

**CITY OF RIGBY  
RIGBY, IDAHO**

**Basic Financial Statements and  
Required Supplementary Information  
With  
Supplementary Information and  
Independent Auditor's Report  
Year Ended September 30, 2013**

# CITY OF RIGBY

## Table of Contents Year Ended September 30, 2013

	Page
Independent Auditor's Report on the Basic Financial Statements	i-ii
Management Discussion and Analysis of Financial Statements	1-6
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
Statement of Net Assets	7
Statement of Activities	8
<b>FUND FINANCIAL STATEMENTS</b>	
Balance Sheet – Governmental Funds	9
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	12
Statement of Net Assets – Proprietary Funds	13
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	14
Statement of Cash Flows – Proprietary Funds	15
Notes to the Financial Statements	16-29
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budget to Actual Comparison Statement – General Fund	30
Budget to Actual Comparison Statement – Road Fund	31
Notes to Required Supplementary Information	32
<b>SUPPLEMENTARY INFORMATION</b>	
Combining Balance Sheet – Nonmajor Funds	33
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Funds	34
Schedule of General Fund Expenditures	35
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	36-37

**CITY OF RIGBY**

**Table of Contents  
Year Ended September 30, 2013**

	Page
Schedule of Audit Findings and Responses	38-40
Schedule of Prior Findings & Questioned Costs	41
Report on Compliance With Requirements to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	42-43
Summary of Auditor's Results	44
Schedule of Expenditures of Federal Awards	45

# JENSEN POULSEN & COMPANY, PLLC

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

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

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

## 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Rigby, Idaho, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rigby, Idaho, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 31 through 32 be presented to supplement the basic

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

*Other Information*

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has 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 it.

*Jensen Poulsen & Company, PLLC*

**JENSEN POULSEN & COMPANY, PLLC**  
Certified Public Accountants  
Idaho Falls, ID  
March 6, 2014

City of Rigby  
Management's Discussion and Analysis of Financial Statements  
Fiscal Year Ending September 30, 2013

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, 2013.

**FINANCIAL HIGHLIGHTS**

The net assets of the City exceeded its liabilities at September 30, 2013 by \$18,107,000.

- Of this amount, \$2.398 million represents unrestricted net position and \$1.731 million of restricted assets which is available to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased from \$15.207 million to \$18.107 million, an increase of \$2.900 million as a result of this year's operations.
- At fiscal year end, the City's governmental funds reported combined ending fund balances of \$5.436 million, an increase of \$2.111 million. The business-type activities reported an ending fund balance of \$12.671 million, an increase of \$789,000 from the prior year.
- The General Fund Balance was \$716,331 at September 30, 2013 an increase of \$214,190 over the prior year ending balance. This represents 58.35% of the total General Fund expenditures and fund transfers for the current year. This also represents 57.2% of the 2014 General Fund budgeted expenditures.
- The net working capital for all funds increased from \$6.548 million to \$7.427 million, an increase of \$878,685 over the prior year net working capital.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Rigby, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the city can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

The basic governmental-wide and fund financial statements can be found on pages 7-15 and non-major funds on pages 33-34.

*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 16-29 of the audit report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net Position:** For the years ended September 30, 2013 and September 30, 2012, Net Position changed as follows:

	Governmental Activities	Business-type Activities	All Activities
Net Position Sept 30, 2012	3,325,360	11,882,154	15,207,514
Increase in Net Position	<u>2,111,297</u>	<u>788,938</u>	<u>2,900,235</u>
Net Position Sept 30, 2013	5,436,657	12,671,092	18,107,749
Percent Change	63.5%	6.6%	19.1%

Following is the comparative statement of Net Position (2012 vs. 2013).

	Government Activities		Business-type Activities		Total - All Activities		Favorable/ (Unfavorable)
	2012	2013	2012	2013	2012	2013	Change
Current and other assets	1,265,812	1,553,335	7,014,393	7,237,145	8,280,205	8,790,480	510,275
Capital Assets	<u>2,279,318</u>	<u>4,086,837</u>	<u>17,175,314</u>	<u>17,628,130</u>	<u>19,454,632</u>	<u>21,714,967</u>	<u>2,260,335</u>
Total Assets	<u>3,545,130</u>	<u>5,640,172</u>	<u>24,189,707</u>	<u>24,865,275</u>	<u>27,734,837</u>	<u>30,505,447</u>	<u>2,770,610</u>
Current Liabilities	136,664	136,644	1,594,587	1,056,184	1,731,251	1,192,828	538,423
Long-term liabilities outstanding	35,180	18,286	10,699,250	12,180,616	10,734,430	11,142,718	(408,288)
Other Liabilities	<u>47,926</u>	<u>48,585</u>	<u>13,716</u>	<u>13,568</u>	<u>61,642</u>	<u>62,153</u>	<u>(511)</u>
Total Liabilities	<u>219,770</u>	<u>203,515</u>	<u>12,307,553</u>	<u>12,194,184</u>	<u>12,527,323</u>	<u>12,397,699</u>	<u>129,624</u>
Net Assets:							
Invested in capital assets, net of debt	2,228,530	4,051,657	9,394,975	9,926,630	11,618,061	13,978,287	2,360,226
Restricted	593,735	660,139	424,065	1,070,894	1,017,800	1,731,033	713,233
Unrestricted	<u>503,095</u>	<u>724,861</u>	<u>2,068,558</u>	<u>1,673,568</u>	<u>2,571,653</u>	<u>2,398,429</u>	<u>(173,224)</u>
Total net assets	<u>3,325,360</u>	<u>5,436,657</u>	<u>11,882,154</u>	<u>12,671,092</u>	<u>15,207,514</u>	<u>18,107,749</u>	<u>2,900,235</u>

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 \$18.1 million at September 30, 2013 compared to \$15.2 million at September 30, 2012, an overall net increase of \$2.9 million in net assets. The increase represents the net change in the city's addition in the sewer project less depreciation charges and included prior years contribution of assets.

### Outstanding Debt:

The debt owed on the government activities and business-type assets increased from \$10.89 million to \$11.3 million as shown below.

	Beginning	Additions	Retirement	Ending
Government Vehicle Leasing	50,788		15,608	35,180
DEQ Wastewater Loan	6,586,109	516,497		7,102,606
USDA-RD Wastewater Loan	<u>4,194,230</u>	<u>-</u>	<u>84,282</u>	<u>4,109,948</u>
	10,831,127	516,497	99,890	11,247,734
Compensated Absences	<u>61,642</u>	<u>511</u>	<u>-</u>	<u>62,153</u>
	<u>10,892,769</u>	<u>517,008</u>	<u>99,890</u>	<u>11,309,887</u>

Working capital (current assets less current liabilities) has increased from \$2.8 million at September 30, 2009 to \$7.4 million at September 30, 2013, a net increase of \$4.6 million.

<u>Working Capital - All Funds</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Current/Other Assets	4,372,875	4,228,324	6,385,759	8,280,205	8,765,919
Current Liabilities	<u>1,538,052</u>	<u>677,961</u>	<u>883,158</u>	<u>1,731,251</u>	<u>1,192,828</u>
	2,834,823	3,550,363	5,502,601	6,548,954	7,573,091
Year over Year % Increase		25%	55%	19%	16%

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

	Ending Reserves	2014 Budget	25% 2014 Budget	Excess Reserves
General Fund	716,331	1,252,125	313,031	403,300
Library Fund	2,473	149,225	37,306	(34,833)
Parks/Recreation	78,407	99,125	24,781	53,626
Roads	78,347	332,750	83,188	(4,841)
Capital Improvement	100,962	477,800	119,450	(18,488)
Water Revenue	1,062,600	542,000	135,500	927,100
Sanitation	499,406	235,500	58,875	440,531
Sewer Revenue	2,708,884	1,378,875	344,719	2,364,165
Sewer Debt Service	1,070,894	635,000	158,750	912,144

