

**CITY OF RIGBY
RIGBY, IDAHO**

**Basic Financial Statements and
Required Supplementary Information
With
Supplementary Information and
Independent Auditor's Report
Year Ended September 30, 2019**

CITY OF RIGBY

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Year Ended September 30, 2019**

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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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 34-38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance of the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Jensen Poulsen & Company, PLLC

JENSEN POULSEN & COMPANY, PLLC
Certified Public Accountants

Idaho Falls, ID
January 24, 2020

BASIC FINANCIAL STATEMENTS

City of Rigby
Management's Discussion and Analysis of Financial Statements
Fiscal Year Ending September 30, 2019

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, 2019.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at September 30, 2019 by \$29,476,367.

- Of this amount, (\$9,192,051) of unrestricted net position and \$4,665,143 of restricted assets is available to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased \$2,079,082 as a result of this year's operations, which includes an increase of governmental type net position of \$762,238 and of business-type net position of \$1,316,844.
- At year end, the City's governmental funds reported combined ending fund balances of \$12,066,452, an increase of \$762,238 from last year.
- The General Fund Balance of \$1,931,792 equals a 56.82% reserve of the total General Fund Expenditures plus Fund Transfers. This equates to a 7 month reserve versus a 4.5 month reserve from the prior year. Of this balance, \$169,760 was appropriated in the budget for the following year.
- The net working capital for all funds increased from \$11.240 to \$13.467 million at year end for an overall net increase of just under 20% increase.
- Fixed capital assets of the city decreased by \$558,688 year over year. New additions totaled \$542,348 in depreciable property and depreciation charge of \$1.101 million for a net change of \$558,688.

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.

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.

Component Unit - Rigby Urban Renewal Agency:

The government-wide financial statements also include separately the financial information of the Rigby Urban Renewal Agency as a component unit. No discussion is presented regarding the urban renewal agency.

The *statement of net position* presents information on all of the City of Rigby's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position 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).

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 Financial Statements 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 current inflows, outflows and balances (reporting more on a cash/partial accrual accounting basis instead of a full accrual basis) in the Government-wide Statements

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

The basic governmental wide funds financial statements can be found on pages 9-17, notes to the financial statements are on pages 18-38 and non-major funds on pages 39-40.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position: For the years ended September 30, 2019 and September 30, 2018. Net Position changed as follows:

	Governmental Activities	Business-type Activities	All Activities
Net Position Sept 30, 2018	11,304,214	16,093,071	27,397,285
Increase in Net Position	<u>762,238</u>	<u>1,316,844</u>	<u>2,079,082</u>
Net Position Sept 30, 2019	12,066,452	17,409,915	29,476,367
Percent Change	6.74%	8.184%	7.59%

Following is the comparative statement of Net Position (2019 vs. 2018).

	Government Activities		Business-type Activities		Total - All Activities		Favorable/ (Unfavorable) Change
	2019	2018	2019	2018	2019	2018	
Current and other assets	5,929,549	5,773,814	8,881,850	7,512,652	14,811,399	13,286,436	1,524,963
Capital Assets(Net)	<u>6,609,260</u>	<u>6,713,107</u>	<u>16,878,705</u>	<u>17,333,516</u>	<u>23,487,965</u>	<u>24,046,653</u>	<u>(558,688)</u>
Total Assets	12,538,809	12,486,921	25,760,555	24,846,168	38,299,364	37,333,089	966,275
Deferred Outflows – Pension	<u>70,068</u>	<u>92,565</u>	<u>0</u>	<u>0</u>	<u>70,068</u>	<u>92,565</u>	<u>(22,497)</u>
Total Assets & Deferred Outflows	12,608,877	12,579,486	25,760,555	24,846,168	38,369,432	37,425,654	943,778
Current Liabilities	381,269	1,178,352	962,786	867,933	1,344,055	2,046,285	702,230
Long-term liabilities outstanding	33,086	28,494	7,387,854	7,885,164	7,420,940	7,913,658	492,718
Total Liabilities	414,355	1,206,846	8,350,640	8,753,097	8,764,995	9,959,943	1,194,948
Deferred Inflows - Pension	<u>128,070</u>	<u>68,426</u>	<u>0</u>	<u>0</u>	<u>128,070</u>	<u>68,426</u>	<u>(59,644)</u>
Net Position:							
Invested in capital assets net of debt	6,609,260	6,707,585	9,009,913	8,947,554	15,619,173	15,655,139	35,966
Restricted	3,453,251	2,720,203	1,211,892	665,074	4,665,143	3,385,277	1,279,866
Unrestricted	<u>2,003,941</u>	<u>1,876,426</u>	<u>7,188,110</u>	<u>6,480,443</u>	<u>9,192,051</u>	<u>8,356,869</u>	<u>835,182</u>
Total net assets	12,066,452	11,304,214	17,409,915	16,093,071	29,476,367	27,397,285	2,079,082

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 \$27.397million at September 30, 2018 compared with \$29.476 million an overall net increase of \$2.079 million in net assets. The increase represents the net change in the city's addition: the governmental fund types increased their net position from \$11.3 million to \$12.06 million for a net increase of \$762,000. The business-types funds increased their net position from \$16.1 million to \$17.4 million, a net increase \$1.3 million.

Outstanding Debt:

The debt owed on the government activities and business-type assets decreased from \$8.4 million to \$7.9 million as shown below.

	<u>Beginning</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending</u>
Bank of the West	5,522		5,522	-0-
DEQ Wastewater Loan	6,542,770		396,349	6,143,422
USDA-RD Wastewater Loan	<u>1,846,221</u>		<u>120,849</u>	<u>1,725,372</u>
	8,394,514		664,768	7,868,794
Compensated Absences	<u>44,866</u>	<u>7,201</u>	<u>0</u>	<u>52,067</u>
Total	8,436,379	7,201	664,768	7,920,861

Working Capital:

Working capital (current assets less current liabilities) for all of the cities funds has increased from \$2.8 million at September 30, 2009 to \$13.467 million at September 30, 2019, a net increase of \$10.67 million over the ten year period.

<u>Working Capital - All Funds</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Current/Other Assets	9,876,126	11,110,427	11,975,673	13,286,436	14,811,399
Current Liabilities	<u>1,330,788</u>	<u>1,689,246</u>	<u>1,405,915</u>	<u>2,046,285</u>	<u>1,344,055</u>
Net Working Capital	8,545,338	9,421,181	10,569,758	11,240,151	13,467,344
Year over Year % Increase (Decrease)	(7.27%)	10.25%	12.2%	6.3%	19.81%

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.

	<u>Ending Fund Balance</u>	<u>2020 Budget</u>	<u>25% 2019 Budget</u>	<u>Excess Fund Balance over Working Cap.</u>
General Fund	1,931,793	1,438,600	359,650	1,572,143
Library Fund	121,956	205,451	51,363	70,593
Parks/Recreation	149,161	113,487	28,372	120,789
Roads	312,773	660,850	165,212	147,561
Capital Improvement (Net Deferred)	348,796	279,472	69,868	278,928
Water Revenue (Net Restricted)	2,353,212	786,000	196,500	2,156,712
Sanitation (Net Restricted)	615,771	324,750	81,188	534,583
Sewer Revenue (Net of Bond/Restricted)	4,144,583	3,045,900	761,475	3,383,108
Sewer Bond – (Net Long Term Debt)	621,631	620,000	155,000	465,000

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

GENERAL FUND BUDGETARY HIGHLIGHT

The general fund is the primary operating fund of the city. The general fund accounts for the various departments of the city such as: mayor and council, administrative services, planning/zoning, police services, city hall maintenance, and legal services. At year end its unreserved, undesignated fund balance was \$1.932 million versus \$1.661 million for the prior year an increase of \$270,838. The general fund ending fund balance (\$1.932 million) is 1.34% of the total general fund expenditures and fund transfers (\$1.438 million) for the budget year 2019/20 year.

The city authorized a \$131,000 transfer from the unreserved fund balance to the capital improvement fund which was made during the year and a planned and budgeted transfer of \$169,760 for the coming year.

