

**CITY OF RIGBY
RIGBY, IDAHO**

**Basic Financial Statements and
Required Supplementary Information
With
Supplementary Information and
Independent Auditor's Report
Year Ended September 30, 2012**

CITY OF RIGBY

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Year Ended September 30, 2012**

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Rigby
Rigby, Idaho 83442

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Rigby, Idaho, as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Rigby, Idaho's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rigby, Idaho, as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2013, on our consideration of the City of Rigby's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 11 and 34 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rigby, Idaho's basic financial statements. The combining and individual nonmajor fund financial statements, are presented for purposes for additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Jensen Poulsen & Company, PLLC

JENSEN POULSEN & COMPANY, PLLC
Certified Public Accountants

February 5, 2013

BASIC FINANCIAL STATEMENTS

City of Rigby
Management's Discussion and Analysis of Financial Statements
Fiscal Year Ending September 30, 2012

Management's Discussion and Analysis Report

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, 2012. This Management's Discussion and Analysis is based upon currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

Government-wide Financial Analysis

The City of Rigby is required to present its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34) which also requires the management discussion and analysis.

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 private-sector business.

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).

Both of the government-wide financial statements distinguish functions of the City of Rigby that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental activities of the city include: general government, public safety, highways and streets, park and recreation and cultural. The business-type activities of the City include three proprietary funds: water, sanitation, and sewer collection/wastewater treatment.

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 three categories: governmental funds, proprietary funds, and fiduciary 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 thirteen individual governmental fund types (general fund, road, library, parks, building, utility assistance, drug forfeiture, airport, capital improvement, arterial road, sewer construction, water construction, LID #7), and three proprietary funds (water, sewer and sanitation) and one internal service fund. The city does not have any fiduciary funds.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund.

Governmental-wide funds consist of the following funds:

- General Fund
- Road Fund
- Non-major Funds

Non-major funds consist of the following funds:

- Non-major Funds
 - Special Revenue Funds:

- Library Fund
- Arterial Road
- Park Fund
- Building Dept
- Utility Assistance
- Drug Forfeiture
- Airport
- Capital Project Funds:
 - Capital Improvement Fund
 - Water Const. Fund
 - Sewer Const. Fund
 - LID #7

The basic governmental wide funds financial statements can be found on pages 9-14 and non-major funds on pages 34-35.

Proprietary funds. The city maintains three different types of proprietary funds with a combining internal service fund. Proprietary funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds (business-type activities) consist of the following funds:

- Water Revenue Fund
- Sanitation Fund
- Sewer Fund (Includes Sewer Construction Project)

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 15-17 of the report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes can be found on pages 18-30 of the audit report.

Government-wide Financial Analysis

	City of Rigby's Net Assets					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total - All Activities</u>	
	2012	2011	2012	2011	2012	2011
Current and other assets	1,265,812	943,719	7,014,393	5,543,041	8,280,205	6,396,760
Capital Assets	<u>2,279,318</u>	<u>2,398,260</u>	<u>17,175,314</u>	<u>13,644,309</u>	<u>19,454,632</u>	<u>16,042,569</u>
Total Assets	3,545,130	3,341,979	24,189,707	19,097,349	27,734,837	22,493,327
Current Liabilities	136,664	202,526	1,594,587	680,632	1,731,251	883,158
Long-term liabilities outstanding	35,180	50,788	10,699,250	8,382,160	10,734,430	8,432,948
Other Liabilities	<u>47,928</u>	<u>62,829</u>	<u>13,716</u>	<u>15,750</u>	<u>61,642</u>	<u>78,579</u>
Total Liabilities	219,770	316,143	12,307,553	9,078,542	12,527,323	9,394,685

Net Assets:						
Invested in capital assets, net of debt	2,228,530	2,328,816	6,394,975	5,200,215	8,623,505	7,529,031
Restricted	593,735	406,582	424,065		1,017,800	406,582
Unrestricted	<u>503,095</u>	<u>290,438</u>	<u>5,063,114</u>	<u>4,818,593</u>	<u>5,566,209</u>	<u>5,109,031</u>
Total net assets	3,325,360	3,025,836	11,882,154	10,018,807	15,207,514	13,044,641

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 \$15.2 million at September 30, 2012 compared to \$13 million at September 30, 2011.

Working capital (current assets less current liabilities) has increased from \$5.5 million to \$6.5 million a net increase of \$1.035 million.

	<u>2012</u>	<u>2011</u>	<u>Net Change</u>
Current/Other Assets	8,280,205	6,396,760	1,883,445
Current Liabilities	<u>1,731,251</u>	<u>883,158</u>	<u>(848,093)</u>
	6,548,954	5,513,602	1,035,352

At September 30, 2012 the amount owed on the city's capital assets increased \$2.3 million. The increased in indebtedness comes from the completion of the sewer project which is being funded by long term debt.

The city's business-type assets increased from \$10 million to \$11.8 million. The increase represents the net change in the city's addition in the sewer project less depreciation charges. The debt owed on the business-type assets increased from \$8.3 million to \$10.7 million indebtedness incurred in the sewer collection project.

Funds Analysis:

Governmental activities. Governmental activities increased the city's net assets by \$265,510, while business-like activities increased the city's net assets by \$1.989 million.

City of Rigby's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total - All Activities</u>	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charge for service	199,343	194,827	2,198,451	2,009,748	2,397,794	2,204,575
Grants/Contributions	195,443	201,546	1,514,133		1,709,576	201,546
General Revenues:						
Property Tax	1,064,136	1,077,178			1,064,136	1,077,178
Interest Earning	8,766	5,983	117,313	28,348	126,079	34,331
Other Fees	188,965	79,821	10,051	1,004	199,016	80,825
Internal Service Charges	39,035	49,577	53,905	68,464	92,940	118,041
Gain(Loss) on Sale Asset		(67,166)	(752)		(752)	(67,166)

State Support	<u>297,111</u>	<u>264,365</u>	_____	_____	<u>297,111</u>	<u>264,365</u>
Total Revenues (exclude Trans)	1,992,799	1,806,131	3,893,101	2,107,564	5,885,900	3,913,695

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City of Rigby's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total - All Activities</u>	
	2012	2011	2012	2011	2012	2011
Expenditures						
General Government	476,983	400,718			476,983	400,718
Public Safety	650,269	769,483			650,269	769,483
Highway/Streets	338,934	403,146			338,934	403,146
Parks & Recreation	144,818	125,430			144,818	125,430
Cultural	146,332	144,018			146,332	144,018
Interest on Debt	225	438			225	438
Internal Service Charges	44,708	55,346	102,231	76,431	146,939	131,777
Water			368,369	358,383	368,369	360,884
Sanitation			178,996	167,921	178,996	167,921
Sewer			<u>1,179,306</u>	<u>706,397</u>	<u>1,179,306</u>	<u>445,957</u>
Total Expenditures	<u>1,802,289</u>	<u>1,898,579</u>	<u>1,828,902</u>	<u>1,309,132</u>	<u>3,631,191</u>	<u>2,949,771</u>
Excess						
Revenues/Expenditures	190,510	(92,448)	2,064,199	1,056,372	2,254,709	963,924
Transfers in (Out)	75,000	41,434	(75,000)	(41,434)		
Wastewater Grants						
Capital Contributions						
Other Financing Sources	75,000	41,434	(75,000)	(41,434)		
Increase (Decrease)						
in Net Assets	265,510	(51,014)	1,989,199	756,998	2,254,709	963,924
Fund Balance:						
Beginning Balance	3,025,834	3,084,045	10,018,806	9,670,106	13,044,640	12,754,151
Prior Period Adjust	<u>34,016</u>	<u>(7,192)</u>	<u>(125,852)</u>	<u>(408,296)</u>	<u>(91,836)</u>	<u>(415,488)</u>
Ending Balance	3,325,360	3,025,836	11,882,154	10,301,812	15,207,514	13,044,643

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

fiscal year, the City of Rigby's governmental funds reported unrestricted fund balance of \$503,095 vs. \$290,437 at the end of last fiscal year, an increase of \$212,658.

As a percent of ending fund balance to actual expenditures, \$503,095 represents a 27.90% (503,095/1,802,289) reserve ratio vs. 19.33% (290,437/1,502,207) for the prior year.

General Fund Budgetary Highlights

The general fund is the primary operating funds of the city. At year end its unreserved, undesignated fund balance was \$482,830 vs. \$291,639 for the prior year. As a measure of liquidity the fund balance of \$482,830 represents a reserve of 165 days of its 2012 actual spending activities vs. 88 days for 2011. For 2010 the reserve balance of \$194,301 represented a spending reserve of 64 days.