#### **GENERAL FUND BUDGETARY HIGHLIGHT**

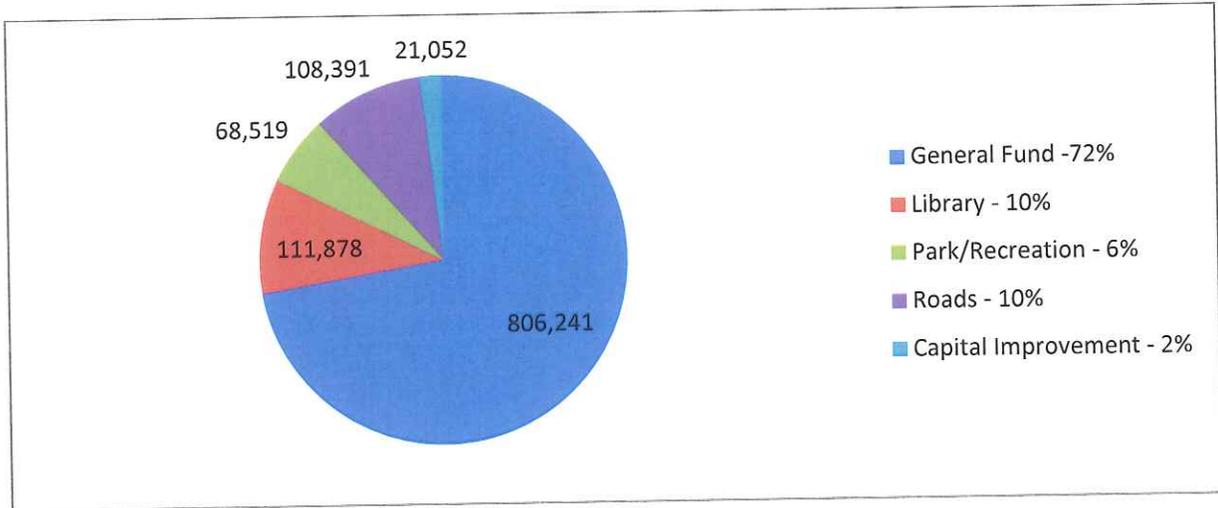
The general fund is the primary operating funds of the city. At year end its unreserved, undesignated fund balance was \$716,331 vs. \$482,830 for the prior year. As a measure of liquidity the fund balance of \$716,331 represents a reserve of 208 days of its 2014 budgeted expenditures.

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

Annual budgets are published prior to adoption and public hearings are held. Budgets may be amended during the year. Whenever budgets are raised over the authorized budget statues require public hearing and re-publication of the prior budget, increase and revised budget. On September 17, 2013 the city amended its original budget to account for increase revenues and expenditures incurred but not included in the original budget for the general fund, library, park and road funds. Total increase in unanticipated revenues and expenditures for all funds totaled \$64,500. The mayor and council are required not to allow expenditures exceed their authorized spending amount. All funds remained within their authorized budgets for the year ending September 30, 2013.

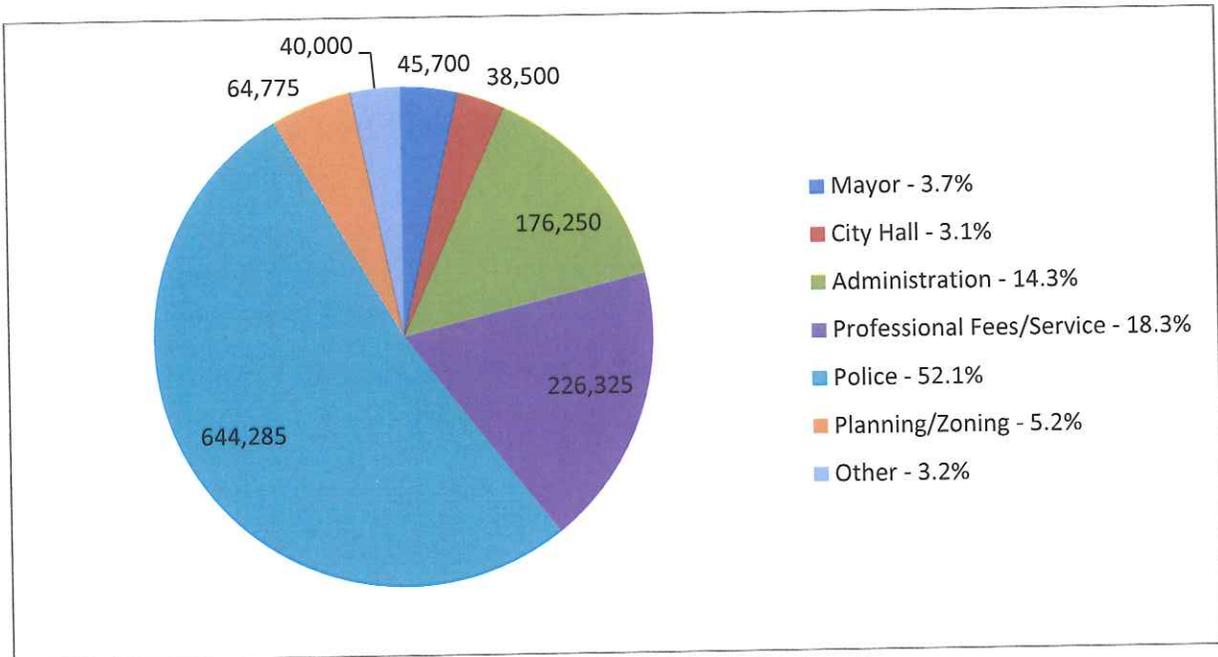
**PROPERTY TAX ASSESSMENT -**

The city assessed \$1.1 million from property taxes. The following pie chart shows the allocation of the tax to the various funds.



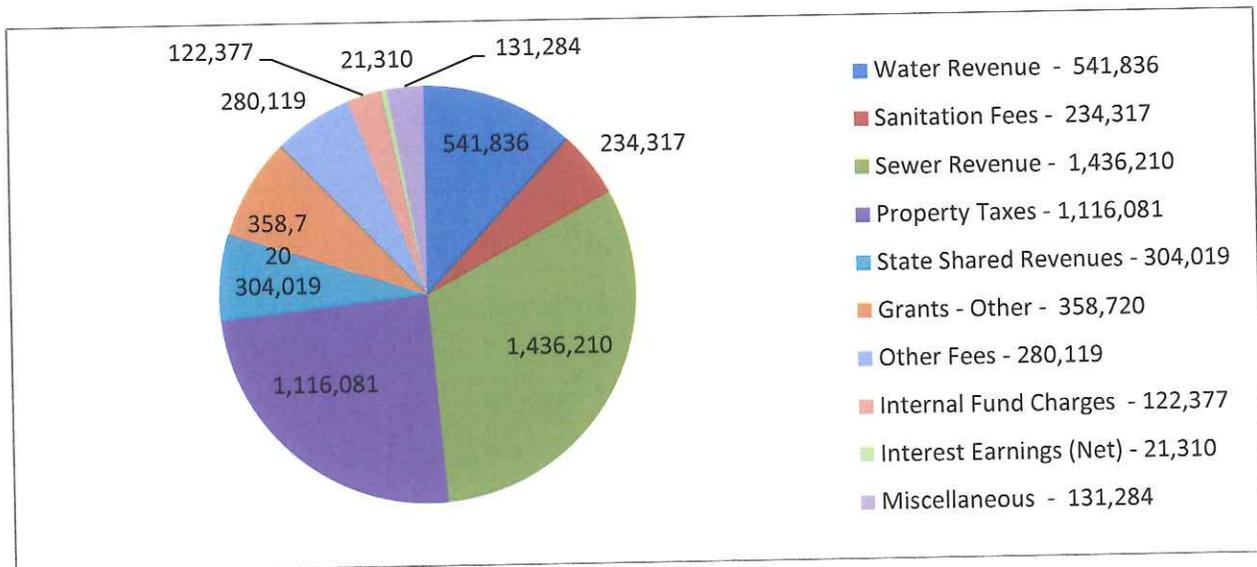
**GENERAL FUND BUDGETED EXPENDITURES**

The following pie chart summarizes the budgeted expenditures of \$1.1 million to the various departments within the general fund.



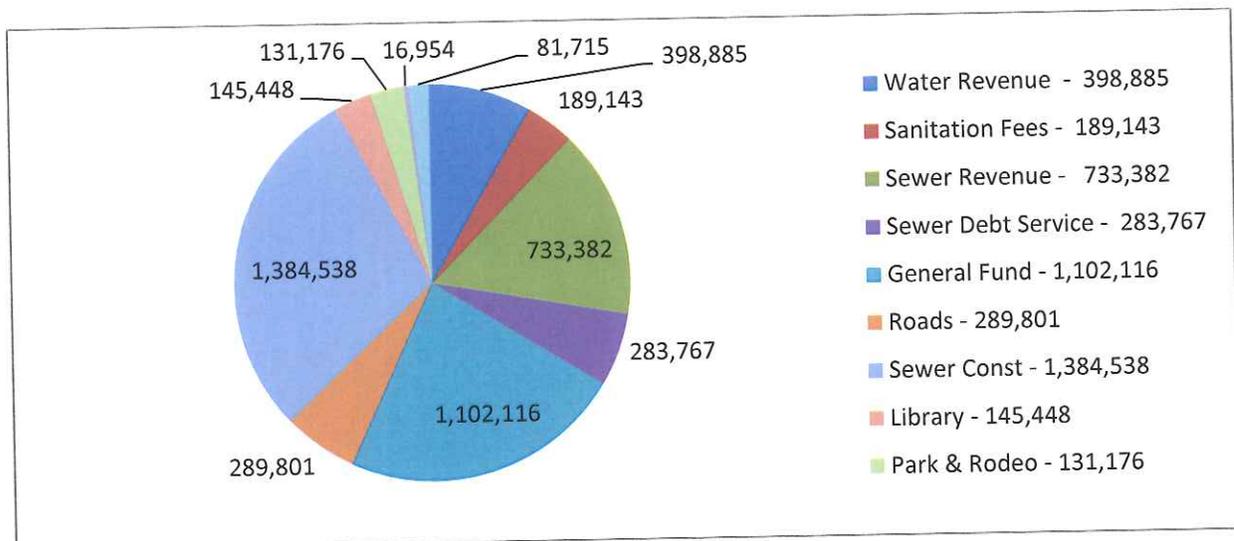
**CITY-WIDE REVENUES**

Total city-wide revenues totaled \$4.546 million. The following chart shows the source of revenues.