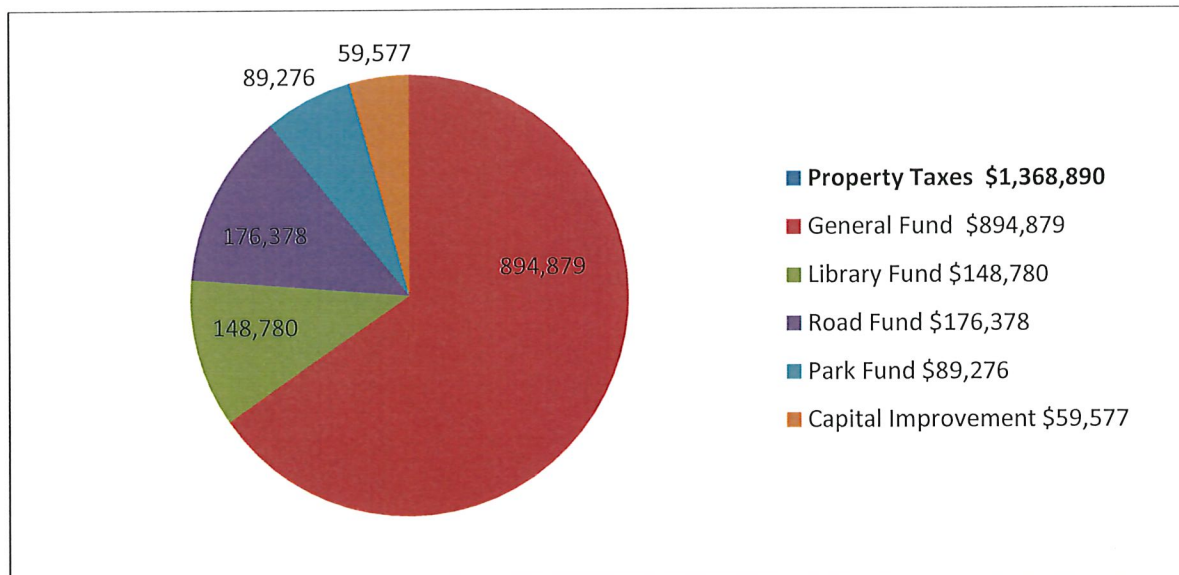
The mayor and council adopt annual operating budgets for all funds – governmental and proprietary funds. The cash based budget is based on revenues inflow and expenditures which include capital expenditures which are subject to reclassification to comply with GAAP. The city measures its success of achieving 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 2018/19 budget from the original published and adopted budget.

PROPERTY TAX ASSESSMENT -

The city assessed \$1,368,890 from property taxes. The following pie chart shows the allocation of the tax to the various funds.

Assessed Property Tax – By Fund

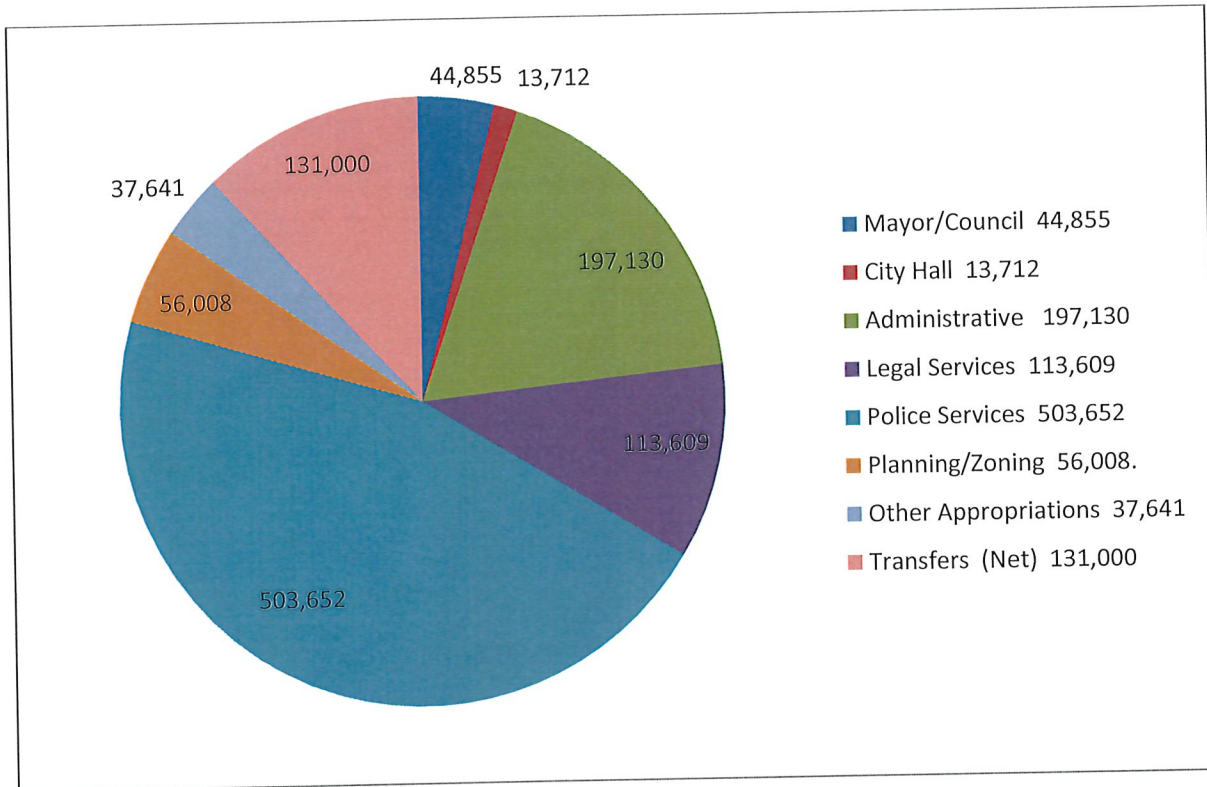


GENERAL FUND EXPENDITURES

The general fund had an operating budget of \$1.305 million down from the prior year's budget of \$1.322 million.

Actual expenditures (including transfers out) total \$1.116 million. The following chart summarizes the actual expenditures to the various departments within the general fund.

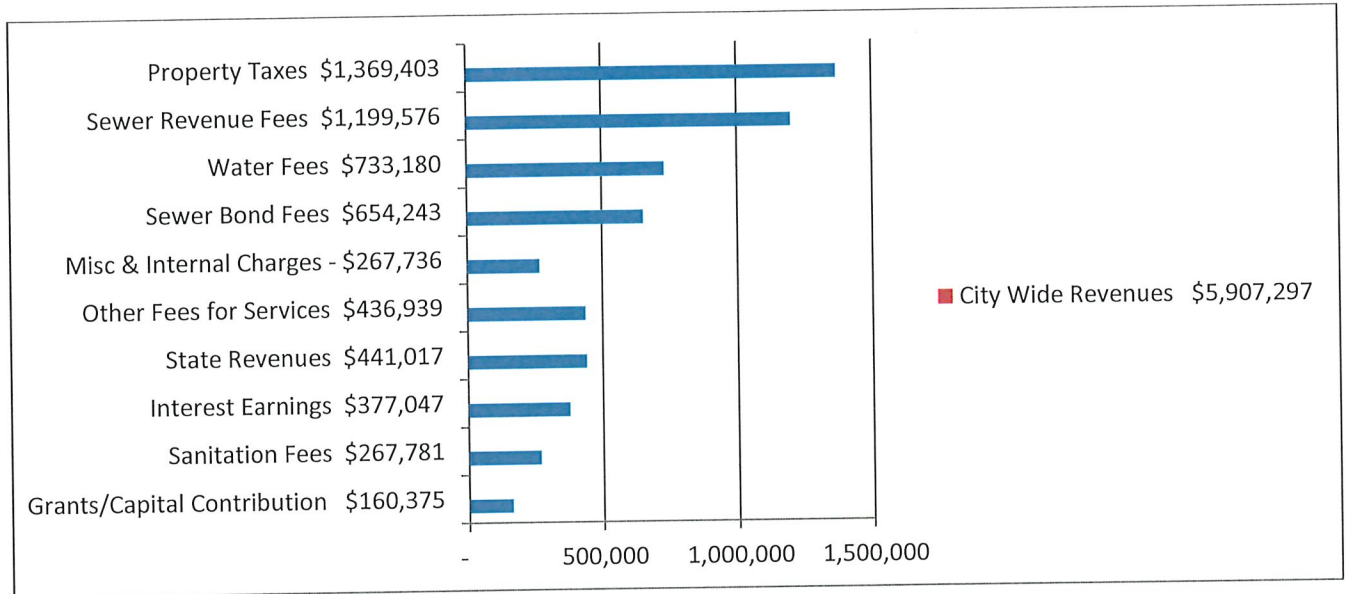
General Fund Actual Expenditures – By Department



CITY-WIDE REVENUES

Total city-wide revenues totaled \$5.907 million. The following chart shows the source of revenues by funding source.

