

**CITY OF RIGBY
RIGBY, IDAHO**

**Basic Financial Statements and
Required Supplementary Information
With
Supplementary Information and
Independent Auditor's Report
Year Ended September 30, 2015**

CITY OF RIGBY

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Year Ended September 30, 2015

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Rigby as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Rigby basic financial statements as listed in the table of contents.

Management's Responsibility of the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governments activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Rigby, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 31-32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance of the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Jensen Poulsen & Company, PLLC

JENSEN POULSEN & COMPANY, PLLC

Certified Public Accountants

Idaho Falls, ID
February 4, 2016

City of Rigby
Management's Discussion and Analysis of Financial Statements
Fiscal Year Ending September 30, 2015

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, 2015.

FINANCIAL HIGHLIGHTS

The net assets of the City exceeded its liabilities at September 30, 2015 by \$22,302,000.

- Of this amount, \$5.9 million represents unrestricted net position and \$2.9 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 \$20.386 million to \$22.302 million, an increase of \$2.826 million as a result of this year's operations.
- At fiscal year end, the City's governmental funds reported combined ending net position balance of \$7.8 million, an increase of \$1.125 million. The business-type activities reported ending net position balance of \$14.502 million, an increase of \$790,000 from the prior year.
- The General Fund Balance at the end of the year is \$912,334, a decrease of \$47,772 from September 30, 2014. The fund balance is 71% of the total General Fund expenditures and fund transfers for the current year.
- The net working capital for all funds decreased from \$9.212 million to \$8.545 million, a decrease of \$667,000 over the prior year net working capital.
- Fixed capital assets of the city increased by \$2.122 million.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position: For the years ended September 30, 2015 and September 30, 2014, Net Position changed as follows:

	Governmental Activities	Business-type Activities	All Activities
Net Position Sept 30, 2014	6,674,538	13,711,366	20,385,904
Increase in Net Position	<u>1,124,803</u>	<u>790,471</u>	<u>1,915,274</u>
Net Position Sept 30, 2015	7,799,341	14,501,837	22,301,178
Percent Change	16.85%	5.76%	9.40%

Following is the comparative statement of Net Position (2014 vs. 2015).

	Government Activities		Business-type Activities		Total - All Activities		Favorable/ (Unfavorable)
	2014	2015	2014	2015	2014	2015	Change
Current and other assets	2,412,473	2,533,601	7,726,248	7,342,525	10,138,721	9,876,126	(262,595)
Capital Assets(Net)	<u>4,904,098</u>	<u>6,080,839</u>	<u>17,892,707</u>	<u>17,857,229</u>	<u>22,796,805</u>	<u>23,938,068</u>	<u>1,141,263</u>
Total Assets	7,316,571	8,614,440	25,618,955	25,199,754	32,935,526	33,814,194	878,668
Deferred Outflows - Pension	<u>-0-</u>	<u>183,544</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>183,544</u>	<u>183,544</u>
Total Assets & Deferred Outflows	7,316,571	8,797,984	25,618,955	25,199,754	32,935,526	33,997,738	1,062,212
Current Liabilities	578,659	683,241	349,109	647,548	927,767	1,330,788	(403,021)
Long-term liabilities outstanding	20,744	15,886	11,542,869	10,031,908	11,563,613	10,047,794	1,515,819
Other Liabilities	<u>42,630</u>	<u>45,121</u>	<u>15,612</u>	<u>18,461</u>	<u>58,242</u>	<u>63,582</u>	<u>(5,340)</u>
Total Liabilities	642,033	744,248	11,907,590	10,697,917	12,549,622	11,442,164	1,107,458
Deferred Inflows - Pension	<u>-0-</u>	<u>254,395</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>254,395</u>	<u>(254,395)</u>
Net Position:							
Invested in capital assets net of debt	4,860,412	6,060,094	6,250,268	7,364,353	11,110,680	13,424,447	2,313,767
Restricted	842,581	1,290,121	1,568,830	1,680,923	2,411,411	2,971,044	559,633
Unrestricted	<u>971,545</u>	<u>449,126</u>	<u>5,892,268</u>	<u>5,456,561</u>	<u>6,863,813</u>	<u>5,905,687</u>	<u>(958,126)</u>
Total net assets	6,674,538	7,799,341	13,711,365	14,501,837	20,385,904	22,301,178	1,915,274

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 \$20.385 million at September 30, 2014 compared with \$22.301 million at September 30, 2015, an overall net increase of \$1.915 million in net assets. The increase represents the net change in the city's addition in the water and sewer projects less depreciation charges.

Outstanding Debt:

The debt owed on the government activities and business-type assets decreased from \$11.653million to \$11.509 million as shown below.

	<u>Beginning</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending</u>
Government Vehicle Leasing	18,286		18,286	
Bank of the West	25,400		4,655	20,745
DEQ Wastewater Loan	7,927,016		198,175	7,728,821
USDA-RD Wastewater Loan	<u>3,715,423</u>	<u>-</u>	<u>951,368</u>	<u>2,764,055</u>
	11,686,125		1,172,484	10,513,621
Compensated Absences	<u>53,781</u>	<u>9,801</u>	<u>-</u>	<u>63,582</u>
Total	11,739,886	9,801	1,172,484	10,577,203

Working capital (current assets less current liabilities) for all of the cities funds has increased from \$2.8 million at September 30, 2009 to \$8.545 million at September 30, 2015, a net increase of \$5.7 million over the six year period.

<u>Working Capital - All Funds</u>	<u>2009</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Current/Other Assets	4,372,875	8,280,205	8,765,919	10,138,721	9,876,126
Current Liabilities	<u>1,538,052</u>	<u>1,731,251</u>	<u>1,192,828</u>	<u>927,767</u>	<u>1,330,788</u>
Net Working Capital	2,834,823	6,548,954	7,573,091	9,210,954	8,545,338
Year over Year % Increase (Decrease)		19%	16%	22%	(7.27%)

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

	<u>Ending Fund Balance</u>	<u>2015 Budget</u>	<u>25% 2015 Budget</u>	<u>Excess Reserves</u>
General Fund	912,334	1,280,385	320,000	592,334
Library Fund	30,939	173,380	43,350	(12,411)
Parks/Recreation	114,498	93,791	23,500	90,998
Roads	296,441	383,538	95,900	200,541
Parks/Rodeo	31,603	68,100	17,000	14,603
Capital Improvement	537,181	297,400	74,350	462,831
Water Revenue (Net)	525,822	525,575	131,400	394,422
Sanitation	395,793	316,850	79,200	316,593
Sewer Revenue (Net of Bond)	2,149,511	958,100	239,500	1,910,011

GENERAL FUND BUDGETARY HIGHLIGHT

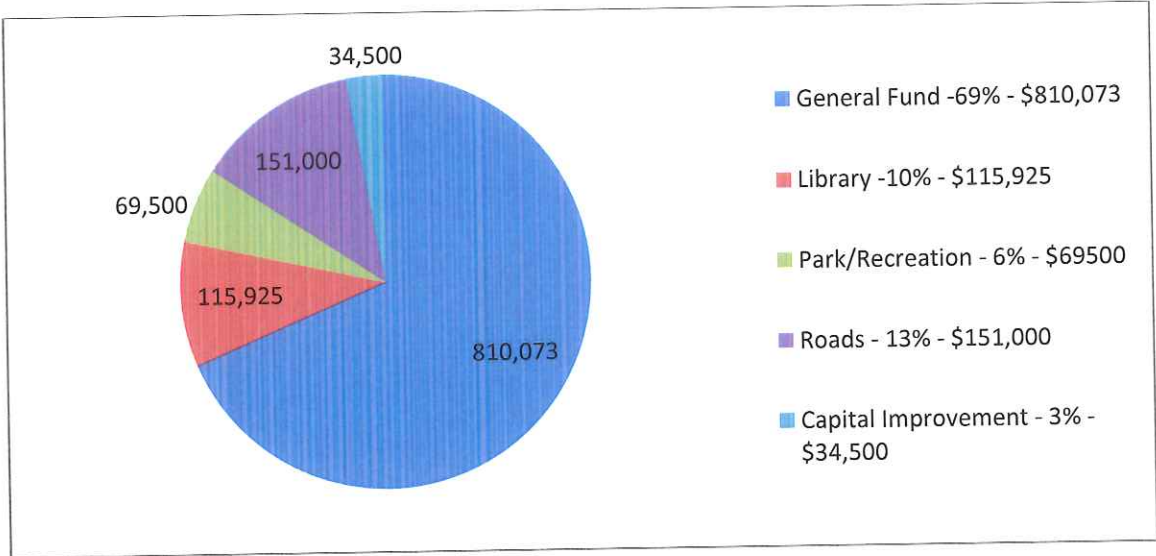
The general fund is the primary operating funds of the city. At year end its unreserved, undesignated fund balance was \$912,334 vs. \$971,545 for the prior year. The city authorized a \$350,000 transfer from the unreserved fund balance to the capital improvement fund. With the planned transfer the net unreserved fund was expected to be \$639,000, actual ending balance at September 30, 2015 is at \$912,000.