**CITY-WIDE EXPENDITURES**

Total city-wide expenditures totaled \$4.756 million. The following chart shows the allocation expenditures by fund.



**Request for Information**

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

David Swager, CPA  
City Clerk/Treasurer

## BASIC FINANCIAL STATEMENTS

**CITY OF RIGBY**  
**Statement of Net Position**  
**September 30, 2013**

	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 833,765	\$ 2,516,283	\$ 3,350,048	\$ 1,049,578
Investments.....	399,130	4,475,918	4,875,048	-
Receivables (net).....	297,411	242,244	539,655	985
Prepaid expenses.....	23,029	2,700	25,729	-
Capital assets, net of depreciation.....	3,678,178	16,639,736	20,317,914	-
Capital assets, non-depreciable.....	408,659	988,394	1,397,053	-
Total assets.....	<u>\$ 5,640,172</u>	<u>\$ 24,865,275</u>	<u>\$ 30,505,447</u>	<u>\$ 1,050,563</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable.....	\$ 78,562	\$ 116,364	\$ 194,926	\$ 244
Other payable.....	11,288	819,558	830,846	4,886
Salaries & benefits payable.....	29,901	8,412	38,313	-
Water deposits.....	-	23,729	23,729	-
Current portion of long term debt.....	16,894	88,121	105,015	-
Total current liabilities	<u>136,644</u>	<u>1,056,184</u>	<u>1,192,828</u>	<u>5,130</u>
Long-term liabilities				
Debt portion due in more than one year.....	18,286	7,613,379	7,631,665	-
Interim DEQ financing	-	3,511,053	3,511,053	-
Compensated absences.....	48,585	13,568	62,153	-
Total liabilities.....	<u>203,515</u>	<u>12,194,184</u>	<u>12,397,699</u>	<u>5,130</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	4,051,657	9,926,630	13,978,287	-
Restricted for:				
Capital projects.....	563,436	-	563,436	-
Debt service.....	-	1,070,894	1,070,894	-
Community development and improvement projects.....	96,703	-	96,703	-
Unrestricted .....	724,861	1,673,568	2,398,429	1,045,433
Total net assets.....	<u>\$ 5,436,657</u>	<u>\$ 12,671,092</u>	<u>\$ 18,107,749</u>	<u>\$ 1,045,433</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, 2013**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Operating Grants and Contributions		Governmental Activities	Business-Type Activities	Total	
		Fees, Fines, & Charges for Services	Capital Grants and Contributions				
<b>Governmental activities:</b>							
General government.....	\$ 510,711	\$ 74,441	\$ -	\$ (436,270)	\$ -	\$ (436,270)	\$ -
Public safety.....	675,356	35,804	39,349	(600,203)	-	(600,203)	-
Public works.....	332,600	79,661	137,990	(114,949)	-	(114,949)	-
Parks and recreation.....	195,736	75,893	-	(119,843)	-	(119,843)	-
Cultural.....	162,348	14,320	2,797	(131,741)	-	(131,741)	-
Interest on long term debt.....	-	-	-	-	-	-	-
Internal Service charges.....	43,678	-	-	(43,678)	-	(43,678)	-
Total governmental activities.....	1,920,428	280,119	140,787	(1,446,683)	-	(1,446,683)	-
<b>Business-type activities:</b>							
Water fund.....	398,885	540,413	-	-	\$ 141,528	141,528	-
Sanitation fund.....	189,143	234,317	-	-	45,174	45,174	-
Sewer fund.....	932,867	1,436,212	-	165,094	668,439	668,439	-
Internal Service charges.....	95,077	-	-	-	(95,077)	(95,077)	-
Total business-type activities.....	1,615,972	2,210,942	-	165,094	760,064	760,064	-
Total primary government.....	\$ 3,536,400	\$ 2,491,061	\$ 140,787	\$ (1,446,683)	\$ 760,064	\$ (686,619)	-
Component unit.....	\$ 16,441	\$ -	\$ -	\$ -	\$ -	\$ -	(16,441)

**General revenues:**

Taxes:

Property taxes, levied for general purposes	806,241	-	806,241
Property taxes, levied for library	111,878	-	111,878
Property taxes, levied for park and recreation fund	68,519	-	68,519
Property taxes, levied for public works	108,391	-	108,391
Property taxes, levied for capital projects	21,052	-	21,052
State sales taxes	114,836	-	114,836
State revenue sharing	127,037	-	127,037
State liquor allocation	62,146	-	62,146
Earnings on investments	337	20,973	21,310
Miscellaneous	129,782	1,423	131,205
Gain (loss) on sale of assets	1,500	-	1,500
Internal Service Charges	51,399	70,978	122,377
Transfers	64,500	(64,500)	-
Total general revenues and transfers	1,667,618	28,874	1,696,492
Changes in net assets	220,935	788,938	1,009,873
Net position--beginning	3,325,360	11,882,154	15,207,514
Contributed capital	469,688	-	469,688
Prior period adjustment	1,420,674	-	1,420,674
Net assets--ending	\$ 5,436,657	\$ 12,671,092	\$ 18,107,749

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

**CITY OF RIGBY**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2013**

	General Fund	Road Fund	Non Major Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash.....	\$ 495,179	\$ 48,169	\$ 278,509	\$ 821,857
Investments.....	123,190	-	275,939	399,129
Taxes receivable.....	55,153	6,911	13,859	75,923
Other receivables.....	103,016	43,720	74,754	221,490
Interfund receivable.....	-	-	-	-
Prepaid expenses.....	21,373	1,656	-	23,029
Total assets.....	<u>\$ 797,911</u>	<u>\$ 100,456</u>	<u>\$ 643,061</u>	<u>\$ 1,541,428</u>
 <b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES:</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable.....	\$ 12,816	\$ 14,605	\$ 48,217	\$ 75,638
Other payable.....	-	-	11,227	11,227
Payroll liabilities.....	-	-	-	-
Salaries payable/Benefits.....	20,572	1,481	7,848	29,901
Deferred revenue.....	48,192	6,023	12,075	66,290
Deferred expenditures.....	-	-	-	-
Interfund payable.....	-	-	-	-
Total current liabilities.....	<u>81,580</u>	<u>22,109</u>	<u>79,367</u>	<u>183,056</u>
 <b>FUND BALANCE</b>				
Restricted.....	-	78,347	433,355	511,702
Committed.....	-	-	44,459	44,459
Assigned.....	-	-	85,880	85,880
Unassigned.....	716,331	-	-	716,331
Total fund balance.....	<u>716,331</u>	<u>78,347</u>	<u>563,694</u>	<u>1,358,372</u>
 Total liabilities and fund balance.....	 <u>\$ 797,911</u>	 <u>\$ 100,456</u>	 <u>\$ 643,061</u>	 <u>\$ 1,541,428</u>

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

**CITY OF RIGBY**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Position**  
**September 30, 2013**

**Total fund balances - governmental funds** \$ 1,358,372

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

Cost of capital assets	\$ 6,147,079	
Depreciation expense to date	(2,060,240)	4,086,839

Property taxes received that are not available to pay for current period expenditures are deferred in the funds.		66,290
--	--	--------

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

Compensated absences payable	(48,585)	
Capital lease payable	(35,180)	
Bonds payable - L.I.D.	-	(83,765)