Total Revenues by Source – All Funds



During the year the city increased its monthly utility charges per month by the following amounts:

	<u>2018</u>	<u>2019</u>
Water Revenue	21.00	23.00
Sanitation	11.00	12.50
Sewer Revenue	44.00	52.50
Sewer Bond	32.00	32.00

Wastewater Treatment Plant:

In the current year the city began work on its wastewater treatment plant to meet DEQ and EPA mandates for ammonia discharge and to increase the plant’s overall capacity to handle wastewater. The estimated cost of the wastewater treatment plant is from \$14 to \$18 million. The plant’s current discharge permit is due to expire in December 31, 2021, at which time the city must come into compliance with the ammonia discharge. The projected improvements will require additional funding beyond that available in our sewer revenue and debt service funds. The city is making application for a judicial confirmation to get authority to issue the bonds and obtain necessary funding for the plant expansion from either DEQ and/or USDA-RD. The estimated monthly increase in monthly sewer bond fees is estimated to be \$30.38 to \$40.28 per month. The term of the financing is estimated to be for 40 years at 1.5% to 2.75% annual interest. The sewer revenue fund including the debt service fund has cash and short term investments totaling \$5.491 million

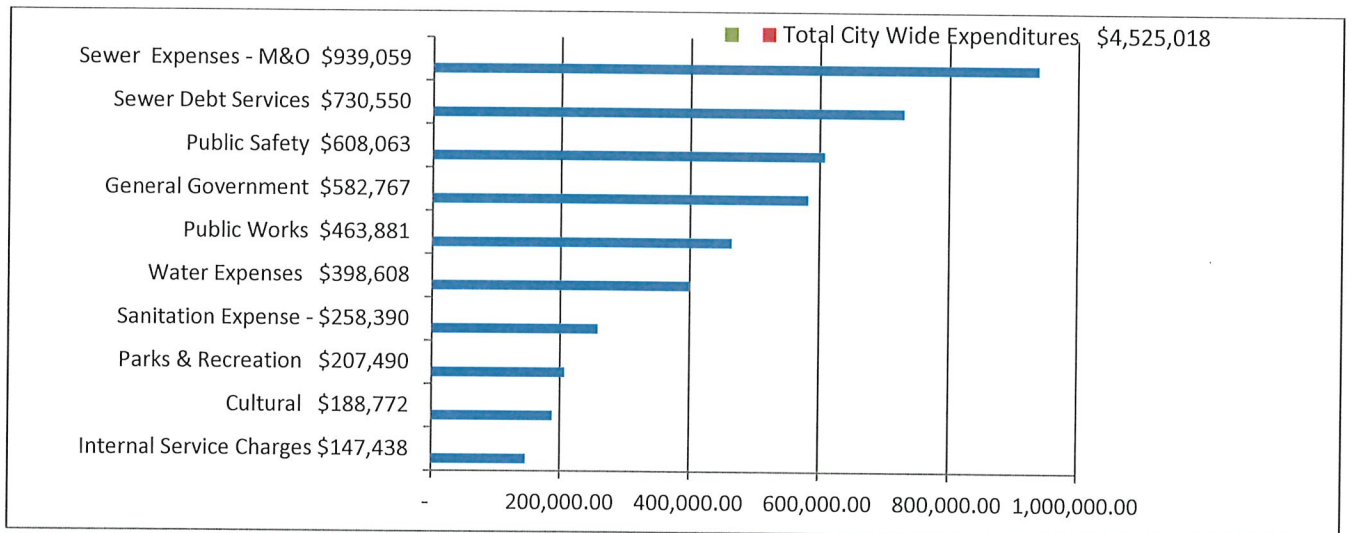
Water Revenue Fund:

The city is upgrading its water pumping and storage facilities. The city was awarded a \$400,000 grant from the Idaho Dept of Commerce to assist in the drilling and installation of a new well. Total estimated cost of the well is \$1.5 million. In the next few years the city expects to construct a second 1 million gallon storage tank at the site of the new well. The upgrades will be funded through a combination of block grants, loans and reserves in the water revenue fund. The water project will provided needed capacity to the city’s system to meet current and future water demands as well as providing needed storage for fire suppression. The water revenue fund has cash and short term investments of \$2.4 million. The funding of the two projects will be financed through a combination of city reserves, grants, and loans.

CITY-WIDE EXPENDITURES

Total city-wide expenditures (including debt service) totaled \$4.525 million. The following chart shows the allocation expenditures by function. The debt service fund includes interest on debt and principal retirement of debt.

Total Expenditures – All Funds



Request for Information

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

David Swager, CPA
City Clerk/Treasurer

CITY OF RIGBY
Statement of Net Position
September 30, 2019

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents.....	\$ 3,064,988	\$ 4,153,638	\$ 7,218,626	\$ 978,361
Investments.....	2,251,739	4,423,818	6,675,557	-
Receivables (net).....	592,780	304,394	897,174	6,120
Prepaid expenses.....	20,042	-	20,042	-
Capital assets, net of depreciation.....	5,930,137	16,686,343	22,616,480	-
Capital assets, non-depreciable.....	679,123	192,362	871,485	-
Total assets.....	<u>\$ 12,538,809</u>	<u>\$ 25,760,555</u>	<u>\$ 38,299,364</u>	<u>\$ 984,481</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferred outflows.....	70,068	-	70,068	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 12,608,877</u>	<u>\$ 25,760,555</u>	<u>\$ 38,369,432</u>	<u>\$ 984,481</u>
LIABILITIES				
Current liabilities				
Accounts payable.....	\$ 68,699	\$ 360,526	\$ 429,224	\$ 905
Other payable.....	-	49,989	49,989	-
Salaries & benefits payable.....	33,260	13,308	46,570	-
Water deposits.....	-	39,044	39,044	-
Current portion of long term debt.....	-	499,919	499,919	-
Net pension liability.....	279,309	-	279,309	-
Total current liabilities	<u>\$ 381,269</u>	<u>\$ 962,786</u>	<u>\$ 1,344,055</u>	<u>\$ 905</u>
Long-term liabilities				
Debt portion due in more than one year.....	-	7,368,873	7,368,873	-
Interim DEQ financing	-	-	-	-
Compensated absences.....	33,086	18,981	52,067	-
Total long-term liabilities.....	<u>\$ 33,086</u>	<u>\$ 7,387,854</u>	<u>\$ 7,420,940</u>	<u>\$ -</u>
Total liabilities.....	<u>\$ 414,355</u>	<u>\$ 8,350,640</u>	<u>\$ 8,764,995</u>	<u>\$ 905</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferred inflows.....	\$ 128,070	\$ -	\$ 128,070	\$ -
NET POSITION				
Invested in capital assets, net of related debt	6,609,260	9,009,913	15,619,173	-
Restricted for:				
Capital projects.....	3,089,080	-	3,089,080	-
Debt service.....	-	1,211,892	1,211,892	-
Community development and improvement projects.....	364,171	-	364,171	-
Unrestricted	2,003,941	7,188,110	9,192,051	983,576
Total net position.....	<u>\$ 12,066,452</u>	<u>\$ 17,409,915</u>	<u>\$ 29,476,367</u>	<u>\$ 983,576</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, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Fees, Fines, & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		Total
Governmental activities:								
General government.....	\$ 582,767	\$ 41,934	-	-	\$ (540,833)	\$ (540,833)	\$ -	
Public safety.....	608,063	39,818	-	-	(568,245)	(568,245)	-	
Public works.....	463,881	250,675	153,245	-	(59,961)	(59,961)	-	
Parks and recreation.....	207,490	88,860	-	-	(118,630)	(118,630)	-	
Cultural.....	188,772	15,652	4,630	2,500	(165,990)	(165,990)	-	
Interest on long term debt.....	46,327	-	-	-	(46,327)	(46,327)	-	
Internal Service charges.....	2,097,300	436,939	157,875	2,500	(1,499,986)	(1,499,986)	-	
Total governmental activities.....								
Business-type activities:								
Water fund.....	398,608	733,180	-	-	-	334,572	-	
Sanitation fund.....	258,390	267,781	-	-	-	9,391	-	
Sewer fund.....	1,004,790	1,853,819	-	-	-	849,029	-	
Internal Service charges.....	101,111	-	-	-	-	(101,111)	-	
Total business-type activities.....	1,762,899	2,854,780	-	-	-	1,091,881	-	
Total primary government.....	\$ 3,860,199	\$ 3,291,719	\$ 157,875	\$ 2,500	(1,499,986)	(408,105)	-	
Component unit.....	\$ 55,499	-	-	-	-	-	(55,499)	