The mayor and council adopt annual operating budgets for all funds – governmental, special assessment 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. On September 20, 2012 the city amended its original budget to account for increase revenues and expenditures incurred but not included in the original budget. The mayor and council are required not to allow expenditures exceed their authorized spending amount. The city has remained within their authorized budgets but for the LID #7 fund and internal service fund.

Detailed statements of actual to budget for the general, road fund, and sewer construction fund are presented on pages 31-32 of this report. Other non-major funds balance sheet and statement of revenues, expenditures and changes in fund balances are shown on pages 34-35.

Proprietary Funds Highlights

The proprietary funds statement of net assets, statement of revenues, expenses and changes in fund net assets and statement of cash flows are presented on pages 15-17 of this report. A summary of statement of revenues, expenses, and changes in fund balance is presented below.

Statement of Revenues, Expenses, and Changes in Fund Balance -
Proprietary Funds

	Water		Sanitation		Sewer/Collection		Combining Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Operating Revenues:	533,616	421,454	249,008	235,071	1,427,126	1,354,227	2,209,750	2,010,752
Operating Expenses:	<u>368,369</u>	<u>358,383</u>	<u>179,185</u>	<u>166,041</u>	<u>1,066,806</u>	<u>876,479</u>	<u>1,614,360</u>	<u>1,200,903</u>
Net Operating Income	165,247	63,071	69,823	69,030	360,320	677,748	595,390	809,849
Non-operating income (Expense):								
Wastewater Grant(Exp)					1,516,772	(29,919)	1,516,772	(29,919)
Interest Income	27,401	23,389	3,964	2,344	68,457	18,962	99,822	44,695
Debt Interest					(112,500)		(112,500)	
Gain(Loss) Invest	(6,402)	(5,648)	(1,238)	(1,880)	20,490	(10,699)	12,850	(18,227)
Operating Transfer	<u>(150,257)</u>	<u>578</u>	<u>(25,000)</u>	<u>(21,006)</u>	<u>(73,812)</u>	<u>(41,007)</u>	<u>(101,445)</u>	<u>(61,434)</u>
Changes in net assets	35,989	81,390	47,549	48,487	1,927,351	640,809	<u>2,010,889</u>	<u>744,963</u>
Net Assets:								
Beginning	2,671,517	2,759,151	517,681	498,011	6,514,755	6,398,074		
Prior Period Adjust		<u>(161,754)</u>		<u>(28,817)</u>	<u>(125,852)</u>	<u>(505,707)</u>		
Net Assets - Ending	2,707,506	2,678,818	565,230	517,681	8,316,254	6,533,176		8,703,952
Less: Internal Service Funds							<u>(21,690)</u>	<u>12,033</u>
Change in net Assets							1,989,199	756,998

For the proprietary funds (water, sewer, sanitation) the combined changes in net assets increased by \$2 million. Of the \$2 million net increase of \$2 million \$1,516,772 represent grant revenue which funded part of the \$3.4 million in assets additions.

Fiscal Year 2013 Fiscal Priorities:

Management of the City of Rigby has adopted a “Financial Goals and Policies” position statement. The city’s financial goals and policy has specific objectives designed to ensure the city’s continued fiscal well-being. The policy covers revenues, operating expenditures, capital expenditures, debt, and fund balance.

It is the intent of the City to use all surpluses generated to meet reserve requirements’, to avoid future debt and reduce outstanding debt. Any surpluses in the General Fund at year-end shall be used to fund any or all of the following, in no specific order:

- Capital equipment replacement programs for Internal Service Funds;
- Capital projects for aging infrastructure or new projects;
- Retirement or refinancing of existing debt.

Fund balances will be accounted as “unrestricted” to maintain a 90-day working capital reserve of the succeeding year’s operating budget. As surplus balances are accumulated,

restrictions of those surpluses may be used to restrict funds for the needed infrastructures projects which have been identified and prioritized.

Plans are underway which will identify needed infrastructure projects in the water, sewer, and sanitation and in the road fund.

The city has identified a water project and a street improvement project that will require city contribution and citizen's match.

2013 Fiscal Spending Priorities:

<u>Project:</u>	<u>Funding Source</u>	<u>Project Cost</u>
Water Project	Water Revenue	\$300,000
	DEQ Loan Proceed	\$155,000
Street Improvement Project	Sewer Revenue Fund	\$337,000
	DEQ Loan Proceed	\$102,000

Accounting for Assets

GASB 34 requires that public entities quantify the cost of existing assets and the maintenance costs of those assets. We have implemented a Geographic Information System (GIS) to document our public infrastructure from sewer lines, to water lines, water valves and other related items. As the City makes future public improvements it will not only increase the net assets shown on these financial statements but also commits the City to maintaining those improvements.

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 Assets
September 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents.....	\$ 640,392	\$ 2,143,280	\$ 2,783,672
Investments.....	399,315	4,007,043	4,406,358
Receivables (net).....	220,560	861,115	1,081,675
Prepaid expenses.....	5,545	2,955	8,500
Capital assets, net of depreciation.....	1,870,659	17,154,160	19,024,819
Capital assets, non-depreciable.....	408,659	21,154	429,813
Total assets.....	<u>\$ 3,545,130</u>	<u>\$ 24,189,707</u>	<u>\$ 27,734,837</u>
LIABILITIES			
Current liabilities			
Accounts payable.....	\$ 90,490	\$ 715,415	\$ 805,905
Other payable.....	-	686,560	686,560
Salaries & benefits payable.....	30,566	8,948	39,514
Water deposits.....	-	102,575	102,575
Current portion of long term debt.....	15,608	81,089	96,697
Total current liabilities	<u>136,664</u>	<u>1,594,587</u>	<u>1,731,251</u>
Long-term liabilities			
Debt portion due in more than one year.....	35,180	7,704,694	7,739,874
Interim DEQ financing	-	2,994,556	2,994,556
Compensated absences.....	47,926	13,716	61,642
Total liabilities.....	<u>219,770</u>	<u>12,307,553</u>	<u>12,527,323</u>
NET ASSETS			
Invested in capital assets, net of related debt.....	2,228,530	9,389,531	11,618,061
Restricted for:			
Capital projects.....	522,319	-	522,319
Debt service.....	-	424,065	424,065
Community development and improvement projects.....	71,416	-	71,416
Unrestricted	503,095	2,068,558	2,571,653
Total net assets.....	<u>\$ 3,325,360</u>	<u>\$ 11,882,154</u>	<u>\$ 15,207,514</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, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Fees, Fines, & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government.....	\$ 476,983	\$ 31,721	\$ 36,500	\$ -	\$ (408,762)	\$ -	\$ (408,762)
Public safety.....	650,269	50,140	-	20,366	(579,763)	-	(579,763)
Public works.....	338,954	55,816	134,286	-	(148,852)	-	(148,852)
Parks and recreation.....	144,818	45,143	-	-	(99,675)	-	(99,675)
Cultural.....	146,332	16,523	4,291	-	(125,518)	-	(125,518)
Interest on long term debt.....	225	-	-	-	(225)	-	(225)
Internal Service Charges.....	44,708	-	-	-	(44,708)	-	(44,708)
Total governmental activities.....	1,802,289	199,343	175,077	20,366	(1,407,503)	-	(1,407,503)
Business-type activities:							
Water fund.....	368,369	524,274	1,250	-	-	\$ 157,155	157,155
Sanitation fund.....	178,996	247,839	-	-	-	68,843	68,843
Sewer fund.....	1,179,306	1,426,338	-	1,512,883	-	1,759,915	1,759,915
Internal Service Charges.....	102,231	-	-	-	-	(102,231)	(102,231)
Total business-type activities.....	1,828,902	2,198,451	1,250	1,512,883	-	1,883,682	1,883,682
Total primary government.....	\$ 3,631,191	\$ 2,397,794	\$ 176,327	\$ 1,533,249	\$ (1,407,503)	\$ 1,883,682	\$ 476,179

General revenues:

Taxes:							
Property taxes, levied for general purposes		783,686					783,686
Property taxes, levied for library		95,759					95,759
Property taxes, levied for park and recreation fund		75,518					75,518
Property taxes, levied for public works		89,045					89,045
Property taxes, levied for capital projects		20,128					20,128
State sales taxes		113,018					113,018
State revenue sharing		125,029					125,029
State liquor allocation		59,064					59,064
Earnings on investments		8,766			117,313		126,079
Miscellaneous		188,965			10,051		199,016
Gain (loss) on sale of assets		-			(752)		(752)
Internal Service Charges		39,035			53,905		92,940
Transfers		75,000			(75,000)		-
Total general revenues and transfers		1,673,013			105,517		1,778,530
Changes in net assets		265,510			1,989,200		2,254,709
Net assets--beginning		3,025,834			10,018,806		13,044,640
Prior period adjustment		34,016			(125,852)		(91,836)
Net assets--ending		\$ 3,325,360			\$ 11,882,154		\$ 15,207,514

