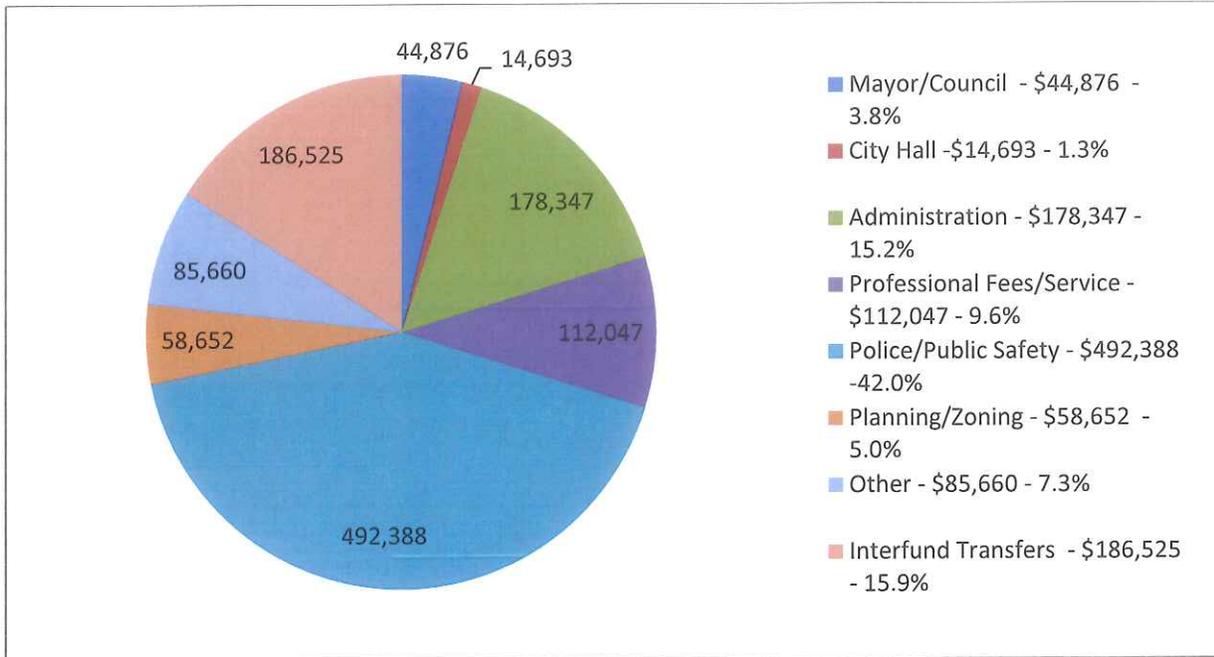
**PROPERTY TAX ASSESSMENT -**

The city assessed \$1.255 million from property taxes. The following pie chart shows the allocation of the tax to the various funds.



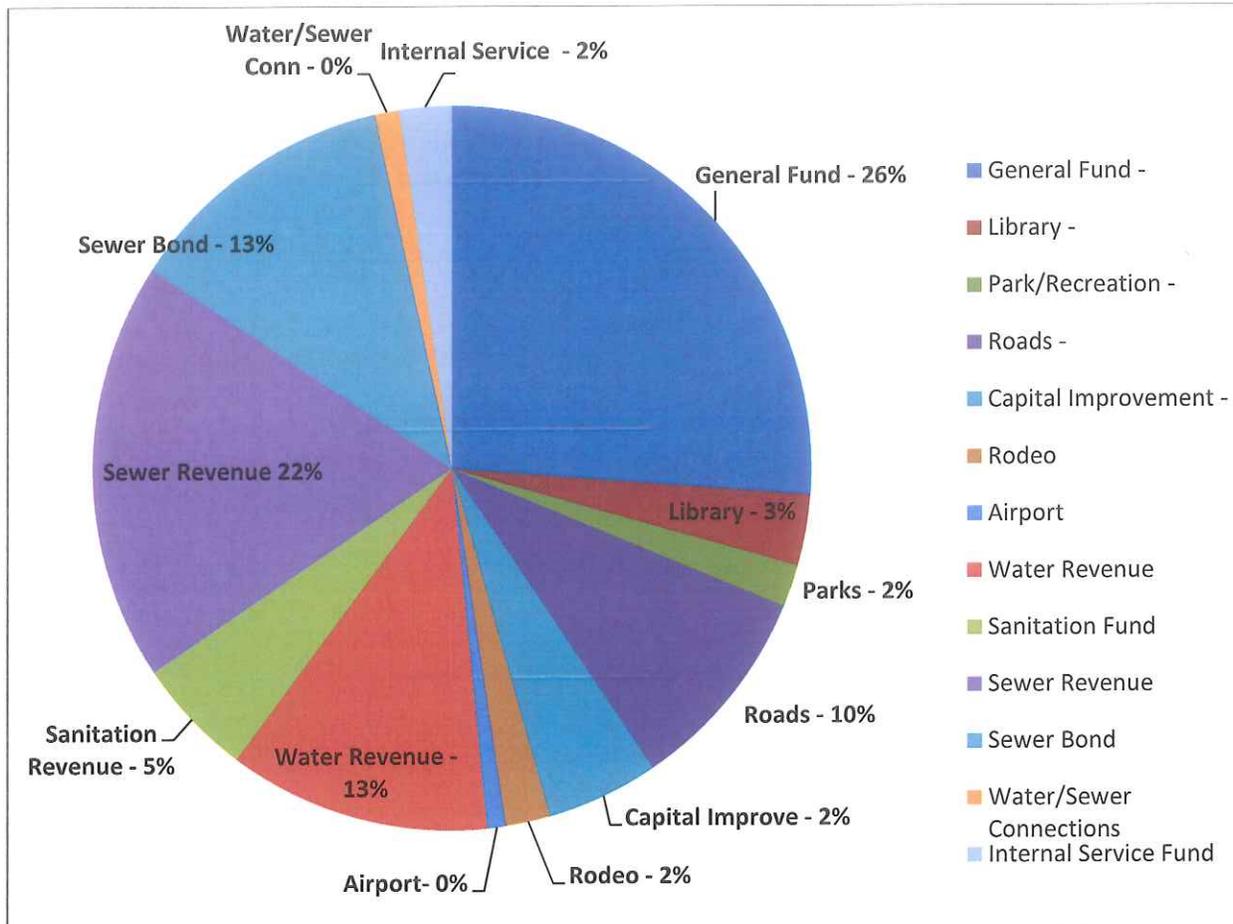
### GENERAL FUND EXPENDITURES

The general fund had an operating budget of \$1.322 million for the year up from \$1.188 for the prior year. Actual expenditures (including transfers out) total \$1.173 million. The following chart summarizes the actual expenditures to the various departments within the general fund.