General revenues:		Taxes:	
Property taxes, levied for general purposes	894,740	Property taxes, levied for general purposes	894,740
Property taxes, levied for library	149,086	Property taxes, levied for library	149,086
Property taxes, levied for park and recreation fund	89,456	Property taxes, levied for park and recreation fund	89,456
Property taxes, levied for public works	176,481	Property taxes, levied for public works	176,481
Property taxes, levied for capital projects	59,640	Property taxes, levied for capital projects	59,640
State sales taxes	157,839	State sales taxes	157,839
State revenue sharing	211,862	State revenue sharing	211,862
State liquor allocation	71,316	State liquor allocation	71,316
Earnings on investments	139,819	Earnings on investments	139,819
Miscellaneous	118,346	Miscellaneous	118,346
Internal Service Charges	56,848	Internal Service Charges	56,848
Transfers	99,621	Transfers	99,621
Net pension revenue (expense)	5,188	Net pension revenue (expense)	5,188
Total general revenues and transfers	2,230,242	Total general revenues and transfers	2,230,242
Changes in net assets	730,256	Changes in net assets	730,256
Net position--beginning	11,304,218	Net position--beginning	11,304,218
Prior period adjustment	31,978	Prior period adjustment	31,978
Net assets--ending	\$ 12,066,452	Net assets--ending	\$ 12,066,452

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

CITY OF RIGBY
Balance Sheet
Governmental Funds
September 30, 2019

	General Fund	Road Fund	Non Major Funds	Total Governmental Funds
ASSETS				
Cash.....	\$ 1,413,376	\$ 108,191	\$ 1,486,309	\$ 3,007,876
Investments.....	438,872	161,052	1,651,815	2,251,739
Taxes receivable.....	36,908	7,153	11,727	55,788
Other receivables.....	95,581	70,687	370,724	536,992
Interfund receivable.....	-	-	357,397	357,397
Prepaid expenses.....	20,042	-	-	20,042
Total assets.....	<u>\$ 2,004,779</u>	<u>\$ 347,083</u>	<u>\$ 3,877,972</u>	<u>\$ 6,229,834</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
CURRENT LIABILITIES				
Accounts payable.....	\$ 17,976	\$ 25,053	\$ 21,832	\$ 64,861
Interfund payable.....	-	-	357,397	357,397
Payroll liabilities.....	8,320	2,528	1,600	12,448
Salaries payable/Benefits.....	16,600	894	3,258	20,752
Deferred revenue.....	30,091	5,835	366,903	402,829
Total current liabilities.....	<u>72,987</u>	<u>34,310</u>	<u>750,990</u>	<u>858,287</u>
FUND BALANCE				
Restricted.....	-	312,773	2,721,831	3,034,604
Committed.....	-	-	48,641	48,641
Assigned.....	-	-	356,510	356,510
Unassigned.....	1,931,792	-	-	1,931,792
Total fund balance.....	<u>1,931,792</u>	<u>312,773</u>	<u>3,126,982</u>	<u>5,371,547</u>
Total liabilities and fund balance.....	<u>\$ 2,004,779</u>	<u>\$ 347,083</u>	<u>\$ 3,877,972</u>	<u>\$ 6,229,834</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, 2019

Total fund balances - governmental funds \$ 5,371,547

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	\$ 10,041,418	
Depreciation expense to date	<u>(3,432,158)</u>	6,609,260

Property taxes and assessments that are not available to pay for current period expenditures are deferred in the funds.		402,829
-------------------------------------------------------------------------------------------------------------------------	--	---------

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

Capital leases	-	
Compensated absences	<u>(33,086)</u>	(33,086)

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

Net pension liability	(279,309)	
Deferred outflows of resources	70,068	
Deferred inflows of resources	<u>(128,070)</u>	(337,311)

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

53,213

Total net assets for governmental activities

\$ 12,066,452

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, 2019

	General Fund	Road Fund	Non Major Funds	Total Governmental Funds
REVENUES				
Local Revenue:				
Property taxes.....	\$ 894,879	\$ 176,378	\$ 297,633	\$ 1,368,890
Earnings on investments.....	44,856	7,400	94,912	147,168
Fees and fines.....	26,250	-	-	26,250
Charges for services.....	39,818	100,807	208,336	348,961
Miscellaneous and other revenue.....	21,357	4,667	337,488	363,512
State revenues.....	339,376	218,609	34,368	592,353
Grants.....	1,909	-	4,467	6,376
Total revenue.....	<u>1,368,445</u>	<u>507,861</u>	<u>977,204</u>	<u>2,853,510</u>
EXPENDITURES				
General government.....	445,718	-	13,657	459,375
Public safety.....	503,652	-	-	503,652
Street and public improvement.....	-	414,979	-	414,979
Parks and recreation.....	-	-	153,170	153,170
Cultural.....	14,015	-	155,464	169,479
Capital outlay.....	3,222	61,450	182,729	247,401
Total expenditures.....	<u>966,607</u>	<u>476,429</u>	<u>505,020</u>	<u>1,948,056</u>
Excess (deficiency) of revenue over expenditures.....	401,838	31,432	472,184	905,454
OTHER FINANCING SOURCES (USES)				
Other Financing Source.....	-	-	-	-
Transfers.....	(131,000)	-	230,621	99,621
Net change in fund balances.....	270,838	31,432	702,805	1,005,075
Fund Balance - Beginning.....	1,660,954	281,341	1,878,317	3,820,612
Prior period adjustments.....	-	-	545,860	545,860
Fund Balance - Ending.....	<u>\$ 1,931,792</u>	<u>\$ 312,773</u>	<u>\$ 3,126,982</u>	<u>\$ 5,371,547</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, 2019

Net Change in fund balances-total governmental funds		\$ 1,005,075
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense over the life of the asset. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capitalized assets	\$ 271,912	
Depreciation expense	<u>(375,759)</u>	(103,847)
<p>Debt payments are treated as an expenditure in the governmental funds, but the payments reduce long term debt in the Statement of Activities.</p>		
Capital lease payable	5,522	
Bonds payable	<u>-</u>	5,522
<p>Tax revenues are deferred and not recognized in the funds until they are available to pay for current period expenditures. In the Statement of Activities, however they are recognized when levied. This is the difference between the amount deferred at the beginning and end of the current period.</p>		
Deferred revenue - 2019	402,829	
Deferred revenue - 2018	<u>(590,440)</u>	(187,611)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Compensated absences - 2019	(33,086)	
Compensated absences - 2018	<u>28,494</u>	(4,592)
<p>GASB 68 requires the calculation of net pension revenue (expense), and the deferral of current contributions.</p>		
Current contributions	28,574	
Net pension revenue (expense)	<u>(23,386)</u>	5,188
<p>Internal service funds are used by management to charge the costs of equipment usage to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.</p>		
		<u>10,521</u>
Change in Net Position of Governmental Activities		<u>\$ 730,256</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, 2019