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

CITY OF RIGBY
Balance Sheet
Governmental Funds
September 30, 2012

	General Fund	Road Fund	Non Major Funds	Total Governmental Funds
ASSETS				
Cash.....	\$ 340,811	\$ (930)	\$ 294,708	\$ 634,589
Investments.....	124,698	-	274,615	399,313
Taxes receivable.....	72,387	7,737	16,240	96,364
Other receivables.....	75,622	34,890	13,684	124,196
Interfund receivable.....	-	-	-	-
Prepaid expenses.....	3,617	1,812	116	5,545
Total assets.....	<u>\$ 617,135</u>	<u>\$ 43,509</u>	<u>\$ 599,363</u>	<u>\$ 1,260,007</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
CURRENT LIABILITIES				
Accounts payable.....	\$ 43,715	\$ 21,044	\$ 21,130	\$ 85,889
Other payable.....	-	-	-	-
Payroll liabilities.....	11,860	1,050	1,059	13,969
Salaries payable.....	11,739	2,353	2,500	16,592
Deferred revenue.....	66,991	6,941	15,435	89,367
Deferred expenditures.....	-	-	-	-
Interfund payable.....	-	-	-	-
Total current liabilities.....	<u>134,305</u>	<u>31,388</u>	<u>40,124</u>	<u>205,817</u>
FUND BALANCE				
Restricted.....	-	12,121	457,356	469,477
Committed.....	-	-	44,625	44,625
Assigned.....	-	-	57,257	57,257
Unassigned.....	482,830	-	-	482,830
Total fund balance.....	<u>482,830</u>	<u>12,121</u>	<u>559,238</u>	<u>1,054,189</u>
Total liabilities and fund balance.....	<u>\$ 617,135</u>	<u>\$ 43,509</u>	<u>\$ 599,363</u>	<u>\$ 1,260,007</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 Assets
September 30, 2012

Total fund balances - governmental funds **\$ 1,054,189**

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 Assets 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	\$ 4,158,322	
Depreciation expense to date	<u>(1,879,004)</u>	2,279,318

Property taxes received that are not available to pay for current period expenditures are deferred in the funds. 89,367

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

Compensated absences payable	(47,926)	
Capital lease payable	(50,788)	
Bonds payable - L.I.D.	<u>-</u>	(98,714)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets 1,200

Total net assets for governmental activities **\$ 3,325,360**

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, 2012

REVENUES	General Fund	Road Fund	Non Major Funds	Total Governmental Funds
Local Revenue:				
Property taxes.....	\$ 774,324	\$ 79,692	\$ 188,992	\$ 1,043,008
Earnings on investments.....	2,844	-	6,337	9,181
Fees and fines.....	33,134	-	-	33,134
Charges for services.....	49,993	40,931	45,702	136,626
Miscellaneous and other revenue.....	64,991	73,685	96,033	234,709
State revenues.....	266,917	146,388	18,092	431,397
Grants.....	17,492	-	40,791	58,283
Total revenue.....	<u>1,209,695</u>	<u>340,696</u>	<u>395,947</u>	<u>1,946,338</u>
 EXPENDITURES				
General government.....	454,536	-	4,808	459,344
Public safety.....	583,752	-	1,872	585,624
Street and public improvement.....	-	284,854	5,527	290,381
Parks and recreation.....	-	-	110,302	110,302
Cultural.....	16,140	-	141,284	157,424
Capital outlay.....	8,798	-	70,741	79,539
Contingent liability.....	-	-	-	-
Total expenditures.....	<u>1,063,226</u>	<u>284,854</u>	<u>334,534</u>	<u>1,682,614</u>
Excess (deficiency) of revenue over expenditures.....	146,469	55,842	61,413	263,724
 OTHER FINANCING SOURCES (USES)				
Other Financing Source.....	-	-	-	-
Transfers.....	44,722	-	30,278	75,000
Net change in fund balances.....	191,191	55,842	91,691	338,724
Fund Balance - Beginning.....	291,639	(43,721)	433,531	681,449
Prior Period Adjustment.....	-	-	34,016	34,016
Fund Balance - Ending.....	<u>\$ 482,830</u>	<u>\$ 12,121</u>	<u>\$ 559,238</u>	<u>\$ 1,054,189</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, 2012

Net Change in fund balances-total governmental funds	\$	338,724
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capitalized assets	\$ 18,295	
Depreciation expense	<u>(137,237)</u>	(118,942)
<p>Tax revenues are deferred and not recognized in the funds until they are available to pay for current period expenditures. In the Statement of Activities, however, they are recognized when levied. This is the difference between the amount deferred at the beginning and end of the current period.</p>		
Deferred revenue - 2012	89,367	
Deferred revenue - 2011	<u>(71,526)</u>	17,841
<p>Debt payments are treated as an expenditure in the governmental funds, but the payments reduce long term debt in the Statement of Activities.</p>		
Capital lease payable	14,420	
Bonds payable	<u>4,236</u>	18,656
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Compensated absences - 2012	(47,926)	
Compensated absences - 2011	<u>62,831</u>	14,905
<p>Internal service funds are used by management to charge the costs of equipment usage to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities</p>		<u>(5,675)</u>
Change in Net Assets of Governmental Activities	\$	<u>265,510</u>

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

CITY OF RIGBY
Statement of Net Assets
Proprietary Funds
September 30, 2012

	Water Fund	Sanitation	Sewer Fund	Sewer Collection	Total	Internal Service Funds
ASSETS						
Cash.....	\$ 350,581	\$ 306,626	\$ 988,224	\$ 263,029	\$ 1,908,460	\$ 23,674
Cash - restricted for bond.....	-	-	216,948	-	216,948	-
Investments.....	692,318	127,983	2,162,879	1,023,863	4,007,043	-
Receivables.....	54,901	27,038	161,001	618,175	861,115	-
Capital assets, net of depreciation.....	1,722,610	115,703	15,035,951	-	16,874,264	279,896
Capital assets, non-depreciable.....	21,154	-	-	-	21,154	-
Prepaid expenses.....	-	1,763	1,192	-	2,955	-
Total assets.....	<u>2,841,564</u>	<u>579,113</u>	<u>18,566,195</u>	<u>1,905,067</u>	<u>23,891,939</u>	<u>\$ 303,569</u>
LIABILITIES						
Current Liabilities:						
Accounts payable.....	26,033	5,841	60,823	618,117	710,814	\$ 9,201
Other payable.....	-	-	480,292	206,268	686,560	-
Water deposits.....	102,575	-	-	-	102,575	-
Salaries payable & payroll liabilities.....	1,740	1,703	5,502	-	8,945	9
Current portion of long term debt.....	-	-	81,089	-	81,089	-
Total current liabilities.....	<u>130,348</u>	<u>7,544</u>	<u>627,706</u>	<u>824,385</u>	<u>1,589,983</u>	<u>9,210</u>
Noncurrent liabilities:						
Bond payable - long term.....	-	-	7,704,694	-	7,704,694	-
Interim DEQ financing.....	-	-	-	2,994,556	2,994,556	-
Compensated absences payable.....	3,710	6,339	3,667	-	13,716	-
Total liabilities.....	<u>134,058</u>	<u>13,883</u>	<u>8,336,067</u>	<u>3,818,941</u>	<u>12,302,949</u>	<u>9,210</u>
NET ASSETS						
Invested in capital assets, net of related debt.....	1,743,764	115,703	7,331,257	-	9,190,724	279,896
Restricted for debt service.....	-	-	424,065	-	424,065	-
Net assets - unrestricted.....	963,742	449,527	2,474,806	(1,913,874)	1,974,201	14,463
Total net assets.....	<u>\$ 2,707,506</u>	<u>\$ 565,230</u>	<u>\$ 10,230,128</u>	<u>\$ (1,913,874)</u>	<u>\$ 11,588,990</u>	<u>\$ 294,359</u>

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

293,164
\$ 11,882,154

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

CITY OF RIGBY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
September 30, 2012