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 position		8,921

**Total net assets for governmental activities** \$ 5,436,657

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, 2013**

	General Fund	Road Fund	Non Major Funds	Total Governmental Funds
<b>REVENUES</b>				
Local Revenue:				
Property taxes.....	\$ 825,040	\$ 108,485	\$ 213,501	\$ 1,147,026
Earnings on investments.....	(1,320)	-	1,657	337
Fees and fines.....	25,416	-	-	25,416
Charges for services.....	35,804	65,376	42,097	143,277
Miscellaneous and other revenue.....	82,721	33,101	114,070	229,892
State revenues.....	271,905	149,065	22,071	443,041
Grants.....	20,849	-	17,371	38,220
Total revenue.....	<u>1,260,415</u>	<u>356,027</u>	<u>410,767</u>	<u>2,027,209</u>
<b>EXPENDITURES</b>				
General government.....	461,107	-	12,429	473,536
Public safety.....	617,820	-	5,953	623,773
Street and public improvement.....	-	289,801	1,200	291,001
Parks and recreation.....	-	-	129,423	129,423
Cultural.....	14,000	-	155,448	169,448
Capital outlay.....	9,189	-	126,992	136,181
Contingent liability.....	-	-	-	-
Total expenditures.....	<u>1,102,116</u>	<u>289,801</u>	<u>431,445</u>	<u>1,823,362</u>
Excess (deficiency) of revenue over expenditures.....	158,299	66,226	(20,678)	203,847
<b>OTHER FINANCING SOURCES (USES)</b>				
Other Financing Source.....	-	-	-	-
Transfers.....	55,891	-	8,609	64,500
Net change in fund balances.....	214,190	66,226	(12,069)	268,347
Fund Balance - Beginning.....	482,830	12,121	559,239	1,054,190
Prior Period Adjustment.....	19,311	-	16,524	35,835
Fund Balance - Ending.....	<u>\$ 716,331</u>	<u>\$ 78,347</u>	<u>\$ 563,694</u>	<u>\$ 1,358,372</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, 2013**

<b>Net Change in fund balances-total governmental funds</b>		<b>\$</b>	<b>268,347</b>
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		\$	146,316
Depreciation expense		<u>(194,821)</u>	(48,505)
<p>In the statement of activities, only the gain on the sale of assets are reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.</p>			
		<u>\$</u>	<u>1,500</u>
			1,500
<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 - 2013		66,290	
Deferred revenue - 2012		<u>(89,367)</u>	(23,077)
<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		15,608	
Bonds payable		<u>-</u>	15,608
<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 - 2013		(48,585)	
Compensated absences - 2012		<u>47,926</u>	(659)
<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>7,721</u>
<b>Change in Net Position of Governmental Activities</b>		<b>\$</b>	<b><u>220,935</u></b>

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

**CITY OF RIGBY**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2013**

	Water Fund	Sanitation	Sewer Fund	Sewer Collection	Total	Internal Service Funds
<b>ASSETS</b>						
Cash.....	\$ 453,436	\$ 354,396	\$ 1,337,031	\$ 185,315	\$ 2,330,178	\$ 28,262
Cash - restricted for bond.....	-	-	169,738	-	169,738	-
Investments.....	620,882	130,041	2,684,664	1,040,331	4,475,918	-
Receivables.....	58,110	24,669	159,467	-	242,246	-
Capital assets, net of depreciation.....	1,670,359	88,537	14,614,653	-	16,373,549	266,187
Capital assets, non-depreciable.....	21,154	-	-	967,240	988,394	-
Prepaid expenses.....	-	1,611	1,089	-	2,700	-
Total assets.....	<u>2,823,941</u>	<u>599,254</u>	<u>18,966,642</u>	<u>2,192,886</u>	<u>24,582,723</u>	<u>\$ 294,449</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable.....	32,239	3,266	22,867	55,068	113,440	\$ 5,847
Other payable.....	10,789	-	450,360	358,348	819,497	127
Water deposits.....	23,729	-	-	-	23,729	-
Salaries payable & payroll liabilities.....	-	3,583	4,828	-	8,411	-
Current portion of long term debt.....	-	-	88,121	-	88,121	-
Total current liabilities.....	<u>66,757</u>	<u>6,849</u>	<u>566,176</u>	<u>413,416</u>	<u>1,053,198</u>	<u>5,974</u>
Noncurrent liabilities:						
Bond payable - long term.....	-	-	7,613,379	-	7,613,379	-
Interim DEQ financing.....	-	-	-	3,511,053	3,511,053	-
Compensated absences payable.....	3,071	4,462	6,035	-	13,568	-
Total liabilities.....	<u>69,828</u>	<u>11,311</u>	<u>8,185,590</u>	<u>3,924,469</u>	<u>12,191,198</u>	<u>5,974</u>
<b>NET POSITION</b>						
Invested in capital assets, net of related debt.....	1,691,513	88,537	7,001,274	967,240	9,748,564	266,187
Restricted for debt service.....	-	-	1,070,894	-	1,070,894	-
Net assets - unrestricted.....	1,062,600	499,406	2,708,884	(2,698,823)	1,572,067	22,301
Total net position.....	<u>\$ 2,754,113</u>	<u>\$ 587,943</u>	<u>\$ 10,781,052</u>	<u>\$ (1,731,583)</u>	<u>\$ 12,391,525</u>	<u>\$ 288,488</u>

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

279,567  
\$ 12,671,092

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 Position**  
**Proprietary Funds**  
**September 30, 2013**

	Water Fund	Sanitation	Sewer Fund	Sewer Collection Project	Total	Internal Service Funds
<b>OPERATING REVENUE</b>						
Consumer charges.....	\$ 540,413	\$ 234,317	\$ 1,436,210	\$ -	\$ 2,210,940	\$ -
Other revenue.....	1,423	-	-	-	1,423	-
Other Services.....	-	-	-	-	-	122,379
Total operating revenue.....	<u>541,836</u>	<u>234,317</u>	<u>1,436,210</u>	<u>-</u>	<u>2,212,363</u>	<u>122,379</u>
<b>OPERATING EXPENSES</b>						
Salaries.....	52,604	62,910	111,067	-	226,581	11,359
Payroll taxes.....	5,623	8,954	10,232	-	24,809	1,410
Insurance - employee.....	18,360	16,177	37,781	-	72,318	1,724
Retirement - employee.....	6,708	7,305	10,188	-	24,201	1,209
Legal fees.....	-	-	39,209	-	39,209	-
Municipal shop building .....	9,294	5,490	5,826	-	20,610	8,774
Utilities.....	364	-	66,769	-	67,133	-
Office supplies and postage.....	4,106	3,493	4,313	-	11,912	-
Maintenance and repairs.....	206,232	38,791	39,944	-	284,967	24,854
Training and travel.....	1,164	235	633	-	2,032	-
Supplies.....	(225)	385	17,620	-	17,780	7,355
Fuel.....	3,564	-	5,013	-	8,577	43,057
Depreciation.....	63,170	27,166	425,552	-	515,888	39,010
Miscellaneous expense.....	19,165	18,237	43,520	-	80,922	3
Irrigation assessments.....	8,756	-	-	-	8,756	-
Total operating expense.....	<u>398,885</u>	<u>189,143</u>	<u>817,667</u>	<u>-</u>	<u>1,405,695</u>	<u>138,755</u>
Operating income (loss).....	142,951	45,174	618,543	-	806,668	(16,376)
<b>NONOPERATING REVENUE (EXPENSE)</b>						
Wastewater project grant income.....	-	-	-	165,094	165,094	-
Wastewater project expenditures.....	-	-	-	-	-	-
Interest income.....	16,597	2,539	12,317	17,197	48,650	-
Interest expense.....	-	-	(115,200)	-	(115,200)	-
Gain (loss) on investments.....	(10,210)	-	(17,467)	-	(27,677)	-
Reserve for debt service.....	-	-	-	-	-	-
Capital contributions.....	-	-	-	-	-	-
Operating transfers.....	(25,939)	(25,000)	(24,061)	-	(75,000)	10,500
Changes in net position.....	123,399	22,713	474,132	182,291	802,535	(5,876)
<b>NET POSITION</b>						
Total net position - beginning.....	2,707,506	565,230	10,230,130	(1,913,874)		294,364
Prior years adjustment.....	(76,790)	-	76,790	-		-
Total net position - ending.....	<u>\$ 2,754,115</u>	<u>\$ 587,943</u>	<u>\$ 10,781,052</u>	<u>\$ (1,731,583)</u>		<u>\$ 288,488</u>

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

Change in net position of business-type activities (13,597)