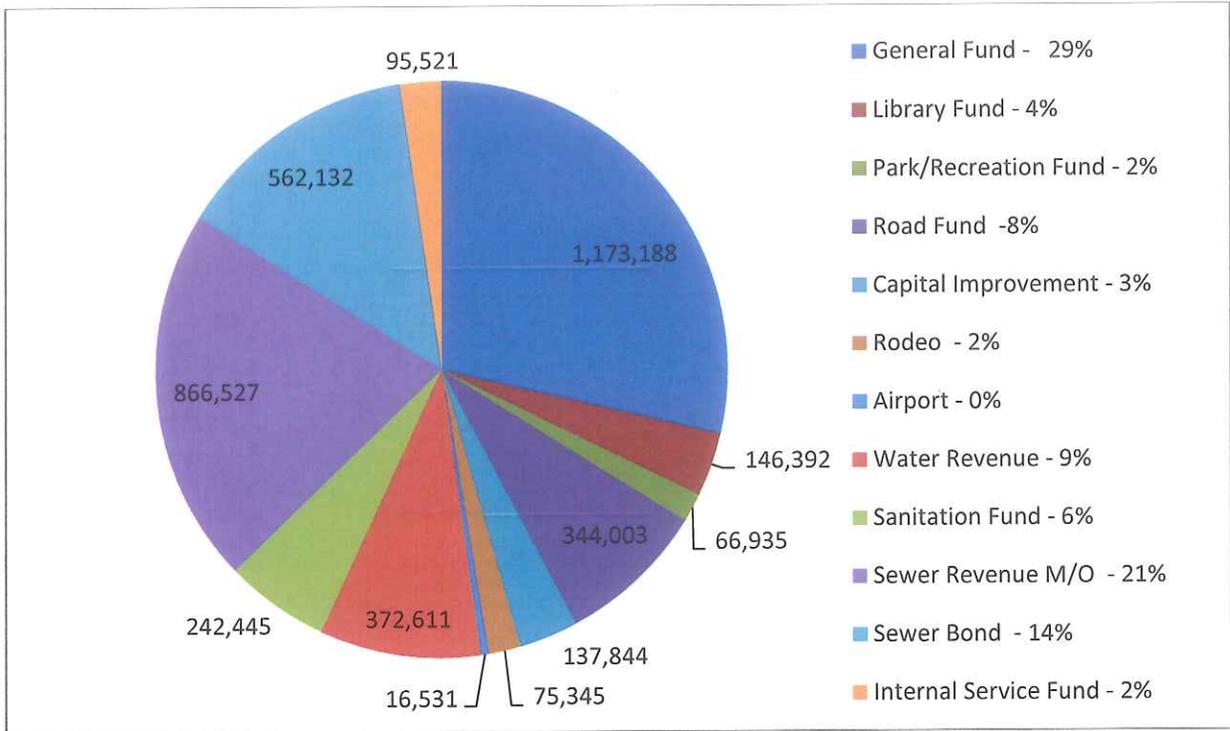
**CITY-WIDE REVENUES**

Total city-wide revenues (cash budget basis) totaled \$5.073 million. The following chart shows the source of revenues by funds.



**CITY-WIDE EXPENDITURES**

Total city-wide expenditures (cash budget basis) totaled \$4.099 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

**CITY OF RIGBY**  
**Statement of Net Position**  
**September 30, 2017**

	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 2,291,378	\$ 3,254,685	\$ 5,546,063	\$ 540,937
Investments.....	2,176,004	4,253,606	6,429,610	-
Receivables (net).....	300,863	240,355	541,218	3,822
Interfund receivable.....	102,812	-	102,812	-
Prepaid expenses.....	29,263	-	29,263	-
Capital assets, net of depreciation.....	5,667,695	16,857,410	22,525,105	-
Capital assets, non-depreciable.....	448,496	21,154	469,650	-
Total assets.....	<u>\$ 11,016,511</u>	<u>\$ 24,627,210</u>	<u>\$ 35,643,721</u>	<u>\$ 544,759</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferred outflows.....	91,871	-	91,871	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 11,108,382</u>	<u>\$ 24,627,210</u>	<u>\$ 35,735,592</u>	<u>\$ 544,759</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable.....	\$ 50,202	\$ 245,376	\$ 295,577	\$ 1,825
Interfund payable.....	102,812	-	102,812	-
Other payable.....	-	61,174	61,174	-
Salaries & benefits payable.....	14,069	3,116	17,184	-
Water deposits.....	-	31,158	31,158	-
Current portion of long term debt.....	5,293	485,442	490,735	-
Net pension liability.....	407,273	-	407,273	-
Total current liabilities	<u>\$ 579,649</u>	<u>\$ 826,265</u>	<u>\$ 1,405,913</u>	<u>\$ 1,825</u>
Long-term liabilities				
Debt portion due in more than one year.....	5,522	8,562,098	8,567,620	-
Interim DEQ financing.....	-	-	-	-
Compensated absences.....	32,662	19,592	52,254	-
Total long-term liabilities.....	<u>\$ 38,184</u>	<u>\$ 8,581,690</u>	<u>\$ 8,619,874</u>	<u>\$ -</u>
Total liabilities.....	<u>\$ 617,833</u>	<u>\$ 9,407,955</u>	<u>\$ 10,025,787</u>	<u>\$ 1,825</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferred inflows.....	\$ 61,093	-	\$ 61,093	-
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	6,105,376	7,831,024	13,936,400	-
Restricted for:				
Capital projects.....	2,873,278	-	2,873,278	-
Debt service.....	-	2,717,867	2,717,867	-
Community development and improvement projects.....	271,924	-	271,924	-
Unrestricted .....	1,178,878	4,670,364	5,849,242	542,934
Total net position.....	<u>\$ 10,429,456</u>	<u>\$ 15,219,255</u>	<u>\$ 25,648,711</u>	<u>\$ 542,934</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, 2017**

	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	Business-Type Activities		
<b>Functions/Programs</b>								
<b>Governmental activities:</b>								
General government.....	\$ 559,299	\$ -	\$ -	\$ (531,038)	\$ -	\$ (531,038)	\$ -	
Public safety.....	578,434	-	15,312	(518,719)	-	(518,719)	-	
Public works.....	423,210	145,759	-	(10,411)	-	(10,411)	-	
Parks and recreation.....	189,181	-	-	(107,168)	-	(107,168)	-	
Cultural.....	178,972	6,158	-	(156,295)	-	(156,295)	-	
Interest on long term debt.....	-	-	-	-	-	-	-	
Internal Service charges.....	38,859	-	-	(38,859)	-	(38,859)	-	
Total governmental activities.....	1,967,955	151,917	15,312	(1,362,490)	-	(1,362,490)	-	
<b>Business-type activities:</b>								
Water fund.....	345,098	-	-	-	\$ 249,052	249,052	-	
Sanitation fund.....	197,450	-	-	-	68,117	68,117	-	
Sewer fund.....	922,438	-	-	-	630,836	630,836	-	
Internal Service charges.....	110,520	-	-	-	(110,520)	(110,520)	-	
Total business-type activities.....	1,575,506	-	-	-	837,485	837,485	-	
Total primary government.....	\$ 3,543,461	\$ 151,917	\$ 15,312	\$ (1,362,490)	\$ 837,485	\$ (525,005)	\$ -	
Component unit.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (155,835)	