	Water Fund	Sanitation	Sewer Fund	Sewer Collection Project	Total	Internal Service Funds
OPERATING REVENUE						
Consumer charges.....	\$ 524,274	\$ 247,839	\$ 1,426,336	\$ -	\$ 2,198,449	\$ -
Other revenue.....	9,342	1,169	790	-	11,301	-
Other Services.....	-	-	-	-	-	92,940
Total operating revenue.....	<u>533,616</u>	<u>249,008</u>	<u>1,427,126</u>	<u>-</u>	<u>2,209,750</u>	<u>92,940</u>
OPERATING EXPENSES						
Salaries.....	29,156	53,595	122,890	-	205,641	9,249
Payroll taxes.....	4,857	11,691	15,269	-	31,817	1,263
Insurance - employee.....	10,096	16,633	36,826	-	63,555	1,873
Retirement - employee.....	5,679	6,015	13,918	-	25,612	1,020
Legal fees.....	22,390	-	178,337	-	200,727	-
Municipal shop building	5,296	5,634	6,279	-	17,209	9,674
Utilities.....	354	-	83,331	-	83,685	-
Office supplies and postage.....	5,277	2,897	5,023	-	13,197	-
Maintenance and repairs.....	192,879	36,249	51,407	-	280,535	15,713
Training and travel.....	911	-	1,179	-	2,090	-
Supplies.....	1,848	198	21,812	-	23,858	6,200
Fuel.....	1,953	-	7,925	-	9,878	37,545
Depreciation.....	62,788	30,775	382,239	-	475,802	37,489
Miscellaneous expense.....	19,846	15,498	140,069	302	175,715	26,914
Irrigation assessments.....	5,039	-	-	-	5,039	-
Total operating expense.....	<u>368,369</u>	<u>179,185</u>	<u>1,066,504</u>	<u>302</u>	<u>1,614,360</u>	<u>146,940</u>
Operating income (loss).....	<u>165,247</u>	<u>69,823</u>	<u>360,622</u>	<u>(302)</u>	<u>595,390</u>	<u>(54,000)</u>
NONOPERATING REVENUE (EXPENSE)						
Wastewater project grant income.....	-	-	-	1,516,772	1,516,772	-
Wastewater project expenditures.....	-	-	-	-	-	-
Interest income.....	27,401	3,964	39,216	29,241	99,822	-
Interest expense.....	-	-	(112,500)	-	(112,500)	-
Gain (loss) on investments.....	(6,402)	(1,238)	24,379	(3,889)	12,850	-
Reserve for debt service.....	-	-	-	-	-	-
Capital contributions.....	-	-	-	-	-	-
Operating transfers.....	(150,257)	(25,000)	3,496,163	(3,422,351)	(101,445)	26,445
Changes in net assets.....	<u>35,989</u>	<u>47,549</u>	<u>3,807,880</u>	<u>(1,880,529)</u>	<u>2,010,889</u>	<u>(27,555)</u>
NET ASSETS						
Total net assets - beginning.....	2,671,517	517,681	6,534,778	(20,023)		321,914
Prior years adjustment.....	-	-	(112,530)	(13,322)		-
Total net assets - ending.....	<u>\$ 2,707,506</u>	<u>\$ 565,230</u>	<u>\$ 10,230,128</u>	<u>\$ (1,913,874)</u>		<u>\$ 294,359</u>

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

Change in net assets of business-type activities

(21,690)
\$ 1,989,199

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

CITY OF RIGBY
Statement of Cash Flows
Proprietary Funds
September 30, 2012

	Water Fund	Sanitation	Sewer Fund	Sewer Collection	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers.....	\$ 519,459	\$ 249,401	\$ 1,417,149	\$ -	\$ 2,186,009	\$ 92,940
Payments to suppliers and employees.....	(286,723)	(150,456)	(640,478)	(302)	(1,077,959)	(119,908)
Cash provided by customer deposits.....	11,262	-	-	-	11,262	-
Net cash provided (used) by operating activities.....	243,998	98,945	776,671	(302)	1,119,312	(26,968)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer from (to) general fund.....	(150,257)	(25,000)	2,836,006	(2,762,194)	(101,445)	26,445
Net cash provided (used) by noncapital financing activities.....	(150,257)	(25,000)	2,836,006	(2,762,194)	(101,445)	26,445
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Cash received for wastewater project (net).....	-	-	1,250,000	2,762,135	4,012,135	-
Cash paid for JRWWS grant (net of revenue).....	-	-	-	-	-	-
Cash paid for construction and equipment.....	(15,877)	-	(4,029,172)	-	(4,045,049)	-
Principle payments on capital lease.....	-	-	-	-	-	-
Bond principle payments.....	-	-	(55,770)	-	(55,770)	-
Interest paid on bonds and leases.....	-	-	(112,500)	-	(112,500)	-
Net cash provided (used) by capital and related financing activities.....	(15,877)	-	(2,947,442)	2,762,135	(201,184)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income.....	27,401	3,964	39,216	29,241	99,822	-
Purchase of investments.....	(326,310)	(129,221)	(587,737)	(1,027,752)	(2,071,020)	-
Net cash provided (used) from investing activities.....	(298,909)	(125,257)	(548,521)	(998,511)	(1,971,198)	-
Net increase (decrease) in cash.....	(221,045)	(51,312)	116,714	(998,872)	(1,154,515)	(523)
Cash and cash equivalents-beginning of year.....	571,626	357,938	1,088,458	1,261,901	3,279,923	24,197
Cash and cash equivalents-end of year.....	\$ 350,581	\$ 306,626	\$ 1,205,172	\$ 263,029	\$ 2,125,408	\$ 23,674

Reconciliation of operating income to net cash provided by operating activities						
Operating income.....	\$ 165,247	\$ 69,823	\$ 360,622	\$ (302)	\$ 595,390	\$ (54,000)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation.....	62,788	30,775	382,239	-	475,802	37,489
(Gain)/loss on disposal of fixed asset		752			752	
(Increase) decrease in accounts receivable.....	(14,157)	(359)	(9,977)	-	(24,493)	-
Increase (decrease) in customer deposits.....	11,262	-	-	-	11,262	-
(Increase) decrease in customer prepaids.....	-	4,761	3,217	-	7,978	-
Increase (decrease) in accounts payable.....	18,858	(6,807)	40,570	-	52,621	(10,457)
Net cash provided by operating activities.....	\$ 243,998	\$ 98,945	\$ 776,671	\$ (302)	\$ 1,119,312	\$ (26,968)

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

CITY OF RIGBY

Notes to the Financial Statements September 30, 2012

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 the evaluation of how to define the City for the financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made using criteria set forth in the accounting principles generally accepted in the United States of America. All funds and activities of the City of Rigby are included in the basic financial statements. Using the above criteria, the City has no component units.

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.

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.

CITY OF RIGBY

Notes to the Financial Statements September 30, 2012

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING, Continued

Basis of Presentation, continued

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.

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.

CITY OF RIGBY

Notes to the Financial Statements September 30, 2012

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING, Continued

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, 2012 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.

Receivables and Payables

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

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2012**

C. ASSETS, LIABILITIES, AND EQUITY, Continued

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, 2012 are classified as deferred revenue.

Inventories and Prepaid Items

The City does not have any inventory items at September 30, 2012.

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	\$ 3,617
Road Fund	\$ 1,812
Sanitation Fund	\$ 1,763
Sewer Fund	\$ 1,192
Non-Major Funds	\$ 116

The balances represent prepaid workman's compensation insurance of \$7,775 and various other prepaid expenses of \$725.

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 assets 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

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.

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2012**

C. ASSETS, LIABILITIES, AND EQUITY, Continued

Fund Balance Reserves

The City of Rigby implemented GASB Statement #54 during the fiscal year which categorizes fund balance into five categories. The five categories of fund balance are nonspendable, restricted, committed, assigned, and unassigned. For the year ended September 30, 2012, the City had fund balances which were restricted, committed, assigned, and unassigned of \$449,726, \$44,625, \$48,452, and \$516,875 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.

NOTE 2 DEPOSITS AND INVESTMENTS

Following is a reconciliation of the City's deposit and investment balances as of September 30, 2012:

	Pooled Cash and Investments
Demand Deposits	\$ 1,629,407
Certificates of Deposit	0
State Investment Pool	7,884
Investments	4,406,358
Money Market	<u>1,146,381</u>
Total	<u>\$ 7,190,030</u>

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, 2012. 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	\$2,657,199	\$2,643,815	\$2,657,199	\$ 0	\$ 0
Bank of Commerce	76,695	76,695	76,695	0	0
Wells Fargo	12,859	12,859	12,859	0	0
State Invest. Pool	7,880	7,884	0	0	7,880
Petty Cash	0	150	0	0	150
Investment Accts:					
Edward Jones	438,035	438,035	963	0	437,072
Key Investment	385,159	385,159	52,393	0	332,766
RBC Wealth	511,711	512,426	0	0	511,711
Contango	2,047,725	2,047,725	237,878	0	1,809,847
US Bank	<u>1,068,846</u>	<u>1,065,282</u>	<u>45,833</u>	<u>0</u>	<u>1,023,013</u>
Total	<u>\$7,206,109</u>	<u>\$ 7,190,030</u>	<u>\$3,083,820</u>	<u>\$ 0</u>	<u>\$ 4,122,439</u>

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2012**

C. ASSETS, LIABILITIES, AND EQUITY, Continued

Fund Balance Reserves

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<u>Depository Institution</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>FDIC Insured</u>	<u>Collateralized</u>	<u>Uninsured</u>
Zions Bank	\$2,657,199	\$2,643,815	\$ 500,000	\$ 2,157,199	\$ 0
Bank of Commerce	76,695	76,695	76,695	0	0
Wells Fargo	12,859	12,859	12,859	0	0
State Invest. Pool	7,880	7,884	0	0	7,880
Petty Cash	0	150	0	0	150
Investment Accts:					
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US Bank	<u>1,068,846</u>	<u>1,065,282</u>	<u>45,833</u>	<u>0</u>	<u>1,023,013</u>
Total	<u>\$7,206,109</u>	<u>\$ 7,190,030</u>	<u>\$ 926,621</u>	<u>\$ 2,157,199</u>	<u>\$ 4,122,439</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, 2012, \$4,122,439 of the government's cash and investments bank balance of \$7,206,109 was exposed to custodial credit risk.