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

Annual budgets are published prior to adoption and public hearings are held. Budgets may be amended during the year. Whenever budgets are raised over the authorized budget statues require public hearing and re-publication of the prior budget, increase and revised budget. The city did not amend its 2014/15 budget.

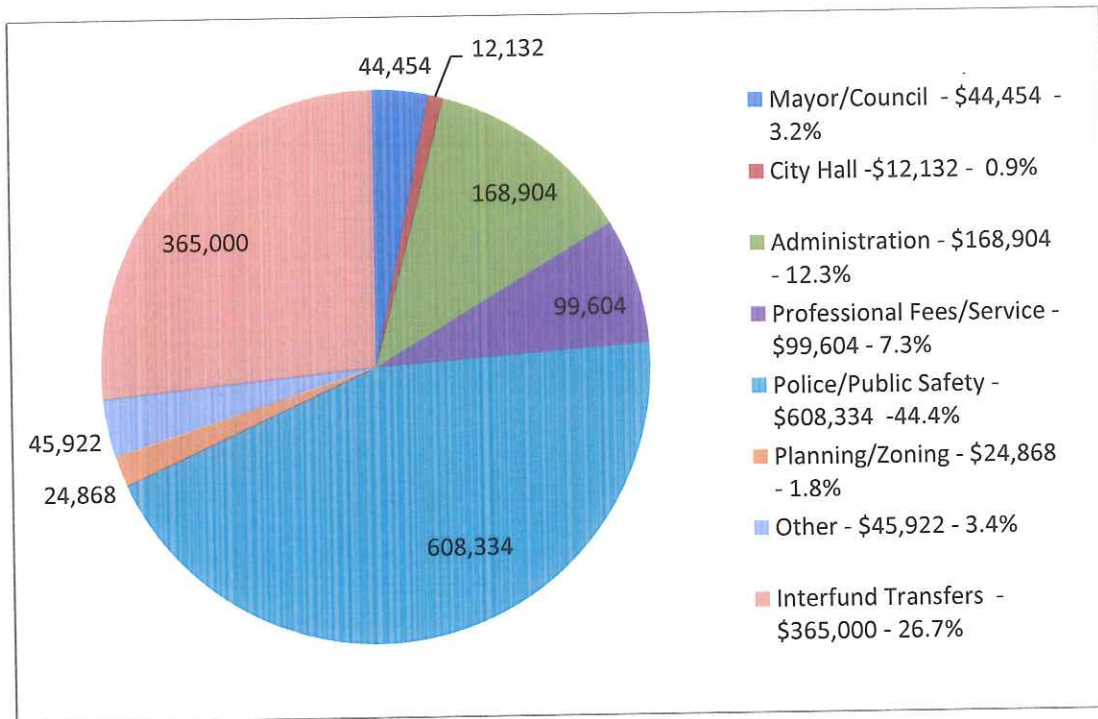
PROPERTY TAX ASSESSMENT -

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



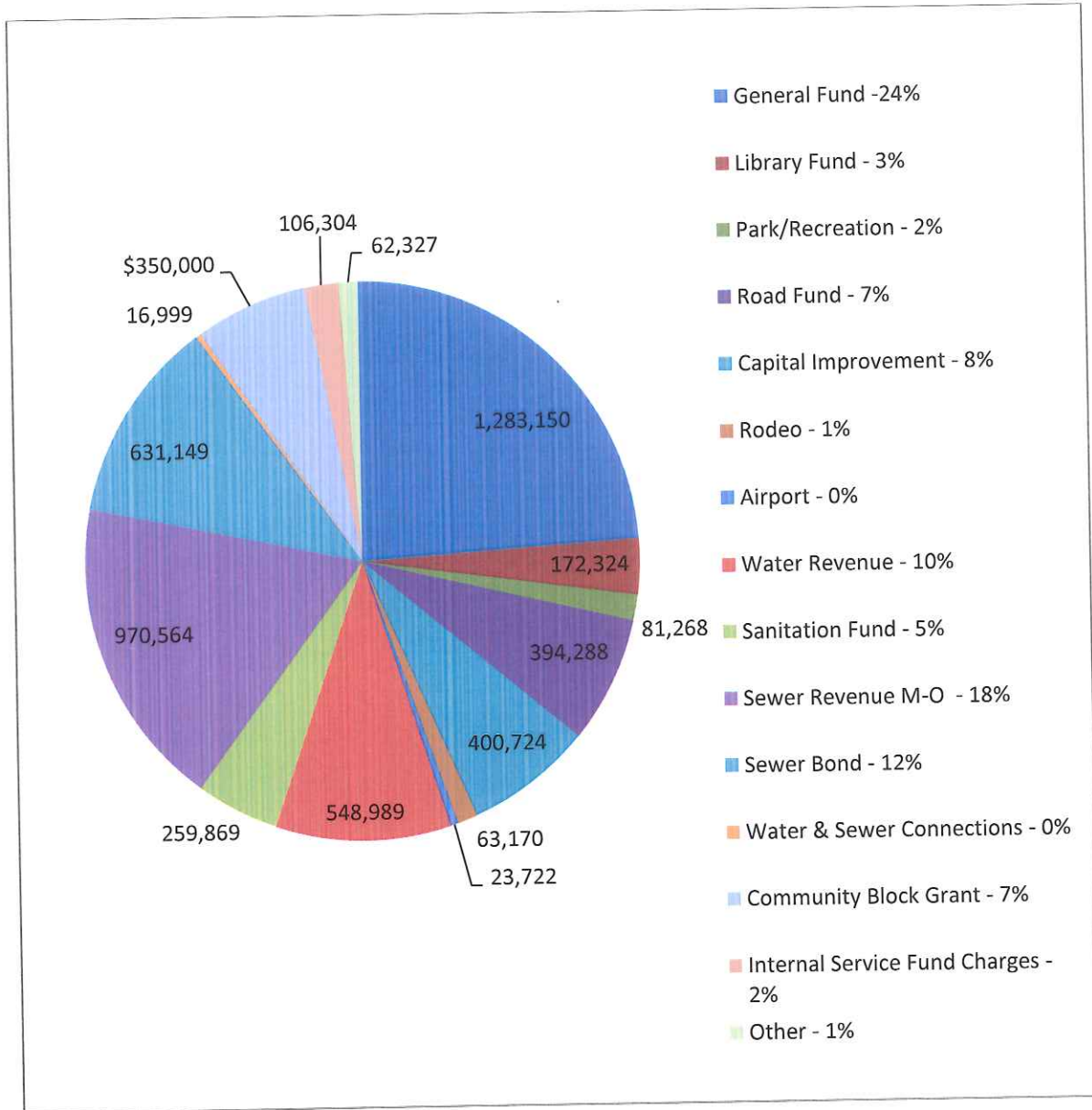
GENERAL FUND EXPENDITURES

The general fund had an operating budget of \$1.605 million for the year. Actual expenditures (including transfers out) total \$1.331 million. The following chart summarizes the actual expenditures to the various departments within the general fund.