**General revenues:**

Taxes:							
Property taxes, levied for general purposes	850,893	-	-	850,893	-	850,893	270,637
Property taxes, levied for library	123,759	-	-	123,759	-	123,759	-
Property taxes, levied for park and recreation fund	74,768	-	-	74,768	-	74,768	-
Property taxes, levied for public works	160,371	-	-	160,371	-	160,371	-
Property taxes, levied for capital projects	48,801	-	-	48,801	-	48,801	-
State sales taxes	140,002	-	-	140,002	-	140,002	-
State revenue sharing	192,305	-	-	192,305	-	192,305	-
State liquor allocation	62,313	-	-	62,313	-	62,313	-
Earnings on investments	25,147	-	-	25,147	26,725	51,872	1,076
Miscellaneous	201,002	-	-	201,002	2,576	203,578	-
Gain (loss) on sale of assets	-	-	-	-	-	-	-
Internal Service Charges	50,579	-	-	50,579	69,847	120,425	-
Transfers	75,000	-	-	75,000	(75,000)	-	-
Net pension revenue (expense)	66,554	-	-	66,554	-	66,554	-
Total general revenues and transfers	2,071,494	24,148	-	2,095,641	-	2,095,641	271,713
Changes in net assets	709,004	861,632	-	1,570,636	-	1,570,636	115,878
Net position--beginning	8,420,886	15,657,189	-	24,078,075	-	24,078,075	427,056
Reclassification from proprietary to governmental	1,299,566	(1,299,566)	-	-	-	-	-
Prior period adjustment	-	-	-	-	-	-	-
Net assets--ending	\$ 10,429,456	\$ 15,219,255	-	\$ 25,648,711	\$ -	\$ 25,648,711	\$ 542,934

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

**CITY OF RIGBY**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2017**

	General Fund	Road Fund	Non Major Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash.....	\$ 912,432	\$ 325,349	\$ 1,011,882	\$ 2,249,663
Investments.....	433,311	154,316	1,588,377	2,176,004
Taxes receivable.....	28,953	5,449	8,291	42,693
Other receivables.....	83,167	61,810	113,193	258,170
Interfund receivable.....	-	-	102,812	102,812
Prepaid expenses.....	29,263	-	-	29,263
Total assets.....	<u>\$ 1,487,126</u>	<u>\$ 546,924</u>	<u>\$ 2,824,555</u>	<u>\$ 4,858,605</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES:</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable.....	\$ 28,451	\$ 3,944	\$ 15,149	\$ 47,544
Interfund payable.....	-	-	102,812	102,812
Payroll liabilities.....	6,251	-	-	6,251
Salaries payable/Benefits.....	5,191	626	1,974	7,791
Deferred revenue.....	26,696	5,025	109,426	141,147
Total current liabilities.....	<u>66,589</u>	<u>9,595</u>	<u>229,361</u>	<u>305,545</u>
<b>FUND BALANCE</b>				
Restricted.....	-	537,329	2,282,799	2,820,128
Committed.....	-	-	46,649	46,649
Assigned.....	-	-	265,746	265,746
Unassigned.....	1,420,537	-	-	1,420,537
Total fund balance.....	<u>1,420,537</u>	<u>537,329</u>	<u>2,595,194</u>	<u>4,553,060</u>
Total liabilities and fund balance.....	<u>\$ 1,487,126</u>	<u>\$ 546,924</u>	<u>\$ 2,824,555</u>	<u>\$ 4,858,605</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, 2017**

**Total fund balances - governmental funds** \$ 4,553,060

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	\$ 8,842,288	
Depreciation expense to date	<u>(2,726,097)</u>	6,116,191

Property taxes and assessments that are not available to pay for current period expenditures are deferred in the funds.		141,148
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Capital leases	(10,815)	
Compensated absences	<u>(32,662)</u>	(43,477)

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

Net pension liability	(407,273)	
Deferred outflows of resources	91,871	
Deferred inflows of resources	<u>(61,093)</u>	(376,495)

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.

39,029

<b>Total net assets for governmental activities</b>		<u><u>\$ 10,429,456</u></u>
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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, 2017**

	General Fund	Road Fund	Non Major Funds	Total Governmental Funds
<b>REVENUES</b>				
Local Revenue:				
Property taxes.....	\$ 850,496	\$ 160,235	\$ 246,996	\$ 1,257,727
Earnings on investments.....	6,895	3,259	14,993	25,147
Fees and fines.....	16,305	-	-	16,305
Charges for services.....	44,403	99,089	99,212	242,704
Miscellaneous and other revenue.....	18,173	2,731	128,173	149,077
State revenues.....	305,465	205,966	26,141	537,572
Grants.....	18,119	-	14,499	32,618
Total revenue.....	<u>1,259,856</u>	<u>471,280</u>	<u>530,014</u>	<u>2,261,150</u>
<b>EXPENDITURES</b>				
General government.....	443,940	-	15,567	459,507
Public safety.....	488,802	-	-	488,802
Street and public improvement.....	-	344,005	-	344,005
Parks and recreation.....	-	-	130,896	130,896
Cultural.....	16,500	-	146,393	162,893
Capital outlay.....	28,530	-	150,193	178,723
Total expenditures.....	<u>977,772</u>	<u>344,005</u>	<u>443,049</u>	<u>1,764,826</u>
Excess (deficiency) of revenue over expenditures.....	282,084	127,275	86,965	496,324
<b>OTHER FINANCING SOURCES (USES)</b>				
Other Financing Source.....	-	-	-	-
Transfers.....	(132,525)	-	207,525	75,000
Net change in fund balances.....	149,559	127,275	294,490	571,324
Fund Balance - Beginning.....	1,270,978	410,054	2,300,704	3,981,736
Prior Period Adjustment.....	-	-	-	-
Fund Balance - Ending.....	<u>\$ 1,420,537</u>	<u>\$ 537,329</u>	<u>\$ 2,595,194</u>	<u>\$ 4,553,060</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, 2017**