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2012**

NOTE 2 DEPOSITS AND INVESTMENTS, Continued

As of December 31, 2012, the FDIC limits changed and non-interest bearing demand accounts are now subject to the \$250,000 insurance limit rather than have unlimited coverage. Furthermore, the City of Rigby's collateralization agreement with Zions Bank will expire March 18, 2012.

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, 2012, the City has the following investments.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Money Market	n/a	337,982
Federal Agency Obligations		
Federal National Mort. Assoc	Various	270
Federal Home Loan Mortgage	Various	120,831
Federal Farm Association	Various	211,934
Mortgage Backed Securities		
Structured Asset Secs. Corp	July 25, 2024	827
Franklin Adjustable US Gov Sec	n/a	1,204
Mutual Funds		
Franklin US Gov Sec Fund CL C	n/a	200,677
Goldman Sachs Short Duration	n/a	4,049
Putnam Money Market	n/a	35,564
Goldman Sachs Ultra Short Fund	n/a	10,221
Bonds		
Corporate Issued	Various	2,565,207
Foreign Issued	Various	26,483
Fixed Income	Various	891,109
Total Investments		<u>\$ 4,406,358</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:

<u>Individual Issuer</u>	<u>% of Total Investment</u>
Calvert FD Ultra Short – Fixed Income Fund	5.7%
Pimvo Short Term Fund – Fixed Income Fund	5.9%
BMW Bank North America Utah – Corporate Bond	5.8%

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.

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2012**

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>Water</u>	<u>Enterprise Funds</u>		<u>Sewer Collection</u>
					<u>Sewer</u>	<u>Sanitation</u>	
Local Sources							
Property Taxes	\$ 72,387	\$ 7,737	\$ 16,240	\$ 0	\$ 0	\$ 0	\$ 0
Consumer Fees	0	0	0	50,666	80,576	27,038	0
Other	<u>75,622</u>	<u>0</u>	<u>8,397</u>	<u>4,235</u>	<u>80,425</u>	<u>0</u>	<u>615,546</u>
Total Local	<u>\$ 148,009</u>	<u>\$ 7,737</u>	<u>\$ 24,637</u>	<u>\$ 54,901</u>	<u>\$ 161,001</u>	<u>\$ 27,038</u>	<u>\$ 615,546</u>
State Sources							
Other State Revenue	\$ 0	\$ 34,890	\$ 5,288				
Total Receivable	<u>\$ 148,009</u>	<u>\$ 42,627</u>	<u>\$ 29,925</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, and construct assets and service debt. As of September 30, 2012 there are no interfund receivables or payables.

Interfund Transfers

The following interfund operating transfers were made during the fiscal year:

<u>Major Funds</u>	<u>Transfers To</u>	<u>Transfers From</u>
General Fund	\$ 30,278	\$ 75,000
Water Fund	150,257	
Sanitation	25,000	
Sewer Collection Project	3,422,351	
Sewer Fund	1,275,000	4,771,163
Non-Major Funds		30,278
Internal service fund		26,445

Transfers between all major and nonmajor funds were made to cover expenditures from operations.

CITY OF RIGBY

Notes to the Financial Statements September 30, 2012

NOTE 5 LONG-TERM OBLIGATIONS

Police Vehicles

During fiscal year 2011, the City entered into a capital lease agreement with Government Vehicle Leasing Company for the lease and subsequent purchase of 4 police vehicles. Payments are due in five annual installments of \$19,792, including interest at a rate of 8.2%. Principal due on the lease payments as of September 30, 2012 is \$50,788.

Local Improvement District #7 Bond Issue:

On July 31, 2002 the City issued \$40,455 of Local Improvement District (L.I.D.) #7 Bonds to help fund the construction of public improvements of the water lines along Ramona Avenue. The bond is payable in annual installments of principal and interest, at 5.30%, in the amount of \$4,461. Installments are due July 31 beginning in the year 2003 and commence for 10 years. Bonds outstanding at September 30, 2012 were \$0.

Sewer Revenue Bond Issue:

As of September 30, 2012 the City had 2 sewer revenue bonds outstanding. The first bonds bear interest of 3.75% per annum and mature 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, 2012 was \$2,944,230. On September 4, 2012 the city issued another \$1,250,000 in sewer revenue bonds at an interest rate of 2.75%. The bonds have a 30 year term and annual payments of principal and interest will be \$61,738. The total outstanding for all sewer revenue bonds as of September 30, 2012 was \$4,194,230.

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, 2012, the loan balance payable to the DEQ was \$3,591,553 for the wastewater treatment facility. The loan is interest free. As of the date of the financial statements, a repayment schedule had not been finalized as the construction phase on the collection system was not complete.

As of September 30, 2012 the City owed \$2,994,556 to the DEQ for the sewer collection project. A timeline for repayment has not been finalized.

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2012**

NOTE 5 LONG-TERM OBLIGATIONS, Continued

The following schedule recaps the changes in long-term obligations for the fiscal year ending September 30, 2012:

	Ending Balance	Additions	Subtractions	Ending Balance
Governmental-type activities				
L.I.D. #7 Bonds	\$ 4,236	\$ 0	\$ 4,236	\$ 0
Government Vehicle Leasing Co.	65,208	0	14,420	50,788
Compensated absences	62,829	0	14,903	47,926
<i>Total governmental-type</i>	<u>\$ 132,273</u>	<u>\$ 0</u>	<u>\$ 33,559</u>	<u>\$ 98,714</u>
Business-type activities				
Sewer DEQ Loan	\$ 3,591,553	\$ 0	\$ 0	\$ 3,591,553
Waste Water Project DEQ Loan	1,852,541	2,392,015	1,250,000	2,994,556
Sewer USDA Loan	3,000,000	1,250,000	55,770	4,194,230
Compensated absences	15,750	0	2,034	13,716
<i>Total business-type activities</i>	<u>\$ 8,459,844</u>	<u>\$ 3,642,015</u>	<u>\$ 1,307,804</u>	<u>\$ 10,794,055</u>

Maturities of long-term obligations are as follows:

2013	\$ 96,697
2014	101,023
2015	105,570
2016	90,558
2017	93,953
Thereafter	<u>10,343,326</u>
Total	<u>\$10,831,127</u>

Interest in the amount of \$118,097 was paid out of the LID fund for the LID #7 Bonds.

Amounts payable to the DEQ on the sewer loan have been included in the "thereafter" portion of the five year maturity schedule. A final repayment schedule has not provided to the City.

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2012**

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2012, was as follows:

	Beginning Balance	Capital Acquisitions	Sales / Other Changes	Ending Balance
Governmental Activities				
Non-depreciable Assets:				
Work-in-progress	\$ 0	\$ 0	\$ 0	\$ 0
Land	408,659	0	0	408,659
Depreciable Assets:				
Buildings/Sites	\$ 1,144,705	\$ 4,438	\$ 0	\$ 1,149,143
Equipment	1,222,010	6,080	0	1,227,090
Infrastructure	<u>1,365,653</u>	<u>7,776</u>	<u>0</u>	<u>1,373,429</u>
<i>Total capital assets</i>	<i>4,140,027</i>	<i>18,294</i>	<i>0</i>	<i>4,158,321</i>
Less: accumulated depreciation	<u>(1,741,766)</u>	<u>(137,237)</u>	<u>0</u>	<u>(1,879,003)</u>
<i>Governmental activity capital assets, net</i>	<u><i>\$ 2,398,261</i></u>	<u><i>\$ (118,943)</i></u>	<u><i>\$ 0</i></u>	<u><i>\$ 2,279,318</i></u>
Business-type Activities				
Non-depreciable Assets:				
Work-in-progress	\$ 660,157	\$ 0	\$ (660,157)	\$ 0
Land	21,154	0	0	21,154
Depreciable Assets:				
Water Fund				
Buildings & equipment	\$ 2,368,675	\$ 15,877	\$ 0	\$ 2,384,552
Less: accumulated depreciation	<u>(599,155)</u>	<u>(62,788)</u>	<u>0</u>	<u>(661,943)</u>
<i>Water capital assets, net</i>	<u><i>1,769,520</i></u>	<u><i>(46,911)</i></u>	<u><i>0</i></u>	<u><i>1,722,609</i></u>
Sanitation Fund				
Buildings & equipment	369,742	0	0	369,742
Less: accumulated depreciation	<u>(223,264)</u>	<u>(30,775)</u>	<u>0</u>	<u>(254,039)</u>
<i>Sanitation capital assets, net</i>	<u><i>146,478</i></u>	<u><i>(30,775)</i></u>	<u><i>0</i></u>	<u><i>115,713</i></u>
Sewer				
Buildings & equipment	11,704,003	4,029,172	660,157	16,393,332
Less: accumulated depreciation	<u>(975,142)</u>	<u>(382,239)</u>	<u>0</u>	<u>(1,357,381)</u>
<i>Sewer capital assets, net</i>	<u><i>10,728,861</i></u>	<u><i>3,646,933</i></u>	<u><i>660,157</i></u>	<u><i>15,035,951</i></u>
<i>Business-type activities capital assets, net</i>	<u><i>\$13,326,170</i></u>	<u><i>\$3,569,247</i></u>	<u><i>\$ 0</i></u>	<u><i>\$16,895,417</i></u>
Internal Service Fund				
Buildings & equipment	\$ 994,966	\$ 0	\$ 0	\$ 994,966
Less: accumulated depreciation	<u>(677,590)</u>	<u>(37,479)</u>	<u>0</u>	<u>(715,069)</u>
<i>Internal Service capital assets, net</i>	<u><i>\$ 317,376</i></u>	<u><i>\$ (37,479)</i></u>	<u><i>\$ 0</i></u>	<u><i>\$ 279,897</i></u>

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2012**

NOTE 6 CAPITAL ASSETS, Continued

Depreciation expense was charged to functions as follows:

General government	\$ 137,237
Water fund	62,788
Sanitation fund	30,775
Sewer fund	382,239
Internal Service	<u>37,479</u>
	<u>\$ 650,518</u>

NOTE 7 COMMITMENTS AND CONTINGENCIES

As of the date of the financial statements, the City was involved in litigation with Peck-Ormsby, the general contractor of the city's wastewater treatment facility. Because the wastewater treatment filtration system does not meet Department of Environmental Quality standards, the City has not paid the contract retainage of \$368,000 owed to Peck-Ormsby. In response, the contractor has filed a lawsuit against the City. The City has issued a countersuit for the cost and installation of new filters as well as additional costs incurred to correct the filtration problems. According to legal representation, the City of Rigby has prevailed against the motion for summary judgment and the motions to compel arbitration filed by Peck-Ormsby and Parkson Corporation, the manufacturer of the faulty filtration system. Parkson appealed the district court's decision to the Ninth Circuit Court of Appeals. Currently, the case is on hold pending the Ninth Circuit decision on the motion to compel. The attorney for the City has stated that, "inasmuch as neither Parkson nor Peck Ormsby have any technical solution to the defective filters they installed, it is likely that a settlement will be reached whereby they will pay costs involved in remedying their defective work".

NOTE 8 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 9 SUBSEQUENT EVENTS

In March 2012, the City of Rigby joined the Idaho Independent Intergovernmental Authority (III-A). This agency was formed by a joint powers agreement approved by 35 municipalities to provide a self-funded health plan. Due to the payment of several high dollar insurance claims, the III-A was reporting an unfunded liability of \$1,751,570 as of September 30, 2012. This liability was assessed to the member municipalities based upon the number of participants which increased their respective contribution requirements. The City of Rigby's portion of the liability was \$41,040 which was recorded as an account payable in the financial statements dated September 30, 2012.

On December 19, 2012 the City informed the III-A of their intent to withdraw from the group. As a result, the III-A assessed an early withdrawal penalty of \$96,157 against the City.

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2012**

NOTE 10 RELATED PARTY TRANSACTIONS

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

NOTE 11 PENSION ACTIVITY—EMPLOYER REPORTING

Public Employee Retirement System of Idaho – The Public Employee Retirement System of Idaho (PERSI), a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on member's years of service, age, and compensation. In addition, benefits are provided for disability, death and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in the Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provides for other political subdivisions to participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI upon request.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website www.persi.idaho.gov.

The contribution requirements of the City of Rigby and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended September 30, 2012, the required contribution rate as a percentage of covered payroll for members was 6.23% for general members and 7.65% for police/firefighters.

The employer rate as a percentage of covered payroll was 10.39% to 10.73% for general members and 10.73% for police/firefighters. The City of Rigby's contributions required and paid were \$106,135, \$96,263, and \$111,337 for the three years ended September 30, 2012, 2011, and 2010, respectively.

NOTE 12 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At September 30, 2012 the following funds had excess expenditures over appropriation:

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures</u>
Lid #7	4,067	4,461	394
Internal Service Fund	137,200	146,946	9,746

NOTE 13 DEFICIT FUND BALANCE

At September 30, 2012 there were no funds with a deficit fund balance.

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2012**

NOTE 14 PRIOR PERIOD ADJUSTMENTS

A prior period adjustment of \$112,530 was made to the Sewer Fund to correct accrued interest.

A prior period adjustment of \$13,322 was made to the Sewer Collection Project Fund to correct a receivable that was improperly recorded in a prior year.

A prior period adjustment of \$34,016 was made to include the Airport Fund Balance. The Airport Fund had not been included in prior financial statements.

NOTE 15 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 16 RODEO AND AIRPORT FUNDS

The Jefferson Park/Rodeo Association was taken under management by the City of Rigby as of May 1, 2012 by ordinance #2012-55. Accordingly, the Park and Rodeo Department has been included in the Park Fund in these financial statements.

The Jefferson Rigby Airport has been included as its own separate and distinct fund. In 2012 it was discovered that the Airport is the responsibility of the City of Rigby and therefore the transactions for the year ended September 30, 2012 have included in the City's General Fund under Airport Fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIGBY
Budget to Actual Comparison Schedule
General Fund
For Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Local Sources:				
Local Revenue:				
Property taxes.....	\$ 784,945	\$ 784,945	\$ 774,324	\$ (10,621)
Earnings on investments.....	1,200	1,200	2,844	1,644
Fees and fines.....	36,250	36,250	33,134	(3,116)
Charges for services.....	44,000	44,000	49,993	5,993
Miscellaneous and other revenue.....	43,000	43,000	64,991	21,991
State revenues.....	207,500	207,500	266,917	59,417
Grants.....	11,500	11,500	17,492	5,992
Total revenue.....	<u>1,128,395</u>	<u>1,128,395</u>	<u>1,209,695</u>	<u>81,300</u>
 EXPENDITURES				
General government.....	501,725	501,725	454,536	47,189
Public safety.....	653,645	654,670	583,752	70,918
Cultural.....	14,000	14,000	16,140	(2,140)
Capital outlay.....	500	26,000	8,798	17,202
Total expenditures.....	<u>1,169,870</u>	<u>1,196,395</u>	<u>1,063,226</u>	<u>133,169</u>
Excess (deficiency) of revenue over expenditures.....	(41,475)	(68,000)	146,469	214,469
 OTHER FINANCING SOURCES (USES)				
Other Financing Source.....	-	-	-	-
Transfers.....	75,000	75,000	44,722	(30,278)
Net change in fund balances.....	33,525	7,000	191,191	184,191
Fund Balance - Beginning.....	291,639	291,639	291,639	-
Fund Balance - Ending.....	<u>\$ 325,164</u>	<u>\$ 298,639</u>	<u>\$ 482,830</u>	<u>\$ 184,191</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local Sources:				
Local Revenue:				
Property taxes.....	\$ 91,830	\$ 91,830	\$ 79,692	\$ (12,138)
Earnings on investments.....	-	-	-	-
Charges for services.....	70,000	70,000	40,931	(29,069)
Miscellaneous and other revenue.....	2,800	2,800	73,685	70,885
State revenues.....	125,000	125,000	146,388	21,388
Total revenue.....	<u>289,630</u>	<u>289,630</u>	<u>340,696</u>	<u>51,066</u>
EXPENDITURES				
Street and public improvement.....	402,705	432,705	284,854	147,851
Capital outlay.....	-	-	-	-
Total expenditures.....	<u>402,705</u>	<u>432,705</u>	<u>284,854</u>	<u>147,851</u>
Excess (deficiency) of revenue over expenditures.....	(113,075)	(143,075)	55,842	198,917
OTHER FINANCING SOURCES (USES)				
Transfers.....	-	-	-	-
Net change in fund balances.....	(113,075)	(143,075)	55,842	198,917
FUND BALANCES				
Beginning of the year.....	(43,721)	(43,721)	(43,721)	-
Prior Period Adjustment.....	-	-	-	-
End of the year.....	<u>\$ (156,796)</u>	<u>\$ (186,796)</u>	<u>\$ 12,121</u>	<u>\$ 198,917</u>

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

CITY OF RIGBY

Notes to the Required Supplementary Information September 30, 2012

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.