	Water Fund	Sanitation	Sewer Fund	Total	Internal Service Funds
ASSETS					
Cash.....	\$ 1,305,593	\$ 183,500	\$ 2,165,034	\$ 3,654,127	\$ 135,556
Cash - restricted for bond.....	-	-	421,067	421,067	-
Investments.....	1,105,184	413,244	2,905,390	4,423,818	-
Receivables.....	84,716	30,270	189,408	304,394	-
Capital assets, net of depreciation.....	1,881,398	401,900	14,325,849	16,609,147	77,196
Capital assets, non-depreciable.....	93,476	-	98,886	192,362	-
Prepaid expenses.....	-	-	-	-	-
Total assets.....	<u>4,470,367</u>	<u>1,028,914</u>	<u>20,105,634</u>	<u>25,604,915</u>	<u>\$ 212,752</u>
LIABILITIES					
Current liabilities:					
Accounts payable.....	96,035	-	260,653	356,688	\$ 7,675
Other payable.....	-	-	49,989	49,989	-
Water deposits.....	39,044	-	-	39,044	-
Salaries payable & payroll liabilities.....	3,905	6,068	3,273	13,246	124
Current portion of long term debt.....	-	-	499,919	499,919	-
Total current liabilities.....	<u>138,984</u>	<u>6,068</u>	<u>813,834</u>	<u>958,886</u>	<u>7,799</u>
Noncurrent liabilities:					
Bond payable - long term.....	-	-	7,368,873	7,368,873	-
Interim DEQ financing.....	-	-	-	-	-
Compensated absences payable.....	3,297	5,175	10,509	18,981	-
Total liabilities.....	<u>142,281</u>	<u>11,243</u>	<u>8,193,216</u>	<u>8,346,740</u>	<u>7,799</u>
NET POSITION					
Invested in capital assets, net of related debt.....	1,974,874	401,900	6,555,943	8,932,717	77,196
Restricted for debt service.....	-	-	1,211,892	1,211,892	-
Net assets - unrestricted.....	2,353,212	615,771	4,144,583	7,113,566	127,757
Total net position.....	<u>\$ 4,328,086</u>	<u>\$ 1,017,671</u>	<u>\$ 11,912,418</u>	<u>17,258,175</u>	<u>\$ 204,953</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.

	151,740
Net position of business-type activities	<u>\$ 17,409,915</u>

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, 2019

	Water Fund	Sanitation	Sewer Fund	Total	Internal Service Funds
OPERATING REVENUE					
Consumer charges.....	\$ 733,180	\$ 267,781	\$ 1,853,819	\$ 2,854,780	\$ -
Other revenue.....	4,811	1,781	2,259	8,851	-
Other services.....	-	-	-	-	135,352
Total operating revenue.....	<u>737,991</u>	<u>269,562</u>	<u>1,856,078</u>	<u>2,863,631</u>	<u>135,352</u>
OPERATING EXPENSES					
Salaries.....	54,373	60,867	105,348	220,588	7,947
Payroll taxes.....	5,827	4,714	9,386	19,927	635
Insurance - employee.....	13,027	24,172	34,347	71,546	1,293
Retirement - employee.....	8,858	7,450	11,938	28,246	983
Legal fees.....	-	-	-	-	-
Municipal shop building	7,546	7,727	7,532	22,805	8,584
Utilities.....	382	-	75,884	76,266	-
Office supplies and postage.....	4,088	4,438	4,455	12,981	-
Maintenance and repairs.....	186,923	41,776	80,974	309,673	43,423
Training and travel.....	525	-	1,640	2,165	-
Supplies.....	157	160	24,997	25,314	14,578
Fuel.....	-	-	3,121	3,121	32,219
Depreciation.....	86,561	67,578	534,522	688,661	37,135
Miscellaneous expense.....	28,194	39,508	44,915	112,617	641
Irrigation assessments.....	2,147	-	-	2,147	-
Total operating expense.....	<u>398,608</u>	<u>258,390</u>	<u>939,059</u>	<u>1,596,057</u>	<u>147,438</u>
Operating income (loss).....	<u>339,383</u>	<u>11,172</u>	<u>917,019</u>	<u>1,267,574</u>	<u>(12,086)</u>
NONOPERATING REVENUE (EXPENSE)					
Wastewater project grant income.....	-	-	-	-	-
Wastewater project expenditures.....	-	-	-	-	-
Earnings on investments.....	68,527	17,598	151,103	237,228	-
Interest expense.....	-	-	(65,732)	(65,732)	-
Reserve for debt service.....	-	-	-	-	-
Gain (loss) on investments.....	-	-	-	-	-
Capital contributions/transfers.....	-	-	-	-	-
Operating transfers.....	<u>(49,621)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>(99,621)</u>	<u>-</u>
Changes in net position.....	<u>358,289</u>	<u>3,770</u>	<u>977,390</u>	<u>1,339,449</u>	<u>(12,086)</u>
NET POSITION					
Total net position - beginning.....	<u>3,969,797</u>	<u>1,013,901</u>	<u>10,935,028</u>	<u>217,039</u>	<u>217,039</u>
Total net position - ending.....	<u>\$ 4,328,086</u>	<u>\$ 1,017,671</u>	<u>\$ 11,912,418</u>	<u>\$ 204,953</u>	<u>\$ 204,953</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.

(22,607)

Change in net position of business-type activities \$ 1,316,842

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

CITY OF RIGBY
Statement of Cash Flows
Proprietary Funds
September 30, 2019

	Water Fund	Sanitation	Sewer Fund	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers.....	\$ 719,390	\$ 264,745	\$ 1,828,107	\$ 2,812,242	\$ 135,352
Payments to suppliers and employees.....	(257,297)	(199,645)	(351,698)	(808,640)	(108,510)
Cash provided by customer deposits.....	5,127	-	-	5,127	-
Net cash provided (used) by operating activities.....	<u>467,220</u>	<u>65,100</u>	<u>1,476,409</u>	<u>2,008,729</u>	<u>26,842</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from (to) other funds.....	(49,621)	(25,000)	(25,000)	(99,621)	-
Net cash provided (used) by noncapital financing activities.....	<u>(49,621)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>(99,621)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Cash paid for capital assets.....	(72,322)	(45,000)	(153,634)	(270,956)	-
Principle payments.....	-	-	(517,200)	(517,200)	-
Interest paid on long-term obligations.....	-	-	(65,732)	(65,732)	-
Net cash provided (used) by capital and related financing activities.....	<u>(72,322)</u>	<u>(45,000)</u>	<u>(736,566)</u>	<u>(853,888)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income.....	29,353	8,150	29,077	66,580	-
Purchase of investments.....	-	-	-	-	-
Net cash provided (used) from investing activities.....	<u>29,353</u>	<u>8,150</u>	<u>29,077</u>	<u>66,580</u>	<u>-</u>
Net increase (decrease) in cash.....	374,630	3,250	743,920	1,121,800	26,842
Cash and cash equivalents-beginning of year.....	930,963	180,250	1,842,181	2,953,394	108,714
Cash and cash equivalents-end of year.....	<u>\$ 1,305,593</u>	<u>\$ 183,500</u>	<u>\$ 2,586,101</u>	<u>\$ 4,075,194</u>	<u>\$ 135,556</u>
Reconciliation of operating income to net cash provided by operating activities					
Operating income.....	\$ 339,383	\$ 11,172	\$ 917,019	\$ 1,267,574	\$ (12,086)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation.....	86,561	67,578	534,522	688,661	37,135
(Increase) decrease in accounts receivable.....	(18,601)	(4,817)	(27,971)	(51,389)	-
Increase (decrease) in customer deposits.....	5,127	-	-	5,127	-
(Increase) decrease in customer prepaids.....	(5,600)	-	-	(5,600)	-
Increase (decrease) in accounts payable.....	60,350	(8,833)	51,886	103,403	1,793
Net cash provided by operating activities.....	<u>\$ 467,220</u>	<u>\$ 65,100</u>	<u>\$ 1,475,456</u>	<u>\$ 2,007,776</u>	<u>\$ 26,842</u>

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

CITY OF RIGBY

Notes to the Financial Statements September 30, 2019

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, 2019

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, 2019

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, 2019 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, 2019**

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, 2019 are classified as deferred revenue.

Inventories and Prepaid Items

The City does not have any inventory items at September 30, 2019.