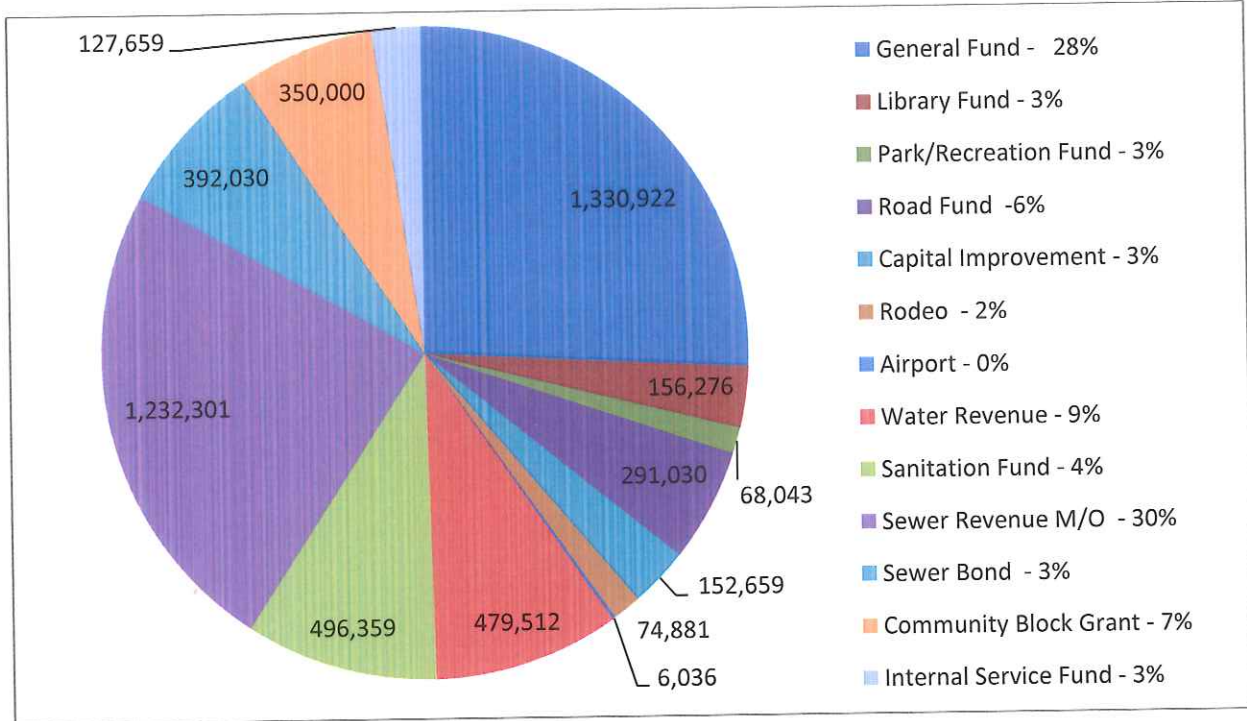
CITY-WIDE REVENUES

Total city-wide revenues (cash budget basis) totaled \$5.365 million. The following chart shows the source of revenues by funds.



CITY-WIDE EXPENDITURES

Total city-wide expenditures (cash budget basis) totaled \$5.158 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, 2015

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents.....	\$ 1,699,011	\$ 2,509,970	\$ 4,208,981	\$ 364,143
Investments.....	419,591	4,566,119	4,985,710	-
Receivables (net).....	168,172	240,838	409,010	1,441
Interfund receivable.....	187,212	-	187,212	-
Prepaid expenses.....	59,615	25,598	85,213	-
Capital assets, net of depreciation.....	5,672,180	17,836,075	23,508,255	-
Capital assets, non-depreciable.....	408,659	21,154	429,813	-
Total assets.....	<u>\$ 8,614,440</u>	<u>\$ 25,199,754</u>	<u>\$ 33,814,194</u>	<u>\$ 365,584</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferred outflows.....	183,544	-	183,544	-
TOTAL ASSETS AND DEFERRED OUTFLOW:	<u>\$ 8,797,984</u>	<u>\$ 25,199,754</u>	<u>\$ 33,997,738</u>	<u>\$ 365,584</u>
LIABILITIES				
Current liabilities				
Accounts payable.....	\$ 46,556	\$ 128,931	\$ 175,486	\$ 80,152
Interfund payable.....	187,212	-	187,212	-
Other payable.....	-	25,316	25,316	-
Salaries & benefits payable.....	50,211	-	50,211	-
Water deposits.....	-	32,333	32,333	-
Current portion of long term debt.....	4,859	460,968	465,827	-
Net pension liability.....	394,403	-	394,403	-
Total current liabilities	<u>\$ 683,241</u>	<u>\$ 647,548</u>	<u>\$ 1,330,788</u>	<u>\$ 80,152</u>
Long-term liabilities				
Debt portion due in more than one year.....	15,886	10,031,908	10,047,794	-
Interim DEQ financing	-	-	-	-
Compensated absences.....	45,121	18,461	63,582	-
Total long-term liabilities.....	<u>\$ 61,007</u>	<u>\$ 10,050,369</u>	<u>\$ 10,111,376</u>	<u>\$ -</u>
Total liabilities.....	<u>\$ 744,248</u>	<u>\$ 10,697,917</u>	<u>\$ 11,442,164</u>	<u>\$ 80,152</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferred inflows.....	\$ 254,395	-	\$ 254,395	-
NET POSITION				
Invested in capital assets, net of related debt	6,060,094	7,364,353	13,424,447	-
Restricted for:				
Capital projects.....	1,137,892	-	1,137,892	-
Debt service.....	-	1,680,923	1,680,923	-
Community development and improvement projects.....	152,229	-	152,229	-
Unrestricted	449,126	5,456,561	5,905,687	285,432
Total net position.....	<u>\$ 7,799,341</u>	<u>\$ 14,501,837</u>	<u>\$ 22,301,178</u>	<u>\$ 285,432</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, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Component Unit
	Fees, Fines, & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
	Expenses	-	-	-	-	-	
Governmental activities:							
General government.....	\$ 730,239	\$ -	\$ -	\$ (352,586)	\$ -	\$ (352,586)	-
Public safety.....	625,922	-	13,093	(581,650)	-	(581,650)	-
Public works.....	352,666	141,293	-	(67,808)	-	(67,808)	-
Parks and recreation.....	284,077	-	-	(206,553)	-	(206,553)	-
Cultural.....	183,484	5,494	-	(160,913)	-	(160,913)	-
Interest on long term debt.....	-	-	-	-	-	-	-
Internal Service charges.....	39,039	-	-	(39,039)	-	(39,039)	-
Total governmental activities.....	<u>2,215,427</u>	<u>146,787</u>	<u>13,093</u>	<u>(1,408,549)</u>	<u>-</u>	<u>(1,408,549)</u>	<u>-</u>
Business-type activities:							
Water fund.....	409,687	-	-	-	\$ 125,376	125,376	-
Sanitation fund.....	190,290	-	-	-	65,004	65,004	-
Sewer fund.....	1,061,920	-	-	-	513,944	513,944	-
Internal Service charges.....	88,622	-	-	-	(88,622)	(88,622)	-
Total business-type activities.....	<u>1,750,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>615,702</u>	<u>615,702</u>	<u>-</u>
Total primary government.....	<u>\$ 3,965,946</u>	<u>\$ 146,787</u>	<u>\$ 13,093</u>	<u>(1,408,549)</u>	<u>615,702</u>	<u>(792,847)</u>	<u>-</u>
Component unit.....	<u>\$ 1,320,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(1,320,202)</u>	<u>-</u>

General revenues:

Taxes:	825,066	-	-	-	-	825,066	270,948
Property taxes, levied for general purposes	118,440	-	-	-	-	118,440	-
Property taxes, levied for library	71,028	-	-	-	-	71,028	-
Property taxes, levied for park and recreation fund	154,336	-	-	-	-	154,336	-
Property taxes, levied for public works	34,657	-	-	-	-	34,657	-
Property taxes, levied for capital projects	126,654	-	-	-	-	126,654	-
State sales taxes	136,379	-	-	-	-	136,379	-
State revenue sharing	61,369	-	-	-	-	61,369	-
State liquor allocation	5,612	-	-	-	54,130	59,742	1,033
Earnings on investments	48,238	-	-	-	631	48,869	358,847
Miscellaneous	(818)	-	-	-	-	(818)	-
Gain (loss) on sale of assets	44,649	-	-	-	61,658	106,307	-
Internal Service Charges	(58,329)	-	-	-	58,329	-	-
Transfers	(30,600)	-	-	-	-	-	-
Net pension revenue (expense)	1,536,681	-	-	-	-	(30,600)	-
Total general revenues and transfers	<u>128,132</u>	<u>174,748</u>	<u>790,450</u>	<u>918,582</u>	<u>1,711,429</u>	<u>1,711,429</u>	<u>630,828</u>
Changes in net assets	6,674,539	-	13,711,387	20,385,926	-	-	(689,374)
Net position--beginning	1,526,577	-	-	1,526,577	-	-	974,806
Contributed capital	(529,907)	-	-	-	-	-	-
Prior period adjustment	7,799,341	-	-	-	-	-	-
Net assets--ending	<u>\$ 7,799,341</u>	<u>\$ 14,501,837</u>	<u>\$ 22,301,178</u>	<u>\$ 22,301,178</u>	<u>\$ 285,432</u>	<u>\$ 285,432</u>	<u>-</u>

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

CITY OF RIGBY
Balance Sheet
Governmental Funds
September 30, 2015

	General Fund	Road Fund	Non Major Funds	Total Governmental Funds
ASSETS				
Cash.....	\$ 713,232	\$ 263,989	\$ 702,082	\$ 1,679,303
Investments.....	124,896	-	294,695	419,591
Taxes receivable.....	32,587	5,802	8,738	47,127
Other receivables.....	72,491	42,238	6,316	121,045
Interfund receivable.....	-	-	187,212	187,212
Prepaid expenses.....	59,615	-	-	59,615
Total assets.....	<u>\$ 1,002,821</u>	<u>\$ 312,029</u>	<u>\$ 1,199,043</u>	<u>\$ 2,513,893</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
CURRENT LIABILITIES				
Accounts payable.....	\$ 11,236	\$ 10,430	\$ 23,309	\$ 44,975
Interfund payable.....	-	-	187,212	187,212
Payroll liabilities.....	13,700	-	-	13,700
Salaries payable/Benefits.....	36,511	-	-	36,511
Deferred revenue.....	29,040	5,158	7,778	41,976
Total current liabilities.....	<u>90,487</u>	<u>15,588</u>	<u>218,299</u>	<u>324,374</u>
FUND BALANCE				
Restricted.....	-	296,441	789,953	1,086,394
Committed.....	-	-	45,292	45,292
Assigned.....	-	-	145,499	145,499
Unassigned.....	912,334	-	-	912,334
Total fund balance.....	<u>912,334</u>	<u>296,441</u>	<u>980,744</u>	<u>2,189,519</u>
Total liabilities and fund balance.....	<u>\$ 1,002,821</u>	<u>\$ 312,029</u>	<u>\$ 1,199,043</u>	<u>\$ 2,513,893</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, 2015

Total fund balances - governmental funds \$ 2,189,519

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

Cost of capital assets	\$ 8,596,359	
Depreciation expense to date	<u>(2,515,520)</u>	6,080,839

Property taxes received that are not available to pay for current period expenditures are deferred in the funds.		41,976
--	--	--------

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

Accrual of net pension liability for prior periods	(241,411)	
Prior period cash contributions	(288,496)	
Current period cash contributions	95,253	
Current period pension revenue	<u>(78,339)</u>	<u>(512,993)</u>

Total net assets for governmental activities		<u>\$ 7,799,341</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF RIGBY
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
September 30, 2015

	General Fund	Road Fund	Non Major Funds	Total Governmental Funds
REVENUES				
Local Revenue:				
Property taxes.....	\$ 837,575	\$ 155,627	\$ 227,167	\$ 1,220,369
Earnings on investments.....	2,555	670	2,387	5,612
Fees and fines.....	17,123	-	-	17,123
Charges for services.....	31,179	77,550	46,418	155,147
Miscellaneous and other revenue.....	19,250	1,897	497,906	519,053
State revenues.....	283,567	158,544	23,584	465,695
Grants.....	13,093	-	5,452	18,545
Total revenue.....	<u>1,204,342</u>	<u>394,288</u>	<u>802,914</u>	<u>2,401,544</u>
EXPENDITURES				
General government.....	359,885	-	6,782	366,667
Public safety.....	596,204	-	92	596,296
Street and public improvement.....	-	291,030	-	291,030
Parks and recreation.....	-	-	130,295	130,295
Cultural.....	14,000	-	156,275	170,275
Capital outlay.....	3,396	-	514,541	517,937
Total expenditures.....	<u>973,485</u>	<u>291,030</u>	<u>807,985</u>	<u>2,072,500</u>
Excess (deficiency) of revenue over expenditures.....	230,857	103,258	(5,071)	329,044
OTHER FINANCING SOURCES (USES)				
Other Financing Source.....	-	-	-	-
Transfers.....	(278,632)	-	353,632	75,000
Net change in fund balances.....	(47,775)	103,258	348,561	404,044
Fund Balance - Beginning.....	960,109	193,183	632,183	1,785,475
Prior Period Adjustment.....	-	-	-	-
Fund Balance - Ending.....	<u>\$ 912,334</u>	<u>\$ 296,441</u>	<u>\$ 980,744</u>	<u>\$ 2,189,519</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, 2015

Net Change in fund balances-total governmental funds		\$ 404,044
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense over the life of the asset. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capitalized assets	\$ 170,837	
Depreciation expense	<u>(261,208)</u>	(90,371)
In the statement of activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.		
		(2,915)
Capital assets used in governmental activities were granted to a local non-profit organization. Only governmental activities capitalize and depreciate assets.		
		(123,220)
Transfers from governmental type activities to proprietary type activities are not recorded at the governmental fund level and are classified as capital contributions at the proprietary fund level. For government wide activities it is reported as a transfer.		
		(133,329)
Debt payments are treated as an expenditure in the governmental funds, but the payments reduce long term debt in the Statement of Activities.		
Capital lease payable	22,941	
Bonds payable	<u>-</u>	22,941
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.		
Deferred revenue - 2015	41,976	
Deferred revenue - 2014	<u>(58,766)</u>	(16,790)
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.		
Compensated absences - 2015	(45,121)	
Compensated absences - 2014	<u>42,630</u>	(2,491)
GASB 68 requires the calculation of net pension revenue (expense), and the deferral of current contributions.		
Current contributions	95,253	
Net pension revenue (expense)	<u>(30,600)</u>	64,653
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.		
		<u>5,610</u>
Change in Net Position of Governmental Activities		<u>\$ 128,132</u>

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

CITY OF RIGBY
Statement of Net Position
Proprietary Funds
September 30, 2015

	Water Fund	Sanitation	Sewer Fund	Sewer Collection	Total	Internal Service Funds
ASSETS						
Cash.....	\$ 498,782	\$ 240,843	\$ 1,261,052	\$ 230,453	\$ 2,231,130	\$ 47,383
Cash - restricted for bond.....	-	-	251,165	-	251,165	-
Investments.....	622,289	133,490	2,742,420	1,067,920	4,566,119	-
Receivables.....	51,424	24,738	164,676	-	240,838	-
Capital assets, net of depreciation.....	2,156,417	396,949	15,051,276	-	17,604,642	231,432
Capital assets, non-depreciable.....	21,154	-	-	-	21,154	-
Prepaid expenses.....	4,396	-	21,202	-	25,598	-
Total assets.....	<u>3,354,462</u>	<u>796,020</u>	<u>19,491,791</u>	<u>1,298,373</u>	<u>24,940,646</u>	<u>\$ 278,815</u>
LIABILITIES						
Current Liabilities:						
Accounts payable.....	11,712	749	114,889	-	127,350	\$ 3,161
Other payable.....	-	-	25,316	-	25,316	-
Water deposits.....	32,333	-	-	-	32,333	-
Salaries payable & payroll liabilities.....	-	-	-	-	-	-
Current portion of long term debt.....	-	-	460,968	-	460,968	-
Total current liabilities.....	<u>44,045</u>	<u>749</u>	<u>601,173</u>	<u>-</u>	<u>645,967</u>	<u>3,161</u>
Noncurrent liabilities:						
Bond payable - long term.....	-	-	10,031,908	-	10,031,908	-
Interim DEQ financing.....	-	-	-	-	-	-
Compensated absences payable.....	7,024	2,529	8,908	-	18,461	-
Total liabilities.....	<u>51,069</u>	<u>3,278</u>	<u>10,641,989</u>	<u>-</u>	<u>10,696,336</u>	<u>3,161</u>
NET POSITION						
Invested in capital assets, net of related debt.....	2,177,571	396,949	5,019,368	-	7,593,888	231,432
Restricted for debt service.....	-	-	1,680,923	-	1,680,923	-
Net assets - unrestricted.....	1,125,822	395,793	2,149,511	1,298,373	4,969,499	44,222
Total net position.....	<u>\$ 3,303,393</u>	<u>\$ 792,742</u>	<u>\$ 8,849,802</u>	<u>\$ 1,298,373</u>	<u>14,244,310</u>	<u>\$ 275,654</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