\$ 788,938

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

**CITY OF RIGBY**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**September 30, 2013**

	Water Fund	Sanitation	Sewer Fund	Sewer Collection	Totals	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers.....	\$ 537,599	\$ 236,125	\$ 1,435,222	\$ -	\$ 2,208,946	\$ 118,122
Payments to suppliers and employees.....	(321,100)	(164,397)	(458,206)	-	(943,703)	(103,034)
Cash provided by customer deposits.....	(78,846)	-	-	-	(78,846)	-
Net cash provided (used) by operating activities.....	<u>137,653</u>	<u>71,728</u>	<u>977,016</u>	<u>-</u>	<u>1,186,397</u>	<u>15,088</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfer from (to) general fund.....	(25,939)	(25,000)	(24,061)	-	(75,000)	(10,500)
Net cash provided (used) by noncapital financing activities.....	<u>(25,939)</u>	<u>(25,000)</u>	<u>(24,061)</u>	<u>-</u>	<u>(75,000)</u>	<u>(10,500)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>						
Cash received for wastewater project (net).....	-	-	-	1,299,766	1,299,766	-
Cash paid for construction and equipment.....	(10,919)	-	(4,254)	(1,384,538)	(1,399,711)	-
Bond principle payments.....	-	-	(84,283)	-	(84,283)	-
Interest paid on bonds and leases.....	-	-	(115,200)	-	(115,200)	-
Net cash provided (used) by capital and related financing activities.....	<u>(10,919)</u>	<u>-</u>	<u>(203,737)</u>	<u>(84,772)</u>	<u>(299,428)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest income.....	17,039	2,807	12,317	17,197	49,360	-
Purchase of investments.....	(14,979)	(1,765)	(459,938)	(10,139)	(486,821)	-
Net cash provided (used) from investing activities.....	<u>2,060</u>	<u>1,042</u>	<u>(447,621)</u>	<u>7,058</u>	<u>(437,461)</u>	<u>-</u>
Net increase (decrease) in cash.....	102,855	47,770	301,597	(77,714)	374,508	4,588
Cash and cash equivalents-beginning of year.....	350,581	306,626	1,205,172	263,029	2,125,408	23,674
Cash and cash equivalents-end of year.....	<u>\$ 453,436</u>	<u>\$ 354,396</u>	<u>\$ 1,506,769</u>	<u>\$ 185,315</u>	<u>\$ 2,499,916</u>	<u>\$ 28,262</u>

Reconciliation of operating income to net cash provided by  
operating activities

Operating income.....	\$ 142,951	\$ 45,174	\$ 618,543	\$ -	\$ 806,668	\$ (16,376)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation.....	63,170	27,166	425,552	-	515,888	39,010
(Increase) decrease in accounts receivable.....	(3,209)	2,369	1,534	-	694	-
(Increase) decrease in investments.....	(1,028)	(561)	(2,522)	-	(4,111)	-
Increase (decrease) in customer deposits.....	(78,846)	-	-	-	(78,846)	-
(Increase) decrease in customer prepaids.....	-	152	103	-	255	-
Increase (decrease) in accounts payable.....	14,615	(2,572)	(66,194)	-	(54,151)	(7,546)
Net cash provided by operating activities.....	<u>\$ 137,653</u>	<u>\$ 71,728</u>	<u>\$ 977,016</u>	<u>\$ -</u>	<u>\$ 1,186,397</u>	<u>\$ 15,088</u>

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

## CITY OF RIGBY

### Notes to the Financial Statements September 30, 2013

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. REPORTING ENTITY

The City of Rigby consists of patrons from Jefferson County.

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

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

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

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

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

##### B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

###### Basis of Presentation

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

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

## CITY OF RIGBY

### Notes to the Financial Statements September 30, 2013

#### B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING, Continued

##### Basis of Presentation, continued

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

##### Measurement Focus, Basis of Accounting

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

## CITY OF RIGBY

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

#### **B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING, Continued**

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

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

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

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

#### **C. ASSETS, LIABILITIES, AND EQUITY**

##### **Cash and Investments**

The cash balances of substantially all funds are pooled and invested by the City Clerk for the purpose of increasing earnings through investment activities. The pooled investments are reported at fair value at September 30, 2013 based on market prices. Cash also includes funds held at the Local Government Investment Pool. The cash at the Local Government Investment Pool earns interest at a variable rate and is available upon demand. Earnings on the pooled funds are apportioned and paid or credited to the funds based on the balance of each participating fund.

##### **Cash and Cash Equivalents**

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

CITY OF RIGBY

Notes to the Financial Statements  
September 30, 2013

C. ASSETS, LIABILITIES, AND EQUITY, Continued

Receivables and Payables

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

Property Tax Calendar

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

Property taxes attach as an enforceable lien as of December 20 following the levy in August. Therefore, no amount has been set aside for an allowance for doubtful accounts. Property taxes collected after December 1, 2013 are classified as deferred revenue.

Inventories and Prepaid Items

The City does not have any inventory items at September 30, 2013.

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	\$ 21,373
Road Fund	\$ 1,656
Sanitation Fund	\$ 1,611
Sewer Fund	\$ 1,089
Non-Major Funds	\$ 0

The balances represent prepaid workman's compensation insurance of \$6,999, prepaid state unemployment insurance of \$18,730.

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

**CITY OF RIGBY**

**Notes to the Financial Statements  
September 30, 2013**

**C. ASSETS, LIABILITIES, AND EQUITY, Continued**

**Compensated Absences**

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

**Fund Balance Reserves**

The five categories of fund balance are nonspendable, restricted, committed, assigned, and unassigned. For the year ended September 30, 2013, the City had fund balances which were restricted, committed, assigned, and unassigned of \$522,705, \$44,458, \$94,266 and \$693,089 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, 2013:

	<b>Pooled Cash and Investments</b>
Demand Deposits	\$ 2,158,474
Certificates of Deposit	0
State Investment Pool	7,916
Investments	4,875,048
Money Market	<u>1,158,598</u>
Total	<u>\$ 8,200,036</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, 2013. The City does not have a deposit policy.

<u>Depository Institution</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>FDIC Insured</u>	<u>Collateralized</u>	<u>Uninsured</u>
Zions Bank	\$3,262,067	\$3,160,228	\$ 250,000	\$ 1,138,596	\$1,873,471
Bank of Commerce	77,168	77,081	77,168	0	0
Wells Fargo	8,931	8,931	8,931	0	0
US Bank	76,577	70,682	76,577	0	0
State Invest. Pool	7,895	7,916	0	0	7,895
Petty Cash	0	150	0	0	150
Investment Accts:					
Edward Jones	431,666	432,738	0	0	431,666
Key Investment	386,544	386,807	274,285	0	112,259
RBC Wealth	954,772	954,772	0	0	954,772
Contango	2,080,662	2,080,662	1,600,000	0	480,662
US Bank	<u>1,020,069</u>	<u>1,020,069</u>	<u>175,000</u>	<u>0</u>	<u>845,069</u>
Total	<u>\$8,306,351</u>	<u>\$ 8,200,036</u>	<u>\$2,461,961</u>	<u>\$ 1,138,596</u>	<u>\$ 4,705,944</u>

**CITY OF RIGBY**

**Notes to the Financial Statements  
September 30, 2013**

**NOTE 2 DEPOSITS AND INVESTMENTS, Continued**

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, 2013, \$4,705,944 of the government's cash and investments bank balance of \$8,306,351 was exposed to custodial credit risk.

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

**Investments**

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

As of September 30, 2013, the City has the following investments.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Money Market	n/a	548,014
Certificates of Deposit	Various	1,775,000
Federal Agency Obligations	Various	112,488
Mortgage Backed Securities	n/a	1,155
Mutual Funds	n/a	245,646
Bonds	Various	<u>2,192,743</u>
Total Investments		<u>\$ 4,875,046</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	5.21%
Pimco Short Term Fund – Fixed Income Fund	5.36%
BMW Bank North America Utah – Corporate Bond	5.24%
Loomis Sayles Limited Term	5.18%
GE Capital Retail BK-Draper UT	5.23%

**CITY OF RIGBY**

**Notes to the Financial Statements  
September 30, 2013**

**NOTE 2 DEPOSITS AND INVESTMENTS, Continued**

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

**NOTE 3 RECEIVABLES**

Receivables at year end consist of the following:

	<u>General Fund</u>	<u>Street and Road Fund</u>	<u>Other Governmental Funds</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Sewer Collection</u>
<b>Local Sources</b>							
Property Taxes	\$ 55,153	\$ 6,911	\$ 13,859	\$ 0	\$ 0	\$ 0	\$ 0
Consumer Fees	0	0	0	58,110	157,400	24,669	0
Other	<u>22,171</u>	<u>8,608</u>	<u>68,837</u>	<u>0</u>	<u>2,067</u>	<u>0</u>	<u>0</u>
Total Local	<u>\$ 77,324</u>	<u>\$ 15,519</u>	<u>\$82,696</u>	<u>\$ 58,110</u>	<u>\$ 159,467</u>	<u>\$ 24,669</u>	<u>\$ 0</u>
<b>State Sources</b>							
Other State Revenue	<u>\$ 80,844</u>	<u>\$ 35,112</u>	<u>\$ 5,915</u>				
Total Receivable	<u>\$158,168</u>	<u>\$ 50,631</u>	<u>\$88,611</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, 2013 there are no interfund receivables or payables.