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

General Fund	\$ 20,042
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The balance represents SUTA overpayments in the amount of \$17,752, prepaid expense in the amount of \$1,000, and prepaid workers compensation insurance in the amount of \$1,290.

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, 2019**

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, 2019, the City had fund balances which were restricted, committed, assigned, and unassigned of \$3,034,604, \$48,641, \$356,510 and \$1,931,792 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, 2019:

	Pooled Cash and Investments
Demand Deposits	\$ 1,076,036
State Investment Pool	5,624,104
Investments	7,130,283
Money Market	<u>63,760</u>
Total	<u>\$ 13,894,183</u>

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2019**

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, 2019. 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	\$1,075,758	\$1,095,482	\$ 250,000	\$ 63,761	\$ 761,997
Xpress Deposit	26,920	28,500	-	-	26,920
Wells Fargo	10,472	10,472	10,472	-	-
US Bank	5,814	5,003	5,814	-	-
State Invest. Pool	5,613,821	5,624,104	-	-	5,613,821
Petty Cash		339	-	-	339
Investment Accts:					
Beehive Credit Union	310,868	310,868	250,000	-	60,868
Idaho Central	1,094,848	1,094,823	250,000	-	844,848
Westmark	454,726	454,726	250,000	-	204,726
RBC Wealth	1,053,608	1,053,608	-	-	1,053,608
Edward Jones	410,178	410,178	-	-	410,178
US Bank	1,127,500	1,127,500	250,000	-	877,500
Wells Fargo	423,504	423,504	250,000	-	173,504
Zions	<u>2,254,813</u>	<u>2,255,076</u>	<u>250,000</u>	<u>-</u>	<u>2,004,813</u>
Total	<u>\$13,862,830</u>	<u>\$13,894,183</u>	<u>\$1,766,286</u>	<u>\$ 63,598</u>	<u>\$ 12,033,122</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, 2019, \$12,033,122 of the government's cash and investments bank balance of \$13,862,830 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, 2019, the City has the following investments.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Money Market	n/a	583,208
Certificates of Deposit	Various	4,196,688
Federal Agency Obligations	Various	837,021
Mutual Funds	n/a	1,458,421
Bonds	Various	49,656
Total Investments		<u>\$ 7,129,994</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, 2019**

NOTE 2 DEPOSITS AND INVESTMENTS, Continued

<u>Individual Issuer</u>	<u>% of Total Investment</u>
FHLM	24.55%
FNMA	10.60%
Franklin US Gov	13.65%
Calavert	9.69%
Lord Abbet	7.80%
Loomis Sayles	9.00%

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

NOTE 3 RECEIVABLES

Receivables at year end consist of the following:

	<u>General Fund</u>	<u>Street and Road Fund</u>	<u>Other Governmental Funds</u>	<u>Enterprise Funds</u>			
				<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Sewer Collection</u>
Local Sources							
Property Taxes	\$ 36,908	\$ 7,153	\$ 11,727	\$ -	\$ -	\$ -	\$ -
Consumer Fees	-	-	-	68,977	189,408	25,907	-
Other	-	6,276	-	15,739	-	-	-
Total Local	<u>\$ 36,908</u>	<u>\$ 13,429</u>	<u>\$ 11,727</u>	<u>\$ 84,716</u>	<u>\$ 189,408</u>	<u>\$ 25,907</u>	<u>\$ -</u>
State Sources							
Other State Revenue	\$ 95,580	\$ 64,411	\$ 370,724				
Total Receivable	<u>\$132,488</u>	<u>\$ 77,840</u>	<u>\$ 382,451</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, 2019 the LID#8 and LID #9 funds owed the Capital Improvement fund \$357,397 to payback the initial funding of the LID projects. Funds are remitted back to Capital Improvement as they are received from assessments to the property owners.

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

<u>Major Funds</u>	<u>Transfers To</u>	<u>Transfers From</u>
General	\$ 75,000	\$ 206,000
Capital Improvement	388,124	-
LID #8	-	17,330
LID #9	-	170,794
Water	-	25,000
Sanitation	-	25,000
Sewer	-	25,000
Airport	6,000	-

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2019**

NOTE 5 LONG-TERM OBLIGATIONS

Rodeo Tractor

During fiscal year 2014, the City entered into a capital lease agreement with Bank of the West for the lease and subsequent purchase of a Kubota tractor and loading bucket. Payments are due in five annual installments of \$5,765.55, including interest at a rate of 4.37%. The final principal payment was paid in the amount of \$5,522 on April 4, 2019.

Sewer Revenue Bond Issue:

As of September 30, 2019 the City had one sewer revenue bond outstanding. The bond bears interest of 3.75% per annum and matures December 22, 2040. Annual payments of principal and interest are due in December in the amount of \$168,270. The total amount outstanding as of September 30, 2019 was \$1,725,372.

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, 2019, the loan balance payable to the DEQ was \$6,143,422 for the wastewater treatment facility. The loan is interest free with semi-annual payments of \$198,175 and will mature in April of 2035.

The following schedule recaps the changes in long-term obligations for the fiscal year ending September 30, 2019:

	Beginning			Ending
	Balance	Additions	Subtractions	Balance
Governmental-type activities				
Bank of the West	5,522	-	5,522	-
Compensated absences	28,494	4,592	-	33,086
<i>Total governmental-type</i>	<u>\$ 34,016</u>	<u>\$ 4,592</u>	<u>\$ 5,522</u>	<u>\$ 33,086</u>
Business-type activities				
Waste Water Project DEQ Loan	6,539,770	-	396,349	6,143,422
Sewer USDA Loan	1,846,221	-	120,849	1,725,372
Compensated absences	16,372	2,609	-	18,981
<i>Total business-type activities</i>	<u>\$ 8,402,363</u>	<u>\$ 2,609</u>	<u>\$ 664,768</u>	<u>\$ 7,887,775</u>

Maturities of long-term obligations are as follows:

2019	\$ 499,918
2020	503,802
2021	507,832
2022	512,012
2023	516,350
Thereafter	<u>5,328,880</u>
Total	<u>\$ 7,868,794</u>

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2019

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019, 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	\$ -	\$ 86,450	\$ -	\$ 86,450
Land	498,687	93,986	-	592,673
Depreciable Assets:				
Buildings/Sites	\$ 4,379,277	\$ 7,893	\$ -	\$ 4,387,170
Equipment	1,447,534	83,583	-	1,531,117
Infrastructure	<u>3,444,008</u>	<u>-</u>	<u>-</u>	<u>3,444,008</u>
<i>Total capital assets</i>	9,769,506	271,912	-	10,041,418
Less: accumulated depreciation	<u>(3,056,399)</u>	<u>(375,759)</u>	<u>-</u>	<u>(3,432,158)</u>
<i>Governmental activity capital assets, net</i>	<u>\$ 6,713,107</u>	<u>\$ (103,847)</u>	<u>\$ -</u>	<u>\$ 6,609,260</u>
Business-type Activities				
Non-depreciable Assets:				
Work-in-progress	\$ 12,600	\$ 104,731	\$ -	\$ 117,331
Land	21,154	53,877	-	75,031
Depreciable Assets:				
Water Fund				
Buildings & equipment	\$ 3,151,238	\$ -	\$ -	\$ 3,151,238
Less: accumulated depreciation	<u>(1,183,278)</u>	<u>(86,561)</u>	<u>-</u>	<u>(1,269,839)</u>
<i>Water capital assets, net</i>	<u>1,967,960</u>	<u>(86,561)</u>	<u>-</u>	<u>1,881,399</u>
Sanitation Fund				
Buildings & equipment	1,001,932	45,000	-	1,046,932
Less: accumulated depreciation	<u>(577,454)</u>	<u>(67,578)</u>	<u>-</u>	<u>(645,032)</u>
<i>Sanitation capital assets, net</i>	<u>424,478</u>	<u>(22,578)</u>	<u>-</u>	<u>401,900</u>
Sewer				
Buildings & equipment	18,650,100	67,348	-	18,717,448
Less: accumulated depreciation	<u>(3,857,077)</u>	<u>(534,522)</u>	<u>-</u>	<u>(4,391,599)</u>
<i>Sewer capital assets, net</i>	<u>14,805,623</u>	<u>(467,174)</u>	<u>-</u>	<u>14,325,849</u>
<i>Business-type activities capital assets, net</i>	<u>\$17,219,215</u>	<u>\$ (417,705)</u>	<u>\$ -</u>	<u>\$16,801,510</u>
Internal Service Fund				
Buildings & equipment	\$ 517,039	\$ -	\$ -	\$ 517,039
Less: accumulated depreciation	<u>(402,708)</u>	<u>(37,136)</u>	<u>-</u>	<u>(439,844)</u>
<i>Internal Service capital assets, net</i>	<u>\$ 114,331</u>	<u>\$ (37,136)</u>	<u>\$ -</u>	<u>\$ 77,195</u>