257,527
\$ 14,501,837

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, 2015

	Water Fund	Sanitation	Sewer Fund	Sewer Collection Project	Total	Internal Service Funds
OPERATING REVENUE						
Consumer charges.....	\$ 535,063	\$ 255,294	\$ 1,575,864	\$ -	\$ 2,366,221	\$ -
Other revenue.....	131	-	500	-	631	-
Other Services.....	-	-	-	-	-	106,307
Total operating revenue.....	<u>535,194</u>	<u>255,294</u>	<u>1,576,364</u>	<u>-</u>	<u>2,366,852</u>	<u>106,307</u>
OPERATING EXPENSES						
Salaries.....	43,553	67,172	112,355	-	223,080	8,322
Payroll taxes.....	4,768	11,603	14,739	-	31,110	975
Insurance - employee.....	16,316	11,842	46,510	-	74,668	1,794
Retirement - employee.....	7,017	8,045	12,513	-	27,575	992
Legal fees.....	-	-	-	-	-	-
Municipal shop building	7,053	7,053	7,250	-	21,356	8,213
Utilities.....	259	-	90,338	-	90,597	-
Office supplies and postage.....	4,752	4,278	5,996	-	15,026	-
Maintenance and repairs.....	208,418	30,044	108,534	-	346,996	29,368
Training and travel.....	596	11	1,143	-	1,750	-
Supplies.....	4,544	25	27,544	-	32,113	7,727
Fuel.....	265	-	4,638	-	4,903	35,558
Depreciation.....	82,894	23,519	458,142	-	564,555	34,712
Miscellaneous expense.....	23,332	26,698	51,908	-	101,938	-
Irrigation assessments.....	5,920	-	-	-	5,920	-
Total operating expense.....	<u>409,687</u>	<u>190,290</u>	<u>941,610</u>	<u>-</u>	<u>1,541,587</u>	<u>127,661</u>
Operating income (loss).....	<u>125,507</u>	<u>65,004</u>	<u>634,754</u>	<u>-</u>	<u>825,265</u>	<u>(21,354)</u>
NONOPERATING REVENUE (EXPENSE)						
Wastewater project grant income.....	-	-	-	-	-	-
Wastewater project expenditures.....	-	-	-	-	-	-
Interest income.....	12,173	4,574	29,714	10,378	56,839	-
Interest expense.....	-	-	(120,310)	-	(120,310)	-
Gain (loss) on investments.....	1,655	-	(4,364)	-	(2,709)	-
Reserve for debt service.....	-	-	-	-	-	-
Capital contributions.....	-	-	-	-	-	133,329
Operating transfers.....	177,517	70,506	(227,517)	-	20,506	(95,506)
Changes in net position.....	<u>316,852</u>	<u>140,084</u>	<u>312,277</u>	<u>10,378</u>	<u>779,591</u>	<u>16,469</u>
NET POSITION						
Total net position - beginning.....	2,986,541	652,658	8,537,525	1,287,995		259,185
Prior years adjustment.....	-	-	-	-		-
Total net position - ending.....	<u>\$ 3,303,393</u>	<u>\$ 792,742</u>	<u>\$ 8,849,802</u>	<u>\$ 1,298,373</u>		<u>\$ 275,654</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 \$ 10,859
\$ 790,450

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

CITY OF RIGBY
Statement of Cash Flows
Proprietary Funds
September 30, 2015

	Water Fund	Sanitation	Sewer Fund	Sewer Collection	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers.....	\$ 565,359	\$ 256,774	\$ 1,655,069	\$ 708,121	\$ 3,185,323	\$ 106,307
Payments to suppliers and employees.....	(435,682)	(172,043)	(441,648)	-	(1,049,373)	(97,273)
Cash provided by customer deposits.....	11,946	-	-	-	11,946	-
Net cash provided (used) by operating activities.....	<u>141,623</u>	<u>84,731</u>	<u>1,213,421</u>	<u>708,121</u>	<u>2,147,896</u>	<u>9,034</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from (to) other funds.....	(25,000)	(25,000)	(25,000)	-	(75,000)	-
Net cash provided (used) by noncapital financing activities.....	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>	<u>(75,000)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Cash proceeds from grants.....	-	-	-	-	-	-
Cash paid for construction and equipment.....	(62,600)	(244,587)	(143,620)	-	(450,807)	-
Bond principle payments.....	-	-	(1,149,563)	-	(1,149,563)	-
Interest paid on bonds and leases.....	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities.....	<u>(62,600)</u>	<u>(244,587)</u>	<u>(1,293,183)</u>	<u>-</u>	<u>(1,600,370)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income.....	12,173	4,574	(90,596)	10,378	(63,471)	-
Change in market value of investments.....	(9,017)	(1,263)	(27,319)	(10,102)	(47,701)	-
Purchase of investments.....	-	-	-	-	-	-
Net cash provided (used) from investing activities.....	<u>3,156</u>	<u>3,311</u>	<u>(117,915)</u>	<u>276</u>	<u>(111,172)</u>	<u>-</u>
Net increase (decrease) in cash.....	57,179	(181,545)	(222,677)	708,397	361,354	9,034
Cash and cash equivalents-beginning of year.....	441,603	422,388	1,734,894	(477,944)	2,120,941	38,349
Cash and cash equivalents-end of year.....	<u>\$ 498,782</u>	<u>\$ 240,843</u>	<u>\$ 1,512,217</u>	<u>\$ 230,453</u>	<u>\$ 2,482,295</u>	<u>\$ 47,383</u>

Reconciliation of operating income to net cash provided by

operating activities						
Operating income.....	\$ 125,507	\$ 65,004	\$ 634,754	\$ -	\$ 825,265	\$ (21,354)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation.....	82,894	23,519	458,142	-	564,555	34,712
(Increase) decrease in accounts receivable.....	30,165	1,480	78,705	708,121	818,471	-
Increase (decrease) in customer deposits.....	11,946	-	-	-	11,946	-
(Increase) decrease in customer prepaids.....	(3,088)	-	(19,707)	-	(22,795)	-
Increase (decrease) in accounts payable.....	(105,801)	(5,272)	41,179	-	(69,894)	(4,324)
Noncash loss on capital assets no longer in service	-	-	20,348	-	20,348	-
Net cash provided by operating activities.....	<u>\$ 141,623</u>	<u>\$ 84,731</u>	<u>\$ 1,213,421</u>	<u>\$ 708,121</u>	<u>\$ 2,127,548</u>	<u>\$ 9,034</u>

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

CITY OF RIGBY

Notes to the Financial Statements September 30, 2015

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, 2015

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, 2015

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, 2015 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, 2015

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, 2015 are classified as deferred revenue.

Inventories and Prepaid Items

The City does not have any inventory items at September 30, 2015.

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	\$ 59,615
Water Fund	\$ 4,396
Sewer Revenue Fund	\$ 2,027
Sewer Bond Fund	\$ 19,175
Non-Major Funds	\$ 0

The balances represent prepaid workman's compensation insurance of \$8,726 and \$76,487 of other prepaid expenses.