<b>Net Change in fund balances-total governmental funds</b>		<b>\$ 571,324</b>
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p style="margin-left: 40px;">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	\$ 269,962	
Depreciation expense	<u>(315,487)</u>	(45,525)
<p style="margin-left: 40px;">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	5,071	
Bonds payable	<u>-</u>	5,071
<p style="margin-left: 40px;">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 - 2017	141,148	
Deferred revenue - 2016	<u>(38,516)</u>	102,632
<p style="margin-left: 40px;">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 - 2017	(32,662)	
Compensated absences - 2016	<u>29,890</u>	(2,772)
<p style="margin-left: 40px;">GASB 68 requires the calculation of net pension revenue (expense), and the deferral of current contributions.</p>		
Current contributions	-	
Net pension revenue (expense)	<u>66,554</u>	66,554
<p style="margin-left: 40px;">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>11,720</u>
<b>Change in Net Position of Governmental Activities</b>		<u><u>\$ 709,004</u></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, 2017**

	Water Fund	Sanitation	Sewer Fund	Total	Internal Service Funds
<b>ASSETS</b>					
Cash.....	\$ 678,209	\$ 102,167	\$ 2,119,243	\$ 2,899,619	\$ 99,359
Cash - restricted for bond.....	-	-	297,422	297,422	-
Investments.....	1,053,072	394,396	2,806,138	4,253,606	-
Receivables.....	55,686	27,831	156,838	240,355	-
Capital assets, net of depreciation.....	2,001,415	316,941	14,220,325	16,538,681	318,729
Capital assets, non-depreciable.....	21,154	-	-	21,154	-
Prepaid expenses.....	-	-	-	-	-
Total assets.....	<u>3,809,536</u>	<u>841,335</u>	<u>19,599,966</u>	<u>24,250,837</u>	<u>\$ 418,088</u>

**LIABILITIES**

Current Liabilities:					
Accounts payable.....	22,273	399	220,046	242,718	\$ 5,315
Other payable.....	-	-	61,174	61,174	-
Water deposits.....	31,158	-	-	31,158	-
Salaries payable & payroll liabilities.....	1,009	718	1,360	3,087	57
Current portion of long term debt.....	-	-	485,442	485,442	-
Total current liabilities.....	54,440	1,117	768,022	823,579	5,372
Noncurrent liabilities:					
Bond payable - long term.....	-	-	8,562,098	8,562,098	-
Interim DEQ financing.....	-	-	-	-	-
Compensated absences payable.....	7,225	3,886	8,481	19,592	-
Total liabilities.....	<u>61,665</u>	<u>5,003</u>	<u>9,338,601</u>	<u>9,405,269</u>	<u>5,372</u>

**NET POSITION**

Invested in capital assets, net of related debt.....	2,022,569	316,941	5,172,785	7,512,295	318,729
Restricted for debt service.....	-	-	2,717,867	2,717,867	-
Net assets - unrestricted.....	1,725,302	519,391	2,370,713	4,615,406	93,987
Total net position.....	<u>\$ 3,747,871</u>	<u>\$ 836,332</u>	<u>\$ 10,261,365</u>	<u>14,845,568</u>	<u>\$ 412,716</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 \$ 373,687

The notes to the financial statements are an integral part of this statement. \$ 15,219,255

**CITY OF RIGBY**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**September 30, 2017**

	Water Fund	Sanitation	Sewer Fund	Total	Internal Service Funds
<b>OPERATING REVENUE</b>					
Consumer charges.....	\$ 594,150	\$ 265,567	\$ 1,553,274	\$ 2,412,991	\$ -
Other revenue.....	1,199	1,378	-	2,577	-
Other Services.....	-	-	-	-	120,425
Total operating revenue.....	<u>595,349</u>	<u>266,945</u>	<u>1,553,274</u>	<u>2,415,568</u>	<u>120,425</u>
<b>OPERATING EXPENSES</b>					
Salaries.....	46,685	66,991	116,634	230,310	7,121
Payroll taxes.....	4,367	5,408	12,270	22,045	676
Insurance - employee.....	9,363	16,221	27,965	53,549	1,840
Retirement - employee.....	6,551	7,962	13,254	27,767	926
Legal fees.....	-	-	-	-	-
Municipal shop building .....	6,185	6,098	6,098	18,381	9,009
Utilities.....	263	-	87,418	87,681	-
Office supplies and postage.....	4,451	4,289	7,566	16,306	-
Maintenance and repairs.....	156,991	24,567	47,127	228,685	33,869
Training and travel.....	255	-	1,439	1,694	-
Supplies.....	1,169	261	31,663	33,093	4,776
Fuel.....	241	-	2,245	2,486	33,549
Depreciation.....	83,689	40,005	462,792	586,486	56,858
Miscellaneous expense.....	20,412	25,648	26,058	72,118	755
Irrigation assessments.....	4,476	-	-	4,476	-
Total operating expense.....	<u>345,098</u>	<u>197,450</u>	<u>842,529</u>	<u>1,385,077</u>	<u>149,379</u>
Operating income (loss).....	<u>250,251</u>	<u>69,495</u>	<u>710,745</u>	<u>1,030,491</u>	<u>(28,954)</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>					
Wastewater project grant income.....	-	-	-	-	-
Wastewater project expenditures.....	-	-	-	-	-
Interest income.....	13,856	4,535	21,364	39,755	-
Interest expense.....	-	-	(79,910)	(79,910)	-
Gain (loss) on investments.....	(13,030)	-	-	(13,030)	-
Reserve for debt service.....	-	-	-	-	-
Capital contributions.....	-	-	-	-	-
Operating transfers.....	(25,000)	(25,000)	(25,000)	(75,000)	-
Changes in net position.....	<u>226,077</u>	<u>49,030</u>	<u>627,199</u>	<u>902,306</u>	<u>(28,954)</u>
<b>NET POSITION</b>					
Total net position - beginning.....	3,521,794	787,302	9,634,166		441,670
Prior years adjustment.....	-	-	-		-
Total net position - ending.....	<u>\$ 3,747,871</u>	<u>\$ 836,332</u>	<u>\$ 10,261,365</u>		<u>\$ 412,716</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. (40,674)  
Change in net position of business-type activities \$ 861,632