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2019**

NOTE 6 CAPITAL ASSETS, Continued

Depreciation expense was charged to functions as follows:

General government	\$ 375,759
Water fund	86,561
Sanitation fund	67,578
Sewer fund	534,522
Internal Service	<u>37,136</u>
	<u>\$ 1,101,556</u>

NOTE 7 RISK MANAGEMENT

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

NOTE 8 SUBSEQUENT EVENTS

Transactions occurring subsequent to year end have been evaluated through January 24, 2020, the date which the financial statements were available for dissemination, and no items were identified that merited disclosure.

NOTE 9 RELATED PARTY TRANSACTIONS

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

NOTE 10 PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been recorded to decrease deferred revenue in the amount of \$545,860 relating to the LID #8 and LID #9. This adjustment increases the fund balance in LID #8 by 85,812 and increases the fund balance in LID #9 by \$460,048.

CITY OF RIGBY

Notes to the Financial Statements September 30, 2019

NOTE 11 PENSION ACTIVITY—EMPLOYER REPORTING

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

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

Pension Benefits

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

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

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2019**

NOTE 11 PENSION ACTIVITY—EMPLOYER REPORTING – CONTINUED

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2019 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The City of Rigby’s contributions were \$105,405 for the year ended September 30, 2019.

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

At September 30, 2019, 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, 2019, 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, 2019, the City of Rigby’s proportion was .02444692 percent.

For the year ended September 30, 2019, the City of Rigby’s recognized pension expense of \$23,386. At September 30, 2019 the City of Rigby reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,957	\$ 32,918
Changes in assumptions or other inputs	15,537	-
Net difference between projected and actual earnings on pension plan investments	-	95,153
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>28,574</u>	<u>-</u>
TOTAL	\$ 70,068	\$ 128,071

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2019

NOTE 11 PENSION ACTIVITY—EMPLOYER REPORTING – CONTINUED

\$28,574 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, 2019.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2018 the beginning of the measurement period ended June 30, 2018 is 4.8 years and 4.8 for the measurement period ended June 30, 2019.

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, 2019:	
2020	\$ (10,058)
2021	\$ (43,089)
2022	\$ (20,990)
2023	\$ (12,439)

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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses
Cost-of-living adjustments	1%

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

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

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2019**

NOTE 11 PENSION ACTIVITY—EMPLOYER REPORTING – CONTINUED

An experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2019 is based on the results of an actuarial valuation date of July 1, 2019.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.

Capital Market Assumptions

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

Actuarial Assumptions

Assumed Inflation – Mean	3.25%
Assumed Inflation – Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric Rate of Return, Net of Expenses	7.05%

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2019

NOTE 11 PENSION ACTIVITY—EMPLOYER REPORTING – CONTINUED

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. 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 7.05 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 (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
City or Rigby's proportionate share of the net pension liability (asset)	843,621	279,309	(187,359)

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.

Payables to the pension plan

At September 30, 2019, the City of Rigby reported payables to the defined benefit pension plan of \$8,320 for legally required employer contributions and employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2019**

NOTE 12 EXCESS EXPENDITURES OVER BUDGET

Actual expenditures in the internal service fund for fiscal year ended September 30, 2019, exceeded budgeted amounts by \$46,988 respectively.

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)	\$ 1,890
Cash – State Investment Pool	<u>686,265</u>
Total	<u>\$ 688,155</u>

Deposits with financial institutions include bank demand deposits as authorized by Idaho statutes. The bank balance for cash demand deposits was \$1,890 at year end. The entire balance was covered by federal depository insurance. Cash held at the Local Government Investment Pool is uninsured and uncollateralized.

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

C. Receivables at year end consist of the following:

Property Taxes	\$ 5,834
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D. Payables at year end consist of the following:

Accounts Payable	\$ 1,533
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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIGBY
Budget to Actual Comparison Schedule
General Fund
For Year Ended September 30, 2019

	<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.....	\$ 893,219	\$ 893,219	\$ 894,879	\$ 1,660
Earnings on investments.....	9,000	9,000	44,856	35,856
Fees and fines.....	16,000	16,000	26,250	10,250
Charges for services.....	49,000	49,000	39,818	(9,182)
Miscellaneous and other revenue.....	8,000	8,000	21,357	13,357
State revenues.....	315,425	315,425	339,376	23,951
Grants.....	12,500	12,500	1,909	(10,591)
Total revenue.....	<u>1,303,144</u>	<u>1,303,144</u>	<u>1,368,445</u>	<u>65,301</u>
EXPENDITURES				
General government.....	515,745	515,745	445,718	70,027
Public safety.....	594,493	594,493	503,652	90,841
Cultural.....	15,000	15,000	14,015	985
Capital outlay.....	30,000	30,000	3,222	26,778
Total expenditures.....	<u>1,155,238</u>	<u>1,155,238</u>	<u>966,607</u>	<u>188,631</u>
Excess (deficiency) of revenue over expenditures.....	147,906	147,906	401,838	253,932
OTHER FINANCING SOURCES (USES)				
Other Financing Source.....	-	-	-	-
Transfers.....	(131,000)	(131,000)	(131,000)	-
Net change in fund balances.....	16,906	16,906	270,838	253,932
Fund Balance - Beginning.....	1,660,954	1,660,954	1,660,954	-
Fund Balance - Ending.....	<u>\$ 1,677,860</u>	<u>\$ 1,677,860</u>	<u>\$ 1,931,792</u>	<u>\$ 253,932</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, 2019

	<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.....	\$ 175,982	\$ 175,982	\$ 176,378	\$ 396
Earnings on investments.....	3,000	3,000	7,400	4,400
Charges for services.....	95,000	95,000	100,807	5,807
Miscellaneous and other revenue.....	1,800	1,800	4,667	2,867
State revenues.....	209,815	209,815	218,609	8,794
Total revenue.....	<u>485,597</u>	<u>485,597</u>	<u>507,861</u>	<u>22,264</u>
EXPENDITURES				
Street and public improvement.....	483,167	483,167	414,979	68,188
Capital outlay.....	150,000	150,000	61,450	88,550
Total expenditures.....	<u>633,167</u>	<u>633,167</u>	<u>476,429</u>	<u>156,738</u>
Excess (deficiency) of revenue over expenditures.....	(147,570)	(147,570)	31,432	179,002
OTHER FINANCING SOURCES (USES)				
Transfers.....	-	-	-	-
Net change in fund balances.....	(147,570)	(147,570)	31,432	179,002
FUND BALANCES				
Beginning of the year.....	281,341	281,341	281,341	-
End of the year.....	<u>\$ 133,771</u>	<u>\$ 133,771</u>	<u>\$ 312,773</u>	<u>\$ 179,002</u>

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

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

	<u>2019</u>
City of Rigby's portion of the net pension liability	0.0244692%
City of Rigby's proportionate share of the net pension liability	\$ 279,309
City of Rigby's covered-employee payroll	\$ 897,811
City of Rigby's proportional share of the net pension liability as a percentage of its covered-employee payroll	31.11%
Plan fiduciary net position as a percentage of the total pension liability	93.79%

- Data reported is measured as of June 30, 2019

	<u>2018</u>
City of Rigby's portion of the net pension liability	0.0248565%
City of Rigby's proportionate share of the net pension liability	\$ 366,638
City of Rigby's covered-employee payroll	\$ 824,446
City of Rigby's proportional share of the net pension liability as a percentage of its covered-employee payroll	44.47%
Plan fiduciary net position as a percentage of the total pension liability	91.69%