Capital Assets

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

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

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2015

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, 2015, the City had fund balances which were restricted, committed, assigned, and unassigned of \$1,086,394, \$45,292, \$145,499 and \$912,334 respectively. Restricted funds are those which are constrained to being used for a specific purpose by external parties, constitutional provisions, or enabling legislation. Committed funds are those which are constrained to being used for a specific purpose by the City itself. Assigned Funds are amounts intended to be used for specific purposes as expressed by the City's management. Unassigned funds are those which are available for any purpose.

Pensions

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

NOTE 2 DEPOSITS AND INVESTMENTS

Following is a reconciliation of the City's deposit and investment balances as of September 30, 2015:

	Pooled Cash and Investments
Demand Deposits	\$ 1,878,280
Certificates of Deposit	1,588,429
State Investment Pool	7,918
Investments	4,985,710
Money Market	<u>734,354</u>
Total	<u>\$ 9,194,691</u>

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2015**

NOTE 2 DEPOSITS AND INVESTMENTS, Continued

Cash Deposits

The following is a schedule illustrating the cash balances held by the City of Rigby that are insured, collateralized, or uninsured as of September 30, 2015. The City does not have a deposit policy.

<u>Depository Institution</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>FDIC Insured</u>	<u>Collateralized</u>	<u>Uninsured</u>
Zions Bank	\$2,839,303	\$2,576,131	\$ 250,000	\$ 734,354	\$1,854,950
Xpress Deposit	70,143	25,843	70,143	0	0
Bank of Commerce	77,399	77,399	77,399	0	0
Wells Fargo	8,690	8,690	8,690	0	0
US Bank	1,500	1,794	1,500	0	0
State Invest. Pool	7,916	7,918	0	0	7,916
Idaho Central	1,021,428	1,021,428	250,000	0	771,428
Westmark	502,184	502,184	250,000	0	252,184
Petty Cash	0	150	0	0	150
Investment Accts:					
Edward Jones	438,731	438,731	0	0	438,731
Wells Fargo	382,007	382,007	259,896	0	122,111
RBC Wealth	974,456	974,456	0	0	974,456
Zions	2,135,839	2,135,839	1,450,000	0	685,839
US Bank	<u>1,042,122</u>	<u>1,042,121</u>	<u>425,000</u>	<u>0</u>	<u>617,121</u>
Total	<u>\$9,501,718</u>	<u>\$9,194,691</u>	<u>\$3,042,628</u>	<u>\$ 734,354</u>	<u>\$5,724,886</u>

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2015, \$5,724,886 of the government's cash and investments bank balance of \$9,501,718 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, 2015, the City has the following investments.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Money Market	n/a	122,213
Certificates of Deposit	Various	2,580,708
Federal Agency Obligations	Various	105,749
Mortgage Backed Securities	n/a	1,157
Mutual Funds	n/a	252,582
Bonds	Various	<u>1,923,301</u>
Total Investments		<u>\$ 4,985,710</u>

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

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2015**

NOTE 2 DEPOSITS AND INVESTMENTS, Continued

<u>Individual Issuer</u>	<u>% of Total Investment</u>
Calvert FD Ultra Short – Fixed Income Fund	5.16%
Pimco Short Term Fund – Fixed Income Fund	5.31%
BMW Bank North America Utah – Corporate Bond	5.10%
Synchrony Bank Retail CD	5.10%

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

NOTE 3 RECEIVABLES

Receivables at year end consist of the following:

	<u>General</u>	<u>Street</u>	<u>Other</u>	<u>Enterprise Funds</u>			<u>Sewer</u>
	<u>Fund</u>	<u>and Road</u>	<u>Governmental</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Collection</u>
		<u>Fund</u>	<u>Funds</u>				
Local Sources							
Property Taxes	\$ 32,587	\$ 5,802	\$ 8,738	\$ 0	\$ 0	\$ 0	\$ 0
Consumer Fees	0	0	0	51,424	163,416	24,738	0
Other	0	0	0	0	1,260	0	0
Total Local	<u>\$ 32,587</u>	<u>\$ 5,802</u>	<u>\$ 8,738</u>	<u>\$ 51,424</u>	<u>\$ 164,676</u>	<u>\$ 24,738</u>	<u>\$ 0</u>
State Sources							
Other State Revenue	\$ 72,491	\$ 38,317	\$ 6,316				
Total Receivable	<u>\$105,078</u>	<u>\$ 44,119</u>	<u>\$ 15,054</u>				

NOTE 4 INTERFUND TRANSACTIONS

Interfund Receivable/Payable

During the course of its operations, the City had numerous transactions between funds to finance operations, provide services, construct assets, and service debt. As of September 30, 2015 the LID#8 fund owed the Capital Improvement fund \$187,212 for cash advances for projects.

Interfund Transfers

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

<u>Major Funds</u>	<u>Transfers To</u>	<u>Transfers From</u>
General	\$ 92,368	\$ 371,000
Capital Improvement	537,212	-
Parks, Rodeo	-	13,561
Water	-	25,000
Sanitation	-	25,000
Sewer	-	25,000
LID #7	-	3,807
LID #8	-	187,212
Library	15,000	-
Airport	6,000	-

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2015

NOTE 4 INTERFUND TRANSACTIONS (continued)

Additionally, transfers of capital assets were made to coincide with their related purposes as follows:

<u>Fund</u>	<u>Transfers To</u>	<u>Transfers From</u>
Water	\$ 202,517	\$ -
Sanitation	95,506	-
Sewer	-	202,517
Governmental Activities	-	133,329
Internal Service	133,329	95,506

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%. The City made the final payment on the lease during the 2015 fiscal year.

Rodeo Tractor

During fiscal year 2014, the City entered into a capital lease agreement with Bank of the West for the lease and subsequent purchase of a Kubota tractor and loading bucket. Payments are due in five annual installments of \$5,765.55, including interest at a rate of 4.37%. Principal due on the lease payments as of September 30, 2015 is \$20,745.

Sewer Revenue Bond Issue:

As of September 30, 2015 the City had one sewer revenue bond outstanding the second was paid off during the 2015 fiscal year. The first bond bears interest of 3.75% per annum and matures December 22, 2040. Annual payments of principal and interest are due in December in the amount of \$168,270. The total amount outstanding as of September 30, 2015 was \$2,764,055. The second bond had a principal balance of \$889,086 with a stated interest rate of 2.75%. The principal amount of \$889,086 was paid off during the year.

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, 2015, the loan balance payable to the DEQ was \$7,728,821 for the wastewater treatment facility. The loan is interest free with annual payments of \$198,175 and will mature in April of 2035.

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2015**

NOTE 5 LONG-TERM OBLIGATIONS, Continued

The following schedule recaps the changes in long-term obligations for the fiscal year ending September 30, 2015:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending</u> <u>Balance</u>
Governmental-type activities				
Government Vehicle Leasing Co.	\$ 18,286	\$ 0	\$ 18,286	\$ 0
Bank of the West	25,400	0	4,655	20,745
Compensated absences	42,630	2,491	0	45,121
<i>Total governmental-type</i>	<u>\$ 86,316</u>	<u>\$ 2,491</u>	<u>\$ 22,941</u>	<u>\$ 65,866</u>
Business-type activities				
Waste Water Project DEQ Loan	7,926,996	0	198,175	7,728,821
Sewer USDA Loan	3,715,423	0	951,368	2,764,055
Compensated absences	11,151	7,310	0	18,461
<i>Total business-type activities</i>	<u>\$11,653,570</u>	<u>\$ 7,310</u>	<u>\$1,149,543</u>	<u>\$10,511,337</u>

Maturities of long-term obligations are as follows:

2016	\$ 465,827
2017	468,462
2018	471,198
2019	474,034
2020	471,219
Thereafter	<u>8,162,881</u>
Total	<u>\$10,513,621</u>