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

**CITY OF RIGBY**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**September 30, 2017**

	Water Fund	Sanitation	Sewer Fund	Totals	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers.....	606,602	266,484	1,575,842	2,448,928	120,425
Payments to suppliers and employees.....	(281,987)	(156,433)	(371,224)	(809,644)	(96,134)
Cash provided by customer deposits.....	1,957	-	-	1,957	-
Net cash provided (used) by operating activities.....	<u>326,572</u>	<u>110,051</u>	<u>1,204,618</u>	<u>1,641,241</u>	<u>24,291</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from (to) other funds.....	(25,000)	(25,000)	(25,000)	(75,000)	-
Net cash provided (used) by noncapital financing activities.....	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>(75,000)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>					
Cash paid for capital assets.....	(12,831)	-	(37,216)	(50,047)	-
Principle payments.....	-	-	(482,221)	(482,221)	-
Interest paid on long-term obligations.....	-	-	(79,910)	(79,910)	-
Net cash provided (used) by capital and related financing activities.....	<u>(12,831)</u>	<u>-</u>	<u>(599,347)</u>	<u>(612,178)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest income.....	-	745	6,193	6,938	-
Purchase of investments.....	-	-	-	-	-
Net cash provided (used) from investing activities.....	<u>-</u>	<u>745</u>	<u>6,193</u>	<u>6,938</u>	<u>-</u>
Net increase (decrease) in cash.....	288,741	85,796	586,464	961,001	24,291
Cash and cash equivalents-beginning of year.....	389,468	16,371	1,830,201	2,236,040	75,068
Cash and cash equivalents-end of year.....	<u>678,209</u>	<u>102,167</u>	<u>2,416,665</u>	<u>3,197,041</u>	<u>99,359</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>					
Operating income.....	250,251	69,495	710,745	1,030,491	(28,954)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation.....	83,689	40,005	462,792	586,486	56,858
(Increase) decrease in accounts receivable.....	11,253	(461)	22,568	33,360	-
Increase (decrease) in customer deposits.....	1,957	-	-	1,957	-
(Increase) decrease in customer prepaids.....	1,164	1,781	980	3,925	-
Increase (decrease) in accounts payable.....	(21,742)	(769)	7,533	(14,978)	(3,702)
Net cash provided by operating activities.....	<u>326,572</u>	<u>110,051</u>	<u>1,204,618</u>	<u>1,641,241</u>	<u>24,202</u>

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

## CITY OF RIGBY

### Notes to the Financial Statements September 30, 2017

#### 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, 2017

#### 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, 2017

#### **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, 2017 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, 2017

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, 2017 are classified as deferred revenue.

Inventories and Prepaid Items

The City does not have any inventory items at September 30, 2017.

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	\$ 29,263
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The balance represents SUTA overpayments in the amount of \$18,341, and prepaid workers compensation insurance in the amount of \$10,922.

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, 2017

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, 2017, the City had fund balances which were restricted, committed, assigned, and unassigned of \$2,820,128, \$46,649, \$265,746 and \$1,420,537 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, 2017:

	<b>Pooled Cash and Investments</b>
Demand Deposits	\$ 1,798,735
State Investment Pool	2,417,938
Investments	7,021,409
Money Market	<u>737,590</u>
Total	<u>\$ 11,975,672</u>

**CITY OF RIGBY**

**Notes to the Financial Statements  
September 30, 2017**

**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, 2017. 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	\$2,498,608	\$2,452,836	\$ 250,000	\$ 737,742	\$ 1,510,866
Xpress Deposit	27,770	27,795	27,770	-	-
Wells Fargo	10,469	10,469	10,469	-	-
US Bank	45,537	45,037	45,537	-	-
State Invest. Pool	2,417,938	2,417,938	-	-	2,417,938
Petty Cash	-	188	-	-	188
Investment Accts:					
Beehive Credit Union	304,192	302,790	250,000	-	54,192
Idaho Central	1,047,236	1,045,142	250,000	-	797,236
Westmark	591,942	591,799	250,000	-	341,942
RBC Wealth	1,008,721	1,008,424	-	-	1,008,721
Edward Jones	437,967	437,967	-	-	437,967
US Bank	1,069,367	1,069,367	250,000	-	819,367
Wells Fargo	397,823	398,242	250,000	-	147,823
Zions	<u>2,166,616</u>	<u>2,167,678</u>	<u>250,000</u>	-	<u>1,916,616</u>
Total	<u>\$12,024,186</u>	<u>\$11,975,672</u>	<u>\$1,833,776</u>	<u>\$ 737,742</u>	<u>\$ 9,452,856</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, 2017, \$9,452,856 of the government's cash and investments bank balance of \$12,024,186 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, 2017, the City has the following investments.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Money Market	n/a	63,924
Certificates of Deposit	Various	3,526,628
Federal Agency Obligations	Various	1,384,040
Mutual Funds	n/a	1,406,519
Bonds	Various	48,499
Total Investments		<u>\$ 6,429,610</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, 2017

**NOTE 2 DEPOSITS AND INVESTMENTS, Continued**

<u>Individual Issuer</u>	<u>% of Total Investment</u>
FHLM	28.04%
FNMA	10.44%
Franklin US Gov	13.53%
Calavert	9.35%
Lord Abbet	7.56%
Loomis Sayles	8.85%

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>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Sewer Collection</u>
<b>Local Sources</b>							
Property Taxes	\$ 28,953	\$ 5,449	\$ 8,291	\$ -	\$ -	\$ -	\$ -
Consumer Fees	-	-	-	55,686	156,838	27,831	-
Other	-	-	-	-	-	-	-
Total Local	<u>\$ 28,953</u>	<u>\$ 5,449</u>	<u>\$ 8,291</u>	<u>\$ 55,686</u>	<u>\$ 156,838</u>	<u>\$ 27,831</u>	<u>\$ -</u>
<b>State Sources</b>							
Other State Revenue	\$ 83,167	\$ 61,810	\$ 113,194				
Total Receivable	<u>\$112,120</u>	<u>\$ 67,259</u>	<u>\$ 121,485</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, 2017 the LID#8 fund owed the Capital Improvement fund \$102,812 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 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	\$ 227,525
Parks, Rodeo	26,525	-
Capital Improvement	175,000	-
Water	-	25,000
Sanitation	-	25,000
Sewer	-	25,000
Airport	6,000	-

**CITY OF RIGBY**

**Notes to the Financial Statements  
September 30, 2017**

**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, 2017 is \$10,815.

**Sewer Revenue Bond Issue:**

As of September 30, 2017 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, 2017 was \$2,111,419.

**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, 2017, the loan balance payable to the DEQ was \$6,936,121 for the wastewater treatment facility. The loan is interest free with semi-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, 2017:

	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Additions</b>	<b>Subtractions</b>	<b>Balance</b>
<b>Governmental-type activities</b>				
Bank of the West	15,886	-	5,071	10,815
Compensated absences	29,890	2,772	-	32,662
<i>Total governmental-type</i>	<u>\$ 45,776</u>	<u>\$ 2,772</u>	<u>\$ 5,071</u>	<u>\$ 43,477</u>
<b>Business-type activities</b>				
Waste Water Project DEQ Loan	7,332,471	-	396,350	6,936,121
Sewer USDA Loan	2,197,291	-	85,872	2,111,419
Compensated absences	16,337	3,255	-	19,592
<i>Total business-type activities</i>	<u>\$ 9,546,099</u>	<u>\$ 3,254</u>	<u>\$ 482,222</u>	<u>\$ 9,067,132</u>

Maturities of long-term obligations are as follows:

2018	\$ 490,735
2019	494,304
2020	492,249
2021	495,845
2022	499,576
Thereafter	<u>6,585,646</u>
Total	<u>\$ 9,058,355</u>