**Interfund Transfers**

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

	<u>Transfers To</u>	<u>Transfers From</u>
<b>Major Funds</b>		
General Fund	\$	\$ 55,891
Water Fund	25,939	
Sanitation	25,000	
Sewer Fund	24,061	
Non-Major Funds		8,609
Internal service fund		10,500

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

**CITY OF RIGBY**

**Notes to the Financial Statements  
September 30, 2013**

**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, 2013 is \$35,180.

**Sewer Revenue Bond Issue:**

As of September 30, 2013 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, 2013 was \$2,886,369. The city has \$1,223,579 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. Total outstanding sewer revenue bonds are \$4,109,948.

**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, 2013, 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, 2013 the City owed \$3,511,053 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, 2013**

**NOTE 5      LONG-TERM OBLIGATIONS, Continued**

The following schedule recaps the changes in long-term obligations for the fiscal year ending September 30, 2013:

	<u>Ending Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>
<b>Governmental-type activities</b>				
Government Vehicle Leasing Co.	\$ 50,788	\$ 0	\$ 15,608	\$ 35,180
Compensated absences	<u>47,926</u>	<u>659</u>	<u>0</u>	<u>48,585</u>
<i>Total governmental-type</i>	<u>\$ 98,714</u>	<u>\$ 659</u>	<u>\$ 15,608</u>	<u>\$ 83,765</u>
<b>Business-type activities</b>				
Sewer DEQ Loan	\$ 3,591,553	\$ 0	\$ 0	\$ 3,591,553
Waste Water Project DEQ Loan	2,994,556	516,497	0	3,511,053
Sewer USDA Loan	4,194,230	0	84,282	4,109,948
Compensated absences	<u>13,716</u>	<u>0</u>	<u>148</u>	<u>13,568</u>
<i>Total business-type activities</i>	<u>\$10,794,055</u>	<u>\$ 516,497</u>	<u>\$ 84,430</u>	<u>\$11,226,122</u>

Maturities of long-term obligations are as follows:

2014	\$ 105,015
2015	109,430
2016	94,274
2017	97,512
2018	100,864
Thereafter	<u>10,740,638</u>
Total	<u>\$11,247,733</u>

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, 2013

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Capital Acquisitions	Sales / Other Changes	Ending Balance
<b>Governmental Activities</b>				
<b>Non-depreciable Assets:</b>				
Work-in-progress	\$ 0	\$ 0	\$ 0	\$ 0
Land	408,659	0	0	408,659
<b>Depreciable Assets:</b>				
Buildings/Sites	\$ 1,149,142	\$ 1,903,107	\$ 0	\$ 3,052,249
Equipment	1,227,090	99,232	(13,584)	1,312,738
Infrastructure	1,373,430	0	0	1,373,430
<i>Total capital assets</i>	<u>4,158,312</u>	<u>2,002,339</u>	<u>(13,584)</u>	<u>6,147,076</u>
Less: accumulated depreciation	<u>(1,879,003)</u>	<u>(194,821)</u>	<u>13,584</u>	<u>(2,060,240)</u>
<i>Governmental activity capital assets, net</i>	<u>\$ 2,279,318</u>	<u>\$ 1,807,518</u>	<u>\$ 0</u>	<u>\$ 4,086,836</u>
<b>Business-type Activities</b>				
<b>Non-depreciable Assets:</b>				
Work-in-progress	\$ 0	\$ 967,240	\$ 0	\$ 967,240
Land	21,154	0	0	21,154
<b>Depreciable Assets:</b>				
<b>Water Fund</b>				
Buildings & equipment	\$ 2,384,552	\$ 10,919	\$ 0	\$ 2,395,471
Less: accumulated depreciation	<u>(661,943)</u>	<u>(63,169)</u>	<u>0</u>	<u>(725,112)</u>
<i>Water capital assets, net</i>	<u>1,722,609</u>	<u>(52,250)</u>	<u>0</u>	<u>1,670,359</u>
<b>Sanitation Fund</b>				
Buildings & equipment	369,742	0	0	369,742
Less: accumulated depreciation	<u>(254,039)</u>	<u>(27,166)</u>	<u>0</u>	<u>(281,205)</u>
<i>Sanitation capital assets, net</i>	<u>115,703</u>	<u>(27,166)</u>	<u>0</u>	<u>88,537</u>
<b>Sewer</b>				
Buildings & equipment	16,393,332	4,254	0	16,397,586
Less: accumulated depreciation	<u>(1,357,381)</u>	<u>(425,552)</u>	<u>0</u>	<u>(1,782,933)</u>
<i>Sewer capital assets, net</i>	<u>15,035,951</u>	<u>(421,298)</u>	<u>0</u>	<u>14,614,653</u>
<i>Business-type activities capital assets, net</i>	<u>\$16,895,417</u>	<u>\$ 466,526</u>	<u>\$ 0</u>	<u>\$17,361,943</u>
<b>Internal Service Fund</b>				
Buildings & equipment	\$ 994,966	\$ 25,300	\$ 72,305	\$ 947,961
Less: accumulated depreciation	<u>(715,069)</u>	<u>(39,010)</u>	<u>72,305</u>	<u>(681,774)</u>
<i>Internal Service capital assets, net</i>	<u>\$ 279,897</u>	<u>\$ (13,710)</u>	<u>\$ 0</u>	<u>\$ 266,187</u>

## CITY OF RIGBY

### Notes to the Financial Statements September 30, 2013

#### NOTE 6 CAPITAL ASSETS, Continued

Depreciation expense was charged to functions as follows:

General government	\$ 194,821
Water fund	63,170
Sanitation fund	27,166
Sewer fund	425,552
Internal Service	<u>39,010</u>
	<u>\$ 749,719</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 \$368,313 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

The City entered into a lease purchase agreement to buy a Kubota tractor for the rodeo ground in the amount of \$25,400. It is a 5 year contract.

On December 18, 2013, the city resolved its dispute with Peck Ormsby as referenced in note 7. The settlement agreement stated that the City would pay Peck Ormsby \$220,313 to settle the contract retainage payable. The City would retain \$147,800 to repair defective cloth filtration equipment supplied and installed by Peck Ormsby.

**CITY OF RIGBY**

**Notes to the Financial Statements  
September 30, 2013**

**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 standalone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI’s website [www.persi.idaho.gov](http://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, 2013, the required contribution rate as a percentage of covered payroll for members was 6.79% for general members and 8.36% for police/firefighters.

The employer rate as a percentage of covered payroll was 10.39% to 11.32% for general members and 11.66% for police/firefighters. The City of Rigby’s contributions required and paid were \$95,041, \$106,135, and \$96,263 for the three years ended September 30, 2013, 2012, and 2011, respectively.

**NOTE 12 EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

At September 30, 2013 the following funds had excess expenditures over appropriation:

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures</u>
Library Fund	143,850	145,447	1,597

**NOTE 13 DEFICIT FUND BALANCE**

At September 30, 2013 there were no funds with a deficit fund balance.

**CITY OF RIGBY**

**Notes to the Financial Statements  
September 30, 2013**

**NOTE 14            PRIOR PERIOD ADJUSTMENTS**

A prior period adjustment of \$19,311 was made to the General Fund to record a workers' compensation insurance dividend that was not previously recorded. An additional prior period adjustment of \$1,384,839 was made to the General Fund to capitalize assets from Rigby Urban Renewal which had not been previously recorded.

A prior period adjustment of \$26,524 was made to the Parks & Rodeo Fund to bring fund balance to correct amount. The City failed to report cash balances at September 30, 2012 and the City retained funds payable to the Jefferson Park/Rodeo Association.

A prior period adjustment of \$10,000 was made to the Utility Assistance Trust Fund to correct the treatment of prior year transfers and fund balance.

Prior period adjustments of \$76,790 were made to the Water Fund and the Sewer Fund to correct beginning of the year investment balances. The Water Fund was overstated and Sewer Fund was understated at October 1, 2012.

**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, 2013 have been included as a separate special revenue fund titled Airport Fund.

**NOTE 17            RIGBY URBAN RENEWAL**

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

A. The accounting policies and practices of the Agency conform to generally accepted accounting principles applied to governments.

B. Cash and investments for all funds consist of the following at year end:

Cash – demand deposit (net of overdrafts)	\$ 16,790
Cash – State Investment Pool	<u>1,032,788</u>
Total	<u>\$1,049,578</u>

CITY OF RIGBY

Notes to the Financial Statements  
September 30, 2013

NOTE 17 RIGBY URBAN RENEWAL (continued)

B. Cash and investments (continued)

Deposits with financial institutions include bank demand deposits as authorized by Idaho statutes. The carrying amounts and the bank balance were \$16,790 at year end. The entire bank balance of \$16,790 was covered by federal depository insurance. Cash held at the Local Government Investment Pool is uninsured and uncollateralized.