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2015

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Capital Acquisitions</u>	<u>Sales / Other Changes</u>	<u>Ending Balance</u>
Governmental Activities				
Non-depreciable Assets:				
Work-in-progress	\$ 0	\$ 0	\$ 0	\$ 0
Land	408,659	0	0	408,659
Depreciable Assets:				
Buildings/Sites	\$ 3,965,300	\$ 22,610	\$ (137,315)	\$ 3,850,595
Equipment	1,426,557	23,153	(4,350)	1,445,360
Infrastructure	<u>1,373,430</u>	<u>1,518,315</u>	<u>0</u>	<u>2,891,745</u>
<i>Total capital assets</i>	<i>7,173,946</i>	<i>1,564,078</i>	<i>(141,665)</i>	<i>8,596,359</i>
Less: accumulated depreciation	<u>(2,269,841)</u>	<u>(261,208)</u>	<u>15,529</u>	<u>(2,515,520)</u>
<i>Governmental activity capital assets, net</i>	<u><i>\$ 4,904,105</i></u>	<u><i>\$ 1,302,870</i></u>	<u><i>\$ (126,136)</i></u>	<u><i>\$ 6,080,839</i></u>
Business-type Activities				
Non-depreciable Assets:				
Work-in-progress	\$ 0	\$ 0	\$ 0	\$ 0
Land	21,154	0	0	21,154
Depreciable Assets:				
Water Fund				
Buildings & equipment	\$ 2,764,476	\$ 62,600	\$ 260,072	\$ 3,087,148
Less: accumulated depreciation	<u>(790,283)</u>	<u>(82,894)</u>	<u>(57,555)</u>	<u>(930,732)</u>
<i>Water capital assets, net</i>	<u><i>1,974,193</i></u>	<u><i>(20,294)</i></u>	<u><i>202,517</i></u>	<u><i>2,156,416</i></u>
Sanitation Fund				
Buildings & equipment	376,879	205,460	244,587	826,926
Less: accumulated depreciation	<u>(296,504)</u>	<u>(23,519)</u>	<u>(109,954)</u>	<u>(429,977)</u>
<i>Sanitation capital assets, net</i>	<u><i>80,375</i></u>	<u><i>181,941</i></u>	<u><i>134,633</i></u>	<u><i>396,949</i></u>
Sewer				
Buildings & equipment	17,798,103	143,620	(422,611)	17,519,112
Less: accumulated depreciation	<u>(2,209,441)</u>	<u>(458,142)</u>	<u>199,746</u>	<u>(2,467,837)</u>
<i>Sewer capital assets, net</i>	<u><i>15,588,662</i></u>	<u><i>(314,522)</i></u>	<u><i>(222,865)</i></u>	<u><i>15,051,275</i></u>
<i>Business-type activities capital assets, net</i>	<u><i>\$17,664,384</i></u>	<u><i>\$ (152,875)</i></u>	<u><i>\$ 114,285</i></u>	<u><i>\$17,625,794</i></u>
Internal Service Fund				
Buildings & equipment	\$ 947,961	\$ 146,306	\$ (440,607)	\$ 653,660
Less: accumulated depreciation	<u>(719,640)</u>	<u>(34,712)</u>	<u>332,124</u>	<u>(422,228)</u>
<i>Internal Service capital assets, net</i>	<u><i>\$ 228,321</i></u>	<u><i>\$ 111,594</i></u>	<u><i>\$ (108,483)</i></u>	<u><i>\$ 231,432</i></u>

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2015**

NOTE 6 CAPITAL ASSETS, Continued

Depreciation expense was charged to functions as follows:

General government	\$ 261,208
Water fund	82,894
Sanitation fund	23,519
Sewer fund	458,142
Internal Service	<u>34,712</u>
	<u>\$ 860,475</u>

NOTE 7 RISK MANAGEMENT

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

NOTE 8 SUBSEQUENT EVENTS

The City retired existing debt in November, 2015 in the amount of \$500,000.

NOTE 9 RELATED PARTY TRANSACTIONS

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

NOTE 10 PENSION ACTIVITY—EMPLOYER REPORTING

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

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

Employee membership data related to the PERSI Base Plan, as of September 30, 2015 was as follows:

Retirees and beneficiaries currently receiving benefits	42,657
Terminated employees entitled to but not yet receiving benefits	11,859
Active plan members	<u>67,008</u>
	121,524

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2015

NOTE 10 PENSION ACTIVITY—EMPLOYER REPORTING – CONTINUED

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2015 it was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. The City of Rigby's contributions were \$96,115 for the year ended September 30, 2015.

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

At September 30, 2015, the City of Rigby reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Rigby's proportion of the net pension liability was based on the City of Rigby's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2015, the City of Rigby's proportion was .000299508 percent.

For the year ended September 30, 2015, the City of Rigby's recognized pension expense (revenue) of \$78,594. At September 30, 2015 the City of Rigby reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2015

NOTE 10 PENSION ACTIVITY—EMPLOYER REPORTING – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$47,280
Changes in assumptions or other inputs	14,364	-
Net difference between projected and actual earnings on pension plan investments	-	207,115
Changes in the employer’s proportion and differences between the employer’s contributions and the employer’s proportionate contributions	-	-
Contributions subsequent to the measurement date	<u>24,029</u>	<u>-</u>
TOTAL	\$38,393	\$254,395

\$24,029 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2015.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at June 30, 2015 the beginning of the measurement period ended September 30, 2015 is 5.5 years.

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

Year ended September 30, 2015:	
2016	\$ (40,457)
2017	\$ (40,457)
2018	\$ (40,457)
2019	\$ 29,365
2020	\$ (2,873)

Actuarial Assumptions

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

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2015**

NOTE 10 PENSION ACTIVITY—EMPLOYER REPORTING – CONTINUED

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

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

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2014 is based on the results of an actuarial valuation date of July 1, 2014.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2014.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000 / Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation – Mean			3.25%
Assumed Inflation – Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			<u>0.40%</u>
Long-Term Expected Rate of Return, net of Investment Expenses			7.10%

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2015**

NOTE 10 PENSION ACTIVITY—EMPLOYER REPORTING – CONTINUED

Discount Rate

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

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
City or Rigby's proportionate share of the net pension liability (asset)	960,623	394,403	(76,333)

Pension plan fiduciary net position

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

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

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2015**

NOTE 11 DEFICIT FUND BALANCE

At September 30, 2015 the LID #8 fund had a deficit fund balance of \$136,697.

NOTE 12 PRIOR PERIOD ADJUSTMENTS

A prior period adjustment was made in accordance with application of the requirements of *GASB 68, Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement no. 27* which recorded the net pension liability of the City, pursuant to the Cities participation in the cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI), which resulted in a net decrease in net position.

NOTE 13 POST RETIREMENT BENEFITS

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

NOTE 14 RIGBY URBAN RENEWAL

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

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

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

Cash – demand deposit (net of overdrafts)	\$ 234,332
Cash – State Investment Pool	<u>129,811</u>
Total	<u>\$ 364,143</u>

Deposits with financial institutions include bank demand deposits as authorized by Idaho statutes. The carrying amounts and the bank balance were \$234,332 at year end. The entire bank balance of \$234,332 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	\$ 1,441
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D. Payables at year end consist of the following:

Accounts Payable	\$ 158,152
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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIGBY
Budget to Actual Comparison Schedule
General Fund
For Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources:				
Local Revenue:				
Taxes.....	\$ 810,573	\$ 810,573	\$ 837,575	\$ 27,002
Earnings on investments.....	1,500	1,500	2,555	1,055
Fees and fines.....	9,000	9,000	17,123	8,123
Charges for services.....	36,200	36,200	31,179	(5,021)
Miscellaneous and other revenue.....	13,000	13,000	19,250	6,250
State revenues.....	287,600	287,600	283,567	(4,033)
Grants.....	20,000	20,000	13,093	(6,907)
Total revenue.....	<u>1,177,873</u>	<u>1,177,873</u>	<u>1,204,342</u>	<u>26,469</u>
EXPENDITURES				
General government.....	520,495	520,495	359,885	160,610
Public safety.....	672,850	672,850	596,204	76,646
Cultural.....	15,000	15,000	14,000	1,000
Capital outlay.....	18,500	18,500	3,396	15,104
Total expenditures.....	<u>1,226,845</u>	<u>1,226,845</u>	<u>973,485</u>	<u>253,360</u>
Excess (deficiency) of revenue over expenditures.....	(48,972)	(48,972)	230,857	279,829
OTHER FINANCING SOURCES (USES)				
Other Financing Source.....	-	-	-	-
Transfers.....	(312,000)	(312,000)	(278,632)	33,368
Net change in fund balances.....	(360,972)	(360,972)	(47,775)	313,197
Fund Balance - Beginning.....	960,109	960,109	960,109	-
Prior Period Adjustment.....	-	-	-	-
Fund Balance - Ending.....	<u>\$ 599,137</u>	<u>\$ 599,137</u>	<u>\$ 912,334</u>	<u>\$ 313,197</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources:				
Local Revenue:				
Taxes.....	\$ 154,245	\$ 154,245	\$ 155,627	\$ 1,382
Earnings on investments.....	-	-	670	670
Charges for services.....	73,000	73,000	77,550	4,550
Miscellaneous and other revenue.....	2,800	2,800	1,898	(902)
State revenues.....	150,310	150,310	158,544	8,234
Total revenue.....	<u>380,355</u>	<u>380,355</u>	<u>394,289</u>	<u>13,934</u>
EXPENDITURES				
Street and public improvement.....	380,355	380,355	291,030	89,325
Capital outlay.....	-	-	-	-
Total expenditures.....	<u>380,355</u>	<u>380,355</u>	<u>291,030</u>	<u>89,325</u>
Excess (deficiency) of revenue over expenditures.....	-	-	103,259	103,259
OTHER FINANCING SOURCES (USES)				
Transfers.....	-	-	-	-
Net change in fund balances.....	-	-	103,259	103,259
FUND BALANCES				
Beginning of the year.....	193,182	193,182	193,182	-
Prior Period Adjustment.....			-	-
End of the year.....	<u>\$ 193,182</u>	<u>\$ 193,182</u>	<u>\$ 296,441</u>	<u>\$ 103,259</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, 2015**

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

NOTE 2 EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

Expenditures did not exceed budget amounts in any major funds during 2015.

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

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

- Data reported is measured as of June 30, 2015

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

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

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

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

- Data reported is measured as of June 30, 2015

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

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

SUPPLEMENTARY INFORMATION

CITY OF RIGBY
Combining Balance Sheet - Non Major Funds
September 30, 2015

	Special Revenue										Capital Projects			
	Library Fund	Arterial Road Fund	Park Fund	Senior Citizens	Utility Assistance Trust Fund	Police Drug Fund	Airport Fund	Capital Improvement	Water Construction	Sewer Construction Fund	LID #7	LID #8	Totals	
ASSETS														
Cash.....	\$ 27,768	\$ 4,211	\$ 115,227	\$ 62	\$ -	\$ 8,690	\$ 26,205	\$ 367,933	\$ 58,896	\$ 42,575	\$ -	\$ 50,515	\$ 702,082	
Investments.....	-	41,081	-	-	-	-	12,556	-	241,058	-	-	-	294,695	
Taxes receivable.....	4,642	-	2,907	-	-	-	-	1,189	-	-	-	-	8,738	
Other receivables.....	3,144	-	2,169	-	-	-	67	936	-	-	-	-	6,316	
Interfund receivable.....	-	-	-	-	-	-	-	187,212	-	-	-	-	187,212	
Prepaid expenses.....	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total assets.....	\$ 35,554	\$ 45,292	\$ 120,303	\$ 62	\$ -	\$ 8,690	\$ 38,828	\$ 557,270	\$ 299,954	\$ 42,575	\$ -	\$ 50,515	\$ 1,199,043	
LIABILITIES AND FUND BALANCE														
LIABILITIES:														
Accounts payable.....	\$ 481	\$ -	\$ 3,209	\$ -	\$ -	\$ -	\$ 578	\$ 19,041	\$ -	\$ -	\$ -	\$ -	\$ 23,309	
Interfund payable.....	-	-	-	-	-	-	-	-	-	-	-	-	187,212	
Salaries payable.....	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payroll liabilities.....	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred Expenditures.....	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred revenue.....	4,134	-	2,596	-	-	-	-	1,048	-	-	-	-	7,778	
Total liabilities.....	4,615	-	5,805	-	-	-	578	20,089	-	-	-	187,212	218,299	
FUND BALANCE:														
Restricted.....	-	-	-	-	-	8,690	38,250	537,181	299,954	42,575	-	(136,697)	789,953	
Committed.....	-	45,292	-	-	-	-	-	-	-	-	-	-	45,292	
Assigned.....	30,939	-	114,498	62	-	-	-	-	-	-	-	-	145,499	
Total fund balance.....	30,939	45,292	114,498	62	-	8,690	38,250	537,181	299,954	42,575	-	(136,697)	980,744	
Total liabilities and fund balance.....	\$ 35,554	\$ 45,292	\$ 120,303	\$ 62	\$ -	\$ 8,690	\$ 38,828	\$ 557,270	\$ 299,954	\$ 42,575	\$ -	\$ 50,515	\$ 1,199,043	

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, 2015

		Total	
		Expenditures	
GENERAL GOVERNMENT			
Mayor & Council			
Payroll related expenditures	\$	39,858	
Public relations		3,135	
Other		1,462	
Total Mayor & Council		\$ 44,455	
City Hall			
Payroll related expenditures	\$	-	
Utilities & telephone		9,363	
Maintenance		2,769	
Total City Hall		\$ 12,132	
Administration			
Payroll related expenditures	\$	125,178	
Office expenditures		28,218	
Bank fees		10,483	
Other		5,025	
Total Administration		\$ 168,904	
Non-departmental			
Payroll related expenditures	\$	18,000	
Legal & professional		54,750	
Bonds & insurance		26,216	
Other		10,160	
Total Non-departmental		\$ 109,126	
Planning & Zoning			
Payroll related expenditures	\$	18,690	
Office expenditures		2,610	
Engineering fees		630	
Other		3,338	
Total Planning & Zoning		\$ 25,268	
TOTAL GENERAL GOVERNMENT EXPENDITURES		\$ 359,885	
PUBLIC SAFETY			
Payroll related expenditures	\$	476,438	
Office expenditures		12,566	
Utilities & telephone		16,285	
Police expenditures		68,346	
Maintenance & repairs		22,569	
TOTAL PUBLIC SAFETY		\$ 596,204	
CULTURAL			
Museum, rodeo, & discretionary cultural expenditures		\$ 14,000	
CAPITAL OUTLAY			
City Hall	\$	-	
Administration		-	
Police		3,396	
TOTAL CAPITAL OUTLAY		\$ 3,396	
TOTAL GOVERNMENTAL EXPENDITURES		\$ 973,485	

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

JENSEN POULSEN & COMPANY, PLLC

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

Mayor and City Council
City of Rigby
Rigby, ID 83442

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Rigby, Idaho, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise City of Rigby, Idaho's basic financial statements and have issued our report thereon dated February 4, 2016.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of Rigby's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify and deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings and responses that we consider to be significant deficiencies (#2015-01).

Compliance and Other Matters

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

Mayor and City Council
City of Rigby, Idaho
Page 2

City of Rigby, Idaho's Response to Findings.

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

Purpose of this Report

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

Jensen Poulsen & Company, PLLC

JENSEN POULSEN & COMPANY, PLLC

Certified Public Accountants

Idaho Falls, Idaho

February 4, 2016

CITY OF RIGBY

Schedule of Audit Findings and Responses
September 30, 2015

FINDINGS—FINANCIAL STATEMENT AUDIT

A. SIGNIFICANT DEFICIENCIES

2015-01 – Inadequate separation of duties in the cash disbursement function

Condition:

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

Criteria:

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

Effect:

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

Recommendation:

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

Response:

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

CITY OF RIGBY

**Schedule of Audit Findings and Responses
September 30, 2015**

Findings on Prior Findings:

FINDINGS—FINANCIAL STATEMENT AUDIT

A. SIGNIFICANT DEFICIENCIES

2014-01 — Inadequate separation of duties in the cash disbursement function
Status: Still reporting finding at 2015-1.

2014-02 — Payment of library claims without City Council approval.
Status: Corrected

2014-03 — Lack of control over financial transactions of the Airport Fund
Status: Corrected

2014-04 — Lack of control over financial transactions of the Rodeo Fund
Status: Corrected