**CITY OF RIGBY**

Notes to the Financial Statements  
September 30, 2017

**NOTE 6 CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Capital Acquisitions</u>	<u>Sales / Other Changes</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<b>Non-depreciable Assets:</b>				
Work-in-progress	\$ -	\$ 61,683	\$ -	\$ 61,683
Land	408,659	39,837	-	448,496
<b>Depreciable Assets:</b>				
Buildings/Sites	\$ 4,023,281	\$ 124,157	\$ (5,437)	\$ 4,142,001
Equipment	1,561,283	44,285	(307,205)	1,298,363
Infrastructure	<u>2,891,745</u>	<u>-</u>	<u>-</u>	<u>2,891,745</u>
<i>Total capital assets</i>	8,884,968	253,075	(312,642)	8,842,288
Less: accumulated depreciation	<u>(2,723,252)</u>	<u>(315,487)</u>	<u>312,642</u>	<u>(2,726,097)</u>
<i>Governmental activity capital assets, net</i>	<u>\$ 6,161,716</u>	<u>\$ (62,412)</u>	<u>\$ -</u>	<u>\$ 6,116,191</u>
<b>Business-type Activities</b>				
<b>Non-depreciable Assets:</b>				
Work-in-progress	\$ -	\$ -	\$ -	\$ -
Land	21,154	-	-	21,154
<b>Depreciable Assets:</b>				
<b>Water Fund</b>				
Buildings & equipment	\$ 3,087,148	\$ 12,831	\$ -	\$ 3,099,979
Less: accumulated depreciation	<u>(1,014,875)</u>	<u>(83,689)</u>	<u>-</u>	<u>(1,098,564)</u>
<i>Water capital assets, net</i>	<u>2,072,273</u>	<u>(70,858)</u>	<u>-</u>	<u>2,001,415</u>
<b>Sanitation Fund</b>				
Buildings & equipment	826,926	-	(16,617)	810,309
Less: accumulated depreciation	<u>(469,981)</u>	<u>(40,003)</u>	<u>16,617</u>	<u>(493,367)</u>
<i>Sanitation capital assets, net</i>	<u>356,945</u>	<u>(40,003)</u>	<u>-</u>	<u>316,942</u>
<b>Sewer</b>				
Work in process	-	37,217	-	37,217
Buildings & equipment	17,576,441	-	-	17,576,441
Less: accumulated depreciation	<u>(2,930,541)</u>	<u>(462,793)</u>	<u>-</u>	<u>(3,393,334)</u>
<i>Sewer capital assets, net</i>	<u>14,645,900</u>	<u>(425,576)</u>	<u>-</u>	<u>14,220,324</u>
<i>Business-type activities capital assets, net</i>	<u>\$17,102,327</u>	<u>\$ (542,492)</u>	<u>\$ -</u>	<u>\$16,559,835</u>
<b>Internal Service Fund</b>				
Buildings & equipment	\$ 1,067,453	\$ -	\$ (358,791)	\$ 708,662
Less: accumulated depreciation	<u>(691,866)</u>	<u>(56,858)</u>	<u>358,791</u>	<u>(389,933)</u>
<i>Internal Service capital assets, net</i>	<u>\$ 375,587</u>	<u>\$ (56,858)</u>	<u>\$ -</u>	<u>\$ 318,729</u>

**CITY OF RIGBY**

**Notes to the Financial Statements  
September 30, 2017**

**NOTE 6            CAPITAL ASSETS, Continued**

Depreciation expense was charged to functions as follows:

General government	\$ 315,487
Water fund	83,689
Sanitation fund	40,003
Sewer fund	462,793
Internal Service	<u>56,858</u>
	<u>\$ 958,830</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 2, 2018, 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.

CITY OF RIGBY

Notes to the Financial Statements  
September 30, 2017

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](http://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.

*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, 2017

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. 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) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2017 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The City of Rigby’s contributions were \$91,100 for the year ended September 30, 2017.

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

At September 30, 2017, 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, 2017, 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, 2017, the City of Rigby’s proportion was .0259108 percent.

For the year ended September 30, 2017, the City of Rigby’s recognized pension revenue of \$66,554. At September 30, 2017 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	\$ 56,420	\$ 36,692
Changes in assumptions or other inputs	7,532	-
Net difference between projected and actual earnings on pension plan investments	-	24,401
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>27,919</u>	<u>-</u>
TOTAL	\$ 91,871	\$ 61,093

CITY OF RIGBY

Notes to the Financial Statements  
September 30, 2017

NOTE 11 PENSION ACTIVITY—EMPLOYER REPORTING – CONTINUED

\$27,919 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, 2017.

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 July 1, 2016 the beginning of the measurement period ended June 30, 2017 is 4.9 years and 5.5 for the measurement period June 30, 2016.

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, 2017:	
2018	\$ (22,141)
2019	\$ 38,263
2020	\$ 10,857
2021	\$ (24,121)

*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, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.5 – 10.00%
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, 2017

**NOTE 11 PENSION ACTIVITY—EMPLOYER REPORTING – CONTINUED**

An experience study was performed for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2017 is based on the results of an actuarial valuation date of July 1, 2017.

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, 2017.

**Capital Market Assumptions**

<u>Asset Class</u>	<u>Expected Return</u>	<u>Expected Risk</u>	<u>Strategic Normal</u>	<u>Strategic Ranges</u>
Equities			70%	66%-77%
Broad Domestic Equity	9.15%	19.00%	55%	50%-65%
International	9.25%	20.20%	15%	10%-20%
Fixed Income	3.05%	3.75%	30%	23%-33%
Cash	2.25%	0.90%	0%	0%-5%
	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
<u>Total Fund</u>	<u>Return</u>	<u>Inflation</u>	<u>Real Return</u>	<u>Risk</u>
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

Actuarial Assumptions

Assumed Inflation – Mean	3.25%
Assumed Inflation – Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric Rate of Return, Net of Expenses	7.10%

**CITY OF RIGBY**

**Notes to the Financial Statements  
September 30, 2017**

**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:

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
City or Rigby's proportionate share of the net pension liability (asset)	946,587	407,273	(40,911)

*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](http://www.persi.idaho.gov).

*Payables to the pension plan*

At September 30, 2017, the City of Rigby reported payables to the defined benefit pension plan of \$6,251 for legally required employer contributions and employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

**CITY OF RIGBY**

Notes to the Financial Statements  
September 30, 2017

**NOTE 12 DEFICIT FUND BALANCE**

At September 30, 2017 the LID#8 fund had a deficit fund balance of \$101,772.

**NOTE 13 EXCESS EXPENDITURES OVER BUDGET**

Actual expenditures in the sanitation fund for fiscal year ended September 30, 2017, exceeded budgeted amounts by \$7,467.