The City amended their original budget on September 20, 2012. The City satisfied the basic requirements of budget amendments by appropriately advertising and conducting a budget hearing.

NOTE 2 EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

Expenditures did not exceeded budgeted amounts in any major funds during 2012.

SUPPLEMENTARY INFORMATION

CITY OF RIGBY
Combining Balance Sheet - Non Major Funds
September 30, 2012

	Special Revenue										Capital Projects		
	Library Fund	Arterial Road Fund	Park Fund	Building Department Fund	Utility Assistance Trust Fund	Police Drug Fund	Airport Fund	Capital Improvement	Water Construction	Sewer Construction Fund	LID #7	Totals	
ASSETS													
Cash.....	\$ 3,346	\$ 4,211	\$ 51,222	\$ 3,091	\$ 11,968	\$ 12,859	\$ 25,120	\$ 146,149	\$ 24,400	\$ 9,101	\$ 3,241	\$ 294,708	
Investments.....	-	40,414	-	-	-	-	-	-	234,201	-	-	274,615	
Taxes receivable.....	8,875	-	5,523	-	-	-	-	1,842	-	-	-	16,240	
Other receivables.....	4,777	-	1,757	-	-	-	-	585	3,000	3,000	565	13,684	
Interfund receivable.....	-	-	-	-	-	-	-	-	-	-	-	-	
Prepaid expenses.....	45	-	71	-	-	-	-	-	-	-	-	116	
Total assets.....	<u>\$ 17,044</u>	<u>\$ 44,625</u>	<u>\$ 58,573</u>	<u>\$ 3,091</u>	<u>\$ 11,968</u>	<u>\$ 12,859</u>	<u>\$ 25,120</u>	<u>\$ 148,576</u>	<u>\$ 261,601</u>	<u>\$ 12,101</u>	<u>\$ 3,806</u>	<u>\$ 599,363</u>	
LIABILITIES AND FUND BALANCE													
Accounts payable.....	\$ 2,706	\$ -	\$ 12,357	\$ -	\$ 636	\$ -	\$ -	\$ 5,431	\$ -	\$ -	\$ -	\$ 21,130	
Other payable.....	-	-	-	-	-	-	-	-	-	-	-	-	
Salaries payable.....	1,956	-	545	-	-	-	-	-	-	-	-	2,500	
Payroll liabilities.....	842	-	217	-	-	-	-	-	-	-	-	1,059	
Deferred Expenditures.....	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred revenue.....	7,925	-	4,902	-	1,332	-	-	1,276	-	-	-	15,435	
Total liabilities.....	<u>13,429</u>	<u>-</u>	<u>18,021</u>	<u>-</u>	<u>1,968</u>	<u>-</u>	<u>-</u>	<u>6,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,124</u>	
FUND BALANCE:													
Restricted.....	-	-	-	-	-	12,859	25,120	141,869	261,601	12,101	3,806	457,356	
Committed.....	-	44,625	-	-	-	-	-	-	-	-	-	44,625	
Assigned.....	3,615	-	40,551	3,091	10,000	-	-	-	-	-	-	57,257	
Total fund balance.....	<u>3,615</u>	<u>44,625</u>	<u>40,551</u>	<u>3,091</u>	<u>10,000</u>	<u>12,859</u>	<u>25,120</u>	<u>141,869</u>	<u>261,601</u>	<u>12,101</u>	<u>3,806</u>	<u>559,238</u>	
Total liabilities and fund balance.....	<u>\$ 17,044</u>	<u>44,625</u>	<u>\$ 58,573</u>	<u>\$ 3,091</u>	<u>\$ 11,968</u>	<u>\$ 12,859</u>	<u>\$ 25,120</u>	<u>\$ 148,576</u>	<u>\$ 261,601</u>	<u>\$ 12,101</u>	<u>\$ 3,806</u>	<u>\$ 599,363</u>	

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

CITY OF RIGBY
Combining Statement of Revenue, Expenditures and Changes
in Fund Balances - Non Major Funds
September 30, 2012

	Special Revenue										Capital Projects				Total
	Library Fund	Arterial Road Fund	Park Fund	Building Department Fund	Utility Assistance Trust Fund	Police Drug Fund	Airport Fund	Capital Improvements	Water Construction	Sewer Construction Fund	LID #7				
REVENUES															
Local Revenue:															
Property taxes.....	\$ 94,039	\$ -	\$ 74,730	\$ -	\$ -	\$ -	\$ -	\$ 20,223	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 188,992	
Earnings on investments.....	-	415	-	-	-	-	-	121	4,872	929	-	-	-	6,337	
Charges for services.....	16,523	-	-	147	-	-	9,147	5,000	5,756	5,756	3,373	-	-	45,702	
Miscellaneous and other revenue.....	2,225	-	45,543	10	8,668	11,234	1,508	26,845	-	-	-	-	-	96,033	
State revenues.....	10,813	-	5,453	-	-	-	-	1,826	-	-	-	-	-	18,092	
Grants.....	4,291	-	-	-	-	-	36,500	-	-	-	-	-	-	40,791	
Total revenue.....	127,892	415	125,726	157	8,668	11,234	47,155	54,014	10,628	6,685	3,373	-	-	395,946	
EXPENDITURES															
General government.....	-	-	-	-	-	-	4,808	-	-	-	-	-	-	4,808	
Street and public improvement.....	-	-	-	1,066	-	-	-	-	-	-	4,461	-	-	5,527	
Public safety.....	-	-	-	-	-	1,872	-	-	-	-	-	-	-	1,872	
Parks and recreation.....	-	-	110,302	-	-	-	-	-	-	-	-	-	-	110,302	
Culture.....	132,616	-	-	-	8,668	-	57,243	-	-	-	-	-	-	141,284	
Capital outlay.....	-	-	-	-	-	-	57,243	13,498	-	-	-	-	-	70,741	
Total expenditures.....	132,616	-	110,302	1,066	8,668	1,872	62,051	13,498	-	-	4,461	-	-	334,534	
Excess (deficiency) of revenue over expenditures.....	(4,724)	414	15,423	(909)	-	9,362	(14,896)	40,516	10,628	6,685	(1,088)	-	-	61,412	
OTHER FINANCING SOURCES (USES)															
Transfers.....	-	-	2,250	12,028	-	-	6,000	10,000	-	-	-	-	-	30,278	
Net change in fund balances.....	(4,724)	414	17,673	11,119	-	9,362	(8,896)	50,516	10,628	6,685	(1,088)	-	-	91,690	
FUND BALANCES															
Beginning of the year.....	8,339	44,211	22,878	(8,028)	10,000	3,497	-	91,353	250,973	5,416	4,894	-	-	433,533	
Prior period adjustment.....	-	-	-	-	-	-	34,016	-	-	-	-	-	-	34,016	
End of the year.....	\$ 3,615	\$ 44,625	\$ 40,551	\$ 3,091	\$ 10,000	\$ 12,859	\$ 25,120	\$ 141,869	\$ 261,601	\$ 12,101	\$ 3,806	\$ -	\$ -	\$ 559,239	

The notes to the financial statements are an integral part of this statement.
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CITY OF RIGBY
Schedule of Expenditures
General Fund
For Year Ended September 30, 2012

		Total	
		Expenditures	
GENERAL GOVERNMENT			
Mayor & Council			
Payroll related expenditures	\$	37,663	
Public relations		2,266	
Other		1,156	
Total Mayor & Council		\$	41,085
City Hall			
Payroll related expenditures	\$	397	
Utilities & telephone		7,573	
Maintenance		9,823	
Total City Hall		\$	17,793
Administration			
Payroll related expenditures	\$	109,927	
Office expenditures		32,821	
Bank fees		18,380	
Other		328	
Total Administration		\$	161,456
Non-departmental			
Payroll related expenditures	\$	71,254	
Legal & professional		30,370	
Bonds & insurance		59,988	
Other		10,500	
Total Non-departmental		\$	172,112
Planning & Zoning			
Payroll related expenditures	\$	36,967	
Office expenditures		968	
Engineering fees		20,212	
Other		3,943	
Total Planning & Zoning		\$	62,090
TOTAL GENERAL GOVERNMENT EXPENDITURES			\$ 454,536
PUBLIC SAFETY			
Payroll related expenditures	\$	504,563	
Office expenditures		6,478	
Utilities & telephone		16,202	
Police expenditures		46,893	
Maintenance & repairs		9,616	
TOTAL PUBLIC SAFETY		\$	583,752
CULTURAL			
Museum, rodeo, & discretionary cultural expenditures		\$	16,140
CAPITAL OUTLAY			
City Hall	\$	1,550	
Administration		4,684	
Police		2,564	
TOTAL CAPITAL OUTLAY		\$	8,798
TOTAL GOVERNMENTAL EXPENDITURES			\$ 1,063,227

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

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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 the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rigby, Idaho, as of and for the year ended September 30, 2012, which collectively comprise the City of Rigby's basic financial statements and have issued our report thereon dated February 5, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the City of Rigby, Idaho, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Rigby's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we have identified certain deficiencies in internal control over financial reporting that we consider to be materially weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (2012-03 and 2012-4)

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (2012-01 and 2012-2)

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (2012-01 and 2012-2)

We noted certain matters that we reported to management of the City of Rigby, in a separate letter dated February 19, 2013.