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

C. Receivables at year end consist of the following:

Property Taxes	\$ 985
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D. Payables at year end consist of the following:

Accounts Payable	\$ 244
Payable to Ashton Urban Renewal	\$ 4,886

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF RIGBY**  
**Budget to Actual Comparison Schedule**  
**General Fund**  
**For Year Ended September 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>Local Sources:</b>				
Local Revenue:				
Property taxes.....	\$ 797,260	\$ 801,760	\$ 825,040	\$ 23,280
Earnings on investments.....	2,000	(4,000)	(1,320)	2,680
Fees and fines.....	22,825	22,825	25,416	2,591
Charges for services.....	37,500	31,500	35,804	4,304
Miscellaneous and other revenue.....	46,500	66,500	82,721	16,221
State revenues.....	192,500	222,250	271,905	49,655
Grants.....	-	20,000	20,849	849
Total revenue.....	<u>1,098,585</u>	<u>1,160,835</u>	<u>1,260,415</u>	<u>99,580</u>
 <b>EXPENDITURES</b>				
General government.....	513,450	557,050	461,222	95,828
Public safety.....	623,135	641,785	609,861	31,924
Cultural.....	14,000	14,000	14,000	-
Capital outlay.....	17,000	17,000	17,148	(148)
Total expenditures.....	<u>1,167,585</u>	<u>1,229,835</u>	<u>1,102,231</u>	<u>127,604</u>
Excess (deficiency) of revenue over expenditures.....	(69,000)	(69,000)	158,184	227,184
 <b>OTHER FINANCING SOURCES (USES)</b>				
Other Financing Source.....	-	-	-	-
Transfers.....	69,000	69,000	55,891	(13,109)
Net change in fund balances.....	-	-	214,075	214,075
Fund Balance - Beginning.....	482,830	482,830	482,830	-
Prior Period Adjustment.....			19,311	
Fund Balance - Ending.....	<u>\$ 482,830</u>	<u>\$ 482,830</u>	<u>\$ 716,216</u>	<u>\$ 214,075</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>Local Sources:</b>				
Local Revenue:				
Property taxes.....	\$ 107,300	\$ 107,300	\$ 108,485	\$ 1,185
Earnings on investments.....	-	-	-	-
Charges for services.....	60,000	60,000	65,376	5,376
Miscellaneous and other revenue.....	39,300	39,300	33,101	(6,199)
State revenues.....	141,500	141,500	149,065	7,565
Total revenue.....	<u>348,100</u>	<u>348,100</u>	<u>356,027</u>	<u>7,927</u>
<b>EXPENDITURES</b>				
Street and public improvement.....	348,100	348,100	289,801	58,299
Capital outlay.....	-	-	-	-
Total expenditures.....	<u>348,100</u>	<u>348,100</u>	<u>289,801</u>	<u>58,299</u>
Excess (deficiency) of revenue over expenditures.....	-	-	66,226	66,226
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers.....	-	-	-	-
Net change in fund balances.....	-	-	66,226	66,226
<b>FUND BALANCES</b>				
Beginning of the year.....	12,121	12,121	12,121	-
Prior Period Adjustment.....			-	-
End of the year.....	<u>\$ 12,121</u>	<u>\$ 12,121</u>	<u>\$ 78,347</u>	<u>\$ 66,226</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, 2013**

**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 2012-2013 budget on September 17, 2013. The General Fund and the Road Fund budgets were both amended, however, only the General Fund changed in total. The Road Fund budget did not change in total; only on a line item basis.

**NOTE 2 EXCESS OF ACTUAL EXPENDITURES OVER BUDGET**

Expenditures did not exceed budget amounts in any major funds during 2013.

**SUPPLEMENTARY INFORMATION**

**CITY OF RIGBY**  
**Combining Balance Sheet - Non Major Funds**  
**September 30, 2013**

	Special Revenue										Capital Projects		
	Library Fund	Arterial Road Fund	Park Fund	Building Department Fund	Senior Citizens	Utility Assistance Trust Fund	Police Drug Fund	Airport Fund	Capital Improvement	Water Construction	Sewer Construction Fund	LID #7	Totals
<b>ASSETS</b>													
Cash.....	\$ 3,052	\$ 4,211	\$ 82,886	\$ -	\$ 5,000	\$ 11,006	\$ 8,931	\$ 30,979	\$ 88,118	\$ 28,709	\$ 12,276	\$ 3,341	\$ 278,509
Investments.....	-	40,248	-	-	-	-	-	-	-	235,691	-	-	275,939
Taxes receivable.....	7,407	-	5,017	-	-	-	-	-	1,435	-	-	-	13,859
Other receivables.....	6,495	-	2,643	-	38,999	-	-	-	14,151	6,001	6,000	465	74,754
Interfund receivables.....	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses.....	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets.....	\$ 16,954	\$ 44,459	\$ 90,546	\$ -	\$ 43,999	\$ 11,006	\$ 8,931	\$ 30,979	\$ 103,704	\$ 270,401	\$ 18,276	\$ 3,806	\$ 643,061
<b>LIABILITIES AND FUND BALANCE</b>													
<b>LIABILITIES:</b>													
Accounts payable.....	\$ 3,159	\$ -	\$ 4,569	\$ -	\$ 38,999	\$ -	\$ -	\$ -	\$ 1,490	\$ -	\$ -	\$ -	\$ 48,217
Other payable.....	221	-	-	-	-	11,006	-	-	-	-	-	-	11,227
Salaries payable.....	4,638	-	3,210	-	-	-	-	-	-	-	-	-	7,848
Payroll liabilities.....	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Expenditures.....	-	-	-	-	-	-	-	-	1,252	-	-	-	12,075
Deferred revenue.....	6,463	-	4,360	-	-	-	-	-	2,742	-	-	-	79,367
Total liabilities.....	14,481	-	12,139	-	38,999	11,006	-	-	2,742	-	-	-	79,367
<b>FUND BALANCE:</b>													
Restricted.....	-	-	-	-	-	-	8,931	30,979	100,962	270,401	18,276	3,806	433,355
Committed.....	-	44,459	-	-	-	-	-	-	-	-	-	-	44,459
Assigned.....	2,473	-	78,407	-	5,000	-	-	30,979	100,962	270,401	18,276	3,806	85,880
Total fund balance.....	2,473	44,459	78,407	-	5,000	-	8,931	30,979	100,962	270,401	18,276	3,806	563,694
Total liabilities and fund balance.....	\$ 16,954	\$ 44,459	\$ 90,546	\$ -	\$ 43,999	\$ 11,006	\$ 8,931	\$ 30,979	\$ 103,704	\$ 270,401	\$ 18,276	\$ 3,806	\$ 643,061

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, 2013**

	Special Revenue											Capital Projects		
	Library Fund	Arterial Road Fund	Park Fund	Building Department Fund	Senior Citizens	Utility Assistance Trust Fund	Police Drug Fund	Airport Fund	Capital Improvements	Water Construction	Sewer Construction Fund	LID #7	Total	
<b>REVENUES</b>														
Local Revenue:														
Property taxes.....	\$ 113,340	\$ -	\$ 79,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,076	\$ -	\$ -	\$ -	\$ 213,501	
Earnings on investments.....	-	(166)	-	-	-	-	-	-	34	1,939	(150)	-	1,657	
Charges for services.....	14,321	-	-	-	-	-	10,551	-	4,040	6,860	6,325	-	42,097	
Miscellaneous and other revenue.....	2,615	-	64,169	-	38,999	-	6,262	-	-	-	-	-	114,070	
State revenues.....	11,233	-	8,670	-	-	-	-	-	2,168	-	-	-	22,071	
Grants.....	2,797	-	1,084	-	-	-	-	-	13,490	-	-	-	17,371	
Total revenue.....	144,306	(166)	153,008	-	38,999	-	16,813	-	40,808	8,799	6,175	-	410,767	
<b>EXPENDITURES</b>														
General government.....	-	-	-	-	-	-	12,429	-	-	-	-	-	12,429	
Street and public improvement.....	-	-	-	1,200	-	-	-	-	-	-	-	-	1,200	
Public safety.....	-	-	-	-	-	-	5,953	-	-	-	-	-	5,953	
Parks and recreation.....	-	-	129,423	-	-	-	-	-	-	-	-	-	129,423	
Culture.....	145,448	-	1,753	-	38,999	10,000	-	-	81,715	-	-	-	155,448	
Capital outlay.....	-	-	131,176	1,200	38,999	10,000	5,953	16,954	81,715	-	-	-	126,992	
Total expenditures.....	145,448	-	131,176	1,200	38,999	10,000	5,953	16,954	81,715	-	-	-	431,445	
Excess (deficiency) of revenue over expenditures.....	(1,142)	(167)	21,832	(1,200)	-	(10,000)	(3,928)	(141)	(40,907)	8,799	6,175	-	(20,678)	
<b>OTHER FINANCING SOURCES (USES)</b>														
Transfers.....	-	-	(10,500)	(1,891)	5,000	10,000	-	6,000	-	-	-	-	8,609	
Net change in fund balances.....	(1,142)	(167)	11,332	(3,091)	5,000	-	(3,928)	5,859	(40,907)	8,799	6,175	-	(12,069)	
<b>FUND BALANCES</b>														
Beginning of the year.....	3,615	44,625	40,551	3,091	-	10,000	12,859	25,120	141,869	261,602	12,101	3,806	559,239	
Prior period adjustment.....	-	-	26,524	-	-	(10,000)	-	-	-	-	-	-	16,524	
End of the year.....	\$ 2,473	\$ 44,458	\$ 78,407	\$ -	\$ 5,000	\$ -	\$ 8,931	\$ 30,979	\$ 100,962	\$ 270,401	\$ 18,276	\$ 3,806	\$ 563,694	