**NOTE 14 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 15 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)	\$ 409,520
Cash – State Investment Pool	<u>131,417</u>
Total	<u>\$ 540,937</u>

Deposits with financial institutions include bank demand deposits as authorized by Idaho statutes. The bank balance for cash demand deposits was \$409,758 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	\$ 3,822
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D. Payables at year end consist of the following:

Accounts Payable	\$ 1,825
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**NOTE 16 RECLASSIFICATION OF NET POSITION**

In prior periods, the operations and net position of the Sewer Collection (now titled Sewer Construction) Fund were reported as a proprietary fund type. Due to the nature of the operations of this fund it was determined that it will be included with governmental funds in the current and future periods.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF RIGBY**  
**Budget to Actual Comparison Schedule**  
**General Fund**  
**For Year Ended September 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>Local Sources:</b>				
Local Revenue:				
Taxes.....	\$ 851,300	\$ 851,300	\$ 850,496	\$ (804)
Earnings on investments.....	4,000	4,000	6,895	2,895
Fees and fines.....	13,800	13,800	16,305	2,505
Charges for services.....	39,200	39,200	44,403	5,203
Miscellaneous and other revenue.....	17,000	17,000	18,173	1,173
State revenues.....	293,200	293,200	305,465	12,265
Grants.....	10,000	33,400	18,119	(15,281)
Total revenue.....	<u>1,228,500</u>	<u>1,251,900</u>	<u>1,259,856</u>	<u>7,956</u>
<b>EXPENDITURES</b>				
General government.....	488,075	488,075	443,940	44,135
Public safety.....	573,225	573,225	488,802	84,423
Cultural.....	15,000	15,000	16,500	(1,500)
Capital outlay.....	24,100	47,500	28,530	18,970
Total expenditures.....	<u>1,100,400</u>	<u>1,123,800</u>	<u>977,772</u>	<u>146,028</u>
Excess (deficiency) of revenue over expenditures.....	128,100	128,100	282,084	153,984
<b>OTHER FINANCING SOURCES (USES)</b>				
Other Financing Source.....	-	-	-	-
Transfers.....	<u>(132,525)</u>	<u>(132,525)</u>	<u>(132,525)</u>	<u>-</u>
Net change in fund balances.....	(4,425)	(4,425)	149,559	153,984
Fund Balance - Beginning.....	1,270,978	1,270,978	1,270,978	-
Prior Period Adjustment.....	-	-	-	-
Fund Balance - Ending.....	<u>\$ 1,266,553</u>	<u>\$ 1,266,553</u>	<u>\$ 1,420,537</u>	<u>\$ 153,984</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>Local Sources:</b>				
Local Revenue:				
Taxes.....	\$ 158,700	\$ 158,700	\$ 160,235	\$ 1,535
Earnings on investments.....	1,500	1,500	3,259	1,759
Charges for services.....	90,000	90,000	99,089	9,089
Miscellaneous and other revenue.....	1,800	1,800	2,731	931
State revenues.....	193,800	193,800	205,966	12,166
Total revenue.....	<u>445,800</u>	<u>445,800</u>	<u>471,280</u>	<u>25,480</u>
<b>EXPENDITURES</b>				
Street and public improvement.....	403,600	403,600	344,005	59,595
Capital outlay.....	<u>92,200</u>	<u>92,200</u>	-	<u>92,200</u>
Total expenditures.....	<u>495,800</u>	<u>495,800</u>	<u>344,005</u>	<u>151,795</u>
Excess (deficiency) of revenue over expenditures.....	(50,000)	(50,000)	127,275	177,275
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers.....	-	-	-	-
Net change in fund balances.....	(50,000)	(50,000)	127,275	177,275
<b>FUND BALANCES</b>				
Beginning of the year.....	410,054	410,054	410,054	-
Prior Period Adjustment.....			-	-
End of the year.....	<u>\$ 360,054</u>	<u>\$ 360,054</u>	<u>\$ 537,329</u>	<u>\$ 177,275</u>

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

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

	<u>2017</u>
City of Rigby's portion of the net pension liability	2.5910800%
City of Rigby's proportionate share of the net pension liability	\$ 407,273
City of Rigby's covered-employee payroll	\$ 838,304
City of Rigby's proportional share of the net pension liability as a percentage of its covered-employee payroll	48.58%
Plan fiduciary net position as a percentage of the total pension liability	90.68%

- Data reported is measured as of June 30, 2017

	<u>2016</u>
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	\$ 815,799
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

	<u>2015</u>
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	\$ 809,554
City of Rigby's proportional share of the net pension liability as a percentage of its covered-employee payroll	48.72%
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\***

	<b>2017</b>
Statutorily required contribution	\$ 94,835
Contributions in relation to the statutorily required contribution	\$ 94,162
Contribution (deficiency) excess	\$ (673)
Employer's covered-employee payroll	\$ 838,304
Contributions as a percentage of covered-employee payroll	11.23%

- Data reported is measured as of June 30, 2017

	<b>2016</b>
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

	<b>2015</b>
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.

## CITY OF RIGBY

### Notes to the Required Supplementary Information September 30, 2017

#### 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 2017.

#### 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, 2017, 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.

**SUPPLEMENTARY INFORMATION**

**CITY OF RIGBY**  
**Combining Balance Sheet - Non Major Funds**  
**September 30, 2017**

	Special Revenue										Capital Projects		
	Arterial Road Fund		Park Fund	Police Drug Fund	Airport Fund	Splash Park	Capital Improvement	Connection Funds	Sewer Construction Fund	LID #8	Totals		
	Library Fund												
<b>ASSETS</b>													
Cash.....	\$ 67,735	\$ 4,211	\$ 206,499	\$ 10,469	\$ 74,762	\$ 200	\$ 300,785	\$ 120,990	\$ 225,191	\$ 1,040	\$ 1,011,882		
Investments.....	-	42,438	-	-	12,725	-	152,096	297,981	1,083,137	-	1,588,377		
Taxes receivable.....	4,183	-	2,517	-	-	-	1,591	-	-	-	8,291		
Other receivables.....	3,790	-	2,268	-	-	-	5,363	-	-	101,773	113,194		
Interfund receivable.....	-	-	-	-	-	-	102,812	-	-	-	102,812		
Prepaid expenses.....	-	-	-	-	-	-	-	-	-	-	-		
Total assets.....	\$ 75,708	\$ 46,649	\$ 211,284	\$ 10,469	\$ 87,487	\$ 200	\$ 562,647	\$ 418,971	\$ 1,308,328	\$ 102,813	\$ 2,824,556		