- Data reported is measured as of June 30, 2018

	<u>2017</u>
City of Rigby's portion of the net pension liability	0.0259108%
City of Rigby's proportionate share of the net pension liability	\$ 407,273
City of Rigby's covered-employee payroll	\$ 838,304
City of Rigby's proportional share of the net pension liability as a percentage of its covered-employee payroll	48.58%
Plan fiduciary net position as a percentage of the total pension liability	90.68%

- Data reported is measured as of June 30, 2017

	<u>2016</u>
City of Rigby's portion of the net pension liability	0.0281754%
City of Rigby's proportionate share of the net pension liability	\$ 571,159
City of Rigby's covered-employee payroll	\$ 815,799
City of Rigby's proportional share of the net pension liability as a percentage of its covered-employee payroll	69.82%
Plan fiduciary net position as a percentage of the total pension liability	87.26%

- Data reported is measured as of June 30, 2016

	<u>2015</u>
City of Rigby's portion of the net pension liability	0.0299508%
City of Rigby's proportionate share of the net pension liability	\$ 394,403
City of Rigby's covered-employee payroll	\$ 809,554
City of Rigby's proportional share of the net pension liability as a percentage of its covered-employee payroll	48.72%
Plan fiduciary net position as a percentage of the total pension liability	91.38%

- Data reported is measured as of June 30, 2015

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

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

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

	2019
Statutorily required contribution	\$ 93,629
Contributions in relation to the statutorily required contribution	\$ 95,450
Contribution (deficiency) excess	\$ 1,821
Employer's covered-employee payroll	\$ 827,561
Contributions as a percentage of covered-employee payroll	11.53%

- Data reported is measured as of June 30, 2019

	2018
Statutorily required contribution	\$ 96,528
Contributions in relation to the statutorily required contribution	\$ 91,755
Contribution (deficiency) excess	\$ (4,773)
Employer's covered-employee payroll	\$ 795,506
Contributions as a percentage of covered-employee payroll	11.53%

- Data reported is measured as of June 30, 2018

	2017
Statutorily required contribution	\$ 94,835
Contributions in relation to the statutorily required contribution	\$ 92,338
Contribution (deficiency) excess	\$ (2,497)
Employer's covered-employee payroll	\$ 800,528
Contributions as a percentage of covered-employee payroll	11.53%

- Data reported is measured as of June 30, 2017

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

- Data reported is measured as of June 30, 2016

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

- Data reported is measured as of June 30, 2015

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

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

CITY OF RIGBY

Notes to the Required Supplementary Information September 30, 2019

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 2019.

NOTE 3 PENSION - GASB 68

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

During the fiscal year ended June 30, 2019, there were no changes of benefit terms, neither was there any significant change in the composition of the population covered by the benefit terms. All assumptions used in actuarial calculations were not significantly different from those used in the past.

SUPPLEMENTARY INFORMATION

CITY OF RIGBY
 Combining Balance Sheet - Non Major Funds
 September 30, 2019

	Capital Projects										
	Special Revenue					Sewer Construction Fund					
	Library Fund	Arterial Road Fund	Park Fund	Police Drug Fund	Airport Fund	Splash Park	Capital Improvement	Connection Funds	LID #8	LID #9	Totals
ASSETS											
Cash.....	\$ 122,198	\$ 4,211	\$ 238,251	\$ 10,472	\$ 50,539	\$ 200	\$ 548,648	\$ 278,987	\$ -	\$ -	\$ 1,486,309
Investments.....	-	44,430	-	-	13,347	-	155,435	311,196	-	-	1,651,815
Taxes receivable.....	5,862	-	3,520	-	-	-	2,345	-	-	-	11,727
Other receivables.....	4,739	-	2,843	-	-	-	5,745	-	68,143	289,254	370,724
Interfund receivable.....	-	-	-	-	-	-	357,397	-	-	-	357,397
Prepaid expenses.....	-	-	-	-	-	-	-	-	-	-	-
Total assets.....	\$ 132,799	\$ 48,641	\$ 244,614	\$ 10,472	\$ 63,886	\$ 200	\$ 1,069,570	\$ 590,183	\$ 68,143	\$ 289,254	\$ 3,877,972
LIABILITIES AND FUND BALANCE											
LIABILITIES:											
Accounts payable.....	\$ 4,463	\$ -	\$ 3,921	\$ -	\$ 8,791	\$ -	\$ 4,657	\$ -	\$ -	\$ -	\$ 21,832
Interfund payable.....	-	-	-	-	-	-	-	-	68,143	289,254	357,397
Salaries payable.....	1,504	-	1,754	-	-	-	-	-	-	-	3,258
Payroll liabilities.....	89	-	1,511	-	-	-	-	-	-	-	1,600
Deferred expenditures.....	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue.....	4,787	-	2,874	-	-	-	359,242	-	-	-	366,903
Total liabilities.....	10,843	-	10,060	-	8,791	-	363,899	-	68,143	289,254	750,990
FUND BALANCE:											
Restricted.....	-	-	-	10,472	55,095	200	705,671	590,183	-	-	2,721,831
Committed.....	-	48,641	-	-	-	-	-	-	-	-	48,641
Assigned.....	121,956	-	234,554	-	-	-	-	-	-	-	356,510
Total fund balance.....	121,956	48,641	234,554	10,472	55,095	200	705,671	590,183	-	-	3,126,982
Total liabilities and fund balance.....	\$ 132,799	\$ 48,641	\$ 244,614	\$ 10,472	\$ 63,886	\$ 200	\$ 1,069,570	\$ 590,183	\$ 68,143	\$ 289,254	\$ 3,877,972

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

CITY OF RIGBY
Combining Statement of Revenue, Expenditures and Changes
in Fund Balances - Non Major Funds
September 30, 2019

	Special Revenue										Capital Projects				
	Library Fund	Arterial Road Fund	Park Fund	Police Drug Fund	Airport Fund	Splash Park	Capital Improvement	Connection Funds	Construction Fund	LID #8	LID #9	Total			
REVENUES															
Local Revenue:															
Property taxes.....	\$ 148,780	\$ -	\$ 89,276	\$ -	\$ -	\$ -	\$ 59,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 297,633
Earnings on investments.....	2,579	1,376	4,485	3	-	-	14,874	19,474	52,121	-	-	-	-	-	94,912
Charges for services.....	15,652	-	-	-	15,684	-	-	177,000	-	-	-	-	-	-	208,336
Miscellaneous and other revenue.....	1,523	-	94,826	-	68,496	-	16,497	-	-	16,542	139,604	-	-	-	337,488
Special assessments.....	-	-	-	-	-	-	6,873	-	-	-	-	-	-	-	34,368
State revenues.....	17,184	-	10,311	-	-	-	-	-	-	-	-	-	-	-	4,467
Grants.....	4,467	-	-	-	-	-	-	-	-	-	-	-	-	-	977,204
Total revenue.....	190,185	1,376	198,898	3	84,180	-	97,821	196,474	52,121	16,542	139,604	-	-	-	977,204
EXPENDITURES															
General government.....	-	-	-	-	11,741	-	1,916	-	-	-	-	-	-	-	13,657
Street and public improvement.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and recreation.....	-	-	153,170	-	-	-	-	-	-	-	-	-	-	-	153,170
Culture.....	155,464	-	7,622	-	92,273	-	73,535	9,299	-	-	-	-	-	-	182,729
Capital outlay.....	-	-	160,792	-	104,014	-	75,451	9,299	-	-	-	-	-	-	505,020
Total expenditures.....	155,464	-	160,792	-	104,014	-	75,451	9,299	-	-	-	-	-	-	505,020
Excess (deficiency) of revenue over expenditures.....	34,721	1,376	38,106	3	(19,834)	-	22,370	187,175	52,121	16,542	139,604	-	-	-	472,184
OTHER FINANCING SOURCES (USES)															
Transfers.....	-	-	-	-	6,000	-	388,124	24,621	-	(17,330)	(170,794)	-	-	-	230,621
Other financing sources.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances.....	34,721	1,376	38,106	3	(13,834)	-	410,494	211,796	52,121	(788)	(31,190)	-	-	-	702,805
FUND BALANCES															
Beginning of