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

**CITY OF RIGBY**  
**Schedule of Expenditures**  
**General Fund**  
**For Year Ended September 30, 2013**

		<b>Total</b>	
		<b>Expenditures</b>	
<b>GENERAL GOVERNMENT</b>			
<b>Mayor &amp; Council</b>			
Payroll related expenditures	\$	38,482	
Public relations		2,685	
Other		961	
Total Mayor & Council		\$ 42,128	
<b>City Hall</b>			
Payroll related expenditures	\$	410	
Utilities & telephone		9,052	
Maintenance		4,325	
Total City Hall		\$ 13,787	
<b>Administration</b>			
Payroll related expenditures	\$	115,213	
Office expenditures		31,352	
Bank fees		20,707	
Other		168	
Total Administration		\$ 167,440	
<b>Non-departmental</b>			
Payroll related expenditures	\$	71,278	
Legal & professional		14,940	
Bonds & insurance		98,865	
Other		2,409	
Total Non-departmental		\$ 187,492	
<b>Planning &amp; Zoning</b>			
Payroll related expenditures	\$	36,827	
Office expenditures		1,784	
Engineering fees		9,926	
Other		1,838	
Total Planning & Zoning		\$ 50,375	
<b>TOTAL GENERAL GOVERNMENT EXPENDITURES</b>		<b>\$ 461,222</b>	
<b>PUBLIC SAFETY</b>			
Payroll related expenditures	\$	493,901	
Office expenditures		13,558	
Utilities & telephone		15,558	
Police expenditures		75,237	
Maintenance & repairs		11,607	
<b>TOTAL PUBLIC SAFETY</b>		<b>\$ 609,861</b>	
<b>CULTURAL</b>			
Museum, rodeo, & discretionary cultural expenditures		\$ 14,000	
<b>CAPITAL OUTLAY</b>			
City Hall	\$	-	
Administration		4,945	
Police		12,203	
<b>TOTAL CAPITAL OUTLAY</b>		<b>\$ 17,148</b>	
<b>TOTAL GOVERNMENTAL EXPENDITURES</b>		<b>\$ 1,102,231</b>	

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

# JENSEN POULSEN & COMPANY, PLLC

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

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

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

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mayor and City Council  
City of Rigby  
Rigby, ID 83442

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Rigby, Idaho, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise City of Rigby, Idaho's basic financial statements and have issued our report thereon dated March 6, 2014.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Rigby, Idaho's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of Rigby's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of audit findings and responses to be material weaknesses (#2013-01, #2013-3, #2013-4).

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 deficiency described in the accompanying schedule of audit findings and responses to be a significant deficiency (#2013-02).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Rigby, in a separate letter dated March 6, 2014.

City of Rigby, Idaho's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Jensen Poulsen & Company, PLLC*

**JENSEN POULSEN & COMPANY, PLLC**  
Certified Public Accountants  
Idaho Falls, Idaho  
March 6, 2014

CITY OF RIGBY

Schedule of Audit Findings and Responses  
September 30, 2013

FINDINGS—FINANCIAL STATEMENT AUDIT

A. SIGNIFICANT DEFICIENCIES

2013-01 — Ineffective review and approval of journal entries.

**Condition:**

The clerk records numerous journal entries which are to accompany the monthly financial statements. The entries typically include revenue and expense accruals, interest earnings, and investment fair market value changes. Also included are adjusting entries to reflect internal service fund activity. These entries are not reviewed and approved by mayor and council.

**Criteria:**

The proper initiation, authorization, recording, and monitoring of standard and nonstandard journal entries helps guard against the use of journal entries to manipulate financial information and obscure fraudulent financial reporting. Furthermore, effective review of journal entries would help detect and prevent errors.

**Effect:**

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

**Cause:**

The clerk records numerous journal entries which are to accompany the monthly financial statements. The entries typically include revenue and expense accruals, interest earning, and investment fair market value changes. Also included are adjusting entries to reflect internal service fund activity. These entries are not reviewed and approved by mayor and council.

**Recommendation:**

We recommend the City improve the review and approval of journal entries. All journal entries should be accompanied by full explanation and by reference to adequate supporting data.

**Response:**

The City recognizes the importance of reviewing journal entry activity but realizes the Clerk/Treasurer is the only individual with the appropriate expertise in this area. Given the size of the City and limited budget resources, they don't have the ability to employ additional personnel who could effectively review this function.

2013-02 – Inadequate separation of duties in the cash function

**Condition:**

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

**Criteria:**

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

**Effect:**

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

CITY OF RIGBY

Schedule of Audit Findings and Responses  
September 30, 2013

**FINDINGS—FINANCIAL STATEMENT AUDIT (CONTINUED)**

**Recommendation:**

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

**Response:**

The City recognizes the lack of separation of duties and will attempt to further correct the situation as they are able, considering the inherent limitations presented by limited personnel.

**2013-03 — 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 material misstatement of financial information due to error or fraud.

**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 function and cash accounts. Upon discussions with the members of the Airport Board, the City Council decided to leave the control with the managing Airport Board but required that all financial transactions be remitted to the City Clerk on a quarterly basis.

**2013-04 — 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 material misstatement of financial information due to error or fraud.

**CITY OF RIGBY**

**Schedule of Audit Findings and Responses  
September 30, 2013**

**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—Rigby Park and Rodeo 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 function and cash accounts. They did not have success in consolidating these accounts during the fiscal year but will continue to work with the Park and Rodeo managing board to bring these assets under City control.

CITY OF RIGBY

Schedule of Prior Findings and Questioned Costs  
September 30, 2013

Findings on Prior Findings:

**FINDINGS—FINANCIAL STATEMENT AUDIT**

**A. SIGNIFICANT DEFICIENCIES**

**2012-01** — Inadequate journal entry documentation.

**Status:** Still reporting finding at 2013-1 however, it has been retitled.

**2012-02** — Inadequate retention of accounting data.

**Status:** Corrected

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

**Status:** Still reporting finding at 2013-2

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

**Status:** Still reporting finding at 2013-3

# JENSEN POULSEN & COMPANY, PLLC

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

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

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

## 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

### Report on Compliance for Each Major Federal Program

We have audited City of Rigby, Idaho's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City of Rigby, Idaho's major federal programs for the year ended September 30, 2013. 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.

### *Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of City of Rigby, Idaho's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Rigby, Idaho's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Rigby's compliance.

### *Opinion on Each Major Federal Program*

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, 2013.

### *Other Matters*

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings as items 2013-01, 2013-02, 2013-03, and 2013-04. Our opinion on each major federal program is not modified with respect

to these matters.

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

#### Report on Internal Control Over Compliance

Management of the City of Rigby, Idaho, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Rigby's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Jensen Poulsen & Company, PLLC*

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

Idaho Falls, ID  
March 6, 2014

**CITY OF RIGBY**

**Summary of Auditor's Results  
September 30, 2013**

**Financial Statements**

Internal Control over Financial Reporting:

- Type of auditor's report issued – Unmodified.
- Material weakness identified—2013-1; 2013-3; 2013-4
- Reportable conditions identified that are not considered to be material weaknesses—2013-2.

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

**Federal Awards**

Internal Control over Major Programs:

- Material weakness identified—2013-1.
- Reportable condition identified that are not considered to be material weakness—2013-2.

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

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

Name of Federal Program:  
Water and Waste Disposal Systems for Rural Communities

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, 2013**

<b>Pass Through Entitlement/Grants</b>	<b><u>Federal CFDA No.</u></b>	<b><u>Accrued Grant and Loan Disbursements</u></b>
<b><u>United States Department of Agriculture</u></b>		
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 677,190
<b><u>United States Department of Commerce</u></b>		
Community Development Block Grant	14.228	138,999
<b><u>United States Department of Transportation</u></b>		
Highway Planning and Construction	20.205	4,271
State and Community Highway Safety	20.600	4,992
Alcohol Traffic Safety and Drunk Driving Prevention	20.601	<u>3,730</u>
Total Expenditures		<u>\$ 829,182</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.