**LIABILITIES AND FUND BALANCE**

<b>LIABILITIES:</b>													
Accounts payable.....	\$ 5,654	\$ -	\$ 7,833	\$ -	\$ -	\$ -	\$ 1,662	\$ -	\$ -	\$ -	\$ 15,149		
Interfund payable.....	-	-	-	-	-	-	-	-	-	102,812	102,812		
Salaries payable.....	860	-	721	-	-	-	393	-	-	-	1,974		
Payroll liabilities.....	-	-	-	-	-	-	-	-	-	-	-		
Deferred expenditures.....	-	-	-	-	-	-	-	-	-	-	-		
Deferred revenue.....	3,857	-	2,321	-	-	-	1,476	-	-	101,773	109,427		
Total liabilities.....	10,371	-	10,875	-	-	-	3,531	-	-	204,585	229,362		

**FUND BALANCE:**

Restricted.....	-	-	-	10,469	87,487	200	559,116	418,971	1,308,328	(101,772)	2,282,799		
Committed.....	-	46,649	-	-	-	-	-	-	-	-	46,649		
Assigned.....	65,337	-	200,409	-	-	-	-	-	-	-	265,746		
Total fund balance.....	65,337	46,649	200,409	10,469	87,487	200	559,116	418,971	1,308,328	(101,772)	2,595,194		

Total liabilities and fund balance.....

	\$ 75,708	46,649	\$ 211,284	\$ 10,469	\$ 87,487	\$ 200	\$ 562,647	\$ 418,971	\$ 1,308,328	\$ 102,813	\$ 2,824,556		
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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, 2017**

	Special Revenue										Capital Projects			Total
	Library Fund	Arterial Road Fund	Park Fund	Police Drug Fund	Airport Fund	Splash Park	Capital Improvement	Connection Funds	Sewer Construction Fund	LID #8				
<b>REVENUES</b>														
Local Revenue:														
Property taxes.....	\$ 123,663	\$ -	\$ 74,716	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,618	\$ -	\$ -	\$ -	\$ 246,997
Earnings on investments.....	-	627	-	-	-	-	-	3,548	-	2,056	-	8,762	-	14,993
Charges for services.....	16,519	-	-	-	12,185	-	-	51,400	-	19,075	-	-	-	99,179
Miscellaneous and other revenue.....	3,439	-	78,883	-	23,657	-	-	-	-	8,850	-	-	13,344	128,173
State revenues.....	13,717	-	8,210	-	-	-	-	-	-	4,214	-	-	-	26,141
Grants.....	5,124	-	9,375	-	-	-	-	-	-	-	-	-	-	14,499
Total revenue.....	162,462	627	171,184	-	35,842	-	-	54,948	-	82,813	-	8,762	13,344	529,982
<b>EXPENDITURES</b>														
General government.....	-	-	-	-	15,148	-	-	-	-	419	-	-	-	15,567
Street and public improvement.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and recreation.....	-	-	130,896	-	-	-	-	-	-	-	-	-	-	130,896
Culture.....	146,393	-	-	-	-	-	-	-	-	-	-	-	-	146,393
Capital outlay.....	-	-	11,384	-	1,382	-	-	-	-	137,427	-	-	-	150,193
Total expenditures.....	146,393	-	142,280	-	16,530	-	-	-	-	137,846	-	-	-	443,049
Excess (deficiency) of revenue over expenditures.....	16,069	627	28,904	-	19,312	-	-	54,948	-	(55,033)	-	8,762	13,344	86,933
<b>OTHER FINANCING SOURCES (USES)</b>														
Transfers.....	-	-	26,525	-	6,000	-	-	-	-	175,000	-	-	-	207,525
Other financing sources.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances.....	16,069	627	55,429	-	25,312	-	-	54,948	-	119,967	-	8,762	13,344	294,458
<b>FUND BALANCES</b>														
Beginning of the year.....	49,268	46,022	144,980	10,469	62,175	200	-	364,023	-	439,149	-	1,299,566	(115,116)	2,300,736
Prior period adjustment.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-
End of the year.....	\$ 65,337	\$ 46,649	\$ 200,409	\$ 10,469	\$ 87,487	\$ 200	\$ -	\$ 418,971	\$ -	\$ 559,116	\$ -	\$ 1,308,328	\$ (101,772)	\$ 2,595,194

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, 2017**

		<u>Total</u>	
		<u>Expenditures</u>	
<b>GENERAL GOVERNMENT</b>			
<b>Mayor &amp; Council</b>			
Payroll related expenditures	\$	40,449	
Public relations		1,426	
Other		2,794	
Total Mayor & Council		\$	44,669
<b>City Hall</b>			
Payroll related expenditures	\$	1,099	
Utilities & telephone		9,490	
Maintenance		2,917	
Total City Hall		\$	13,506
<b>Administration</b>			
Payroll related expenditures	\$	135,742	
Office expenditures		18,993	
Bank fees		19,529	
Other		500	
Total Administration		\$	174,764
<b>Non-departmental</b>			
Payroll related expenditures	\$	18,000	
Legal & professional		57,891	
Bonds & insurance		35,490	
Other		41,139	
Total Non-departmental		\$	152,520
<b>Planning &amp; Zoning</b>			
Payroll related expenditures	\$	53,178	
Office expenditures		5,248	
Engineering fees		-	
Other		55	
Total Planning & Zoning		\$	58,481
<b>TOTAL GENERAL GOVERNMENT EXPENDITURES</b>		<b>\$</b>	<b>443,940</b>
<b>PUBLIC SAFETY</b>			
Payroll related expenditures	\$	410,469	
Office expenditures		13,592	
Utilities & telephone		15,982	
Police expenditures		38,555	
Maintenance & repairs		10,204	
<b>TOTAL PUBLIC SAFETY</b>		<b>\$</b>	<b>488,802</b>
<b>CULTURAL</b>			
Museum, rodeo, & discretionary cultural expenditures		\$	16,500
<b>CAPITAL OUTLAY</b>			
City Hall	\$	1,187	
Administration		23,750	
Police		3,593	
<b>TOTAL CAPITAL OUTLAY</b>		<b>\$</b>	<b>28,530</b>
<b>TOTAL GOVERNMENTAL EXPENDITURES</b>		<b>\$</b>	<b>977,772</b>

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

# JENSEN POULSEN & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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## 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, 2017, 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 2, 2018.

### 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 section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify 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 (#2017-01).

### 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 2, 2018

CITY OF RIGBY

Schedule of Audit Findings and Responses  
September 30, 2017

FINDINGS—FINANCIAL STATEMENT AUDIT

A. SIGNIFICANT DEFICIENCIES

2017-01 – 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 that 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 other compensating controls.

CITY OF RIGBY

Schedule of Audit Findings and Responses  
September 30, 2017

Findings on Prior Findings:

FINDINGS—FINANCIAL STATEMENT AUDIT

A. SIGNIFICANT DEFICIENCIES

2016-01 — Inadequate separation of duties in the cash disbursement function  
Status: Still reporting finding at 2017-1.