The City of Rigby's response to the findings identified in our audit is described in the accompanying schedule of audit findings and responses. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor and City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jensen Poulsen & Company, PLLC

JENSEN POULSEN & COMPANY, PLLC
Certified Public Accountants

Idaho Falls, Idaho
February 5, 2013

CITY OF RIGBY

**Schedule of Audit Findings and Responses
September 30, 2012**

FINDINGS—FINANCIAL STATEMENT AUDIT

A. SIGNIFICANT DEFICIENCIES

2012-01 — Inadequate journal entry documentation

Condition:

The Clerk did not maintain file of journal entries made during the year.

Criteria:

The proper initiation, authorization, recording and processing of standard and nonstandard journal entries helps guard against the use of journal entries to manipulate financial information and obscure fraudulent financial reporting.

Effect:

The lack of proper documentation of journal entries may increase the risk materially misstated financial information.

Cause:

The Clerk made numerous journal entries during the year. There was no file maintained of the entries made and no supporting documentation or written explanation of the nature of the adjustments.

Recommendation:

We recommend the Clerk maintain a file of journal entries made throughout the year. All journal entries should be accompanied by full explanation and by reference to adequate supporting data.

Response:

The City recognizes the lack of documentation and has implemented procedures to maintain adequate records of journal entries.

2012-02 — Inadequate retention of accounting data

Condition:

The Clerk did not maintain significant accounting data during the year.

Criteria:

Accounting data necessary to support the underlying financial statement amounts should be retained by the City.

Effect:

The absence of underlying accounting data created additional burden to the auditors during audit testing. The auditors had to rely on third parties to provide data that should have been retained by the City.

Cause:

The Clerk did not have accounting data to support the additional bond proceeds secured by the City as well as several engineering and construction invoices related to the City's wastewater collection project. These invoices were necessary not only for substantiation of financial statement amounts but also necessary for single audit purposes. Furthermore, several invoices requested during expenditure testing could not be provided.

Recommendation:

We recommend the Clerk maintain all accounting data necessary to support the underlying financial statement amounts in an orderly and complete system.

CITY OF RIGBY

**Schedule of Audit Findings and Responses
September 30, 2012**

FINDINGS—FINANCIAL STATEMENT AUDIT (CONTINUED)

Response:

The City recognizes the lack of documentation and is in the process of implementing procedures to improve the recordkeeping process.

2012-03 — Lack of control over financial transactions of the Airport Fund

Condition:

The Airport maintains a separate checking account and accounting system.

Criteria:

All financial transactions of City funds should be inclusive in one accounting system. Cash transactions should be accounted for by the City Clerk and approved by the City Council.

Effect:

The absence of control over the Airport financial transactions increases the risk of fraudulent activity and material misstatement of financial information.

Cause:

The Jefferson Rigby Airport has been operating independently and maintaining a separate checking account since its creation. Upon review of documents and Council authority it has been determined that it is essentially owned by the City of Rigby and should be accounted for with the City's accounting system and included in the City's financial statements.

Recommendation:

We recommend all cash funds be remitted to the City Clerk and all financial transactions be accounted for by the City. While the Airport may maintain a separate managing board, the City Council must have the ultimate authority over the financial transactions.

Response:

The City recognizes the lack of control over the maintenance of Airport Fund's bookkeeping. The City is in the process of transferring responsibility of the bookkeeping over to the City Clerk.

2012-04 — Lack of control over financial transactions of the Rodeo Fund

Condition:

The City's Park and Rodeo Department maintains a separate checking account

Criteria:

All financial transactions of City funds should be inclusive in one accounting system. Cash transactions should be accounted for by the City Clerk and approved by the City Council.

Effect:

The absence of control over the Park and Rodeo department financial transactions increases the risk of fraudulent activity and material misstatement of financial information.

CITY OF RIGBY

**Schedule of Audit Findings and Responses
September 30, 2012**

FINDINGS—FINANCIAL STATEMENT AUDIT (CONTINUED)

Cause:

The Park and Rodeo department was created by Ordinance #2012-555 approved by City Council on May 1, 2012. The ordinance refers to the department as an administrative division of the City of Rigby. At this point in time, all financial transactions of the department should have been initiated, recorded and approved by the City of Rigby.

Recommendation:

We recommend all cash funds belonging to the City of Rigby be remitted to the City Clerk and all financial transactions be accounted for by the City. While the Park and Rodeo Department may maintain a separate managing board, the City Council must have the ultimate authority over the financial transactions.

Response:

The City recognizes the lack of control over the maintenance of Rodeo Fund's bookkeeping. The City is in the process of transferring responsibility of the bookkeeping over to the City Clerk.

CITY OF RIGBY

**Schedule of Prior Findings and Questioned Costs
September 30, 2012**

Findings on Prior Findings:

FINDINGS—FINANCIAL STATEMENT AUDIT

A. SIGNIFICANT DEFICIENCIES

2011-01 — Lack of adherence to financial protocol.

Status: The City is now in compliance to their financial protocol.

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mayor and City Council
City of Rigby
Rigby, Idaho 83442

Compliance

We have audited the compliance of City of Rigby with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on the City of Rigby's major federal programs for the year ended September 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Rigby's management. Our responsibility is to express an opinion on the City of Rigby's compliance based on our audit.

We conducted our audit on compliance in accordance auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City of Rigby's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Rigby's compliance with those requirements.

In our opinion, the City of Rigby, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

Internal Control over Compliance

The management of the City of Rigby is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Rigby's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Rigby's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *Material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City of Rigby's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Rigby's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor and City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sensen Poulsen & Company, PLLC

JENSEN POULSEN & COMPANY, PLLC
Certified Public Accountants

Idaho Falls, ID
February 5, 2013

CITY OF RIGBY

**Summary of Auditor's Results
September 30, 2012**

Financial Statements

Internal Control over Financial Reporting:

- Type of auditor's report issued – Unqualified.
- Material weakness identified—None.
- Reportable conditions identified that are not considered to be material weaknesses—2012-1 through 2012-4.

Noncompliance Material to Financial Statements Noted—None deemed to be material.

Federal Awards

Internal Control over Major Programs:

- Material weakness identified—None deemed material.
- Reportable condition identified that are not considered to be material weakness—2012-2.

Type of Auditor's Report Issued on Compliance for Major Programs: Unqualified.

Any audit findings disclosed that are required to be reported in accordance with *Section 501(a)* of Circular A-133 are reported in the following federal awards audit findings schedule.

Identification of Major Programs

CFDA Number:

#10.760

#14.228

Name of Federal Program:

Water and Waste Disposal Systems for Rural Communities

Community Development Block Grant

Dollar Threshold Used to Distinguish Between *Type A* and *Type B* Programs: \$300,000.

Auditee Qualified as Low Risk Auditee: No.

CITY OF RIGBY

**Schedule of Expenditures of Federal Awards
For the year ended September 30, 2012**

Pass Through Entitlement/Grants

	<u>Federal CFDA No.</u>	<u>Accrued Grant and Loan Disbursements</u>
<u>United States Department of Agriculture</u>		
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 1,097,266
<u>United States Department of Commerce</u>		
Community Development Block Grant	14.228	400,000
<u>United States Department of Transportation</u>		
Highway Planning and Construction	20.205	2,915
State and Community Highway Safety	20.600	1,927
Alcohol Traffic Safety and Drunk Driving Prevention	20.601	7,640
Capitalization Grants for Drinking Water State Revolving fund	66.468	<u>1,250</u>
 Total Expenditures		 <u>\$ 1,510,998</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Rigby and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE B SUBRECIPIENTS

Of the federal expenditures presented in this schedule, City of Rigby provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA No.</u>	<u>Amount</u>
Community Development Block Grant	14-228	\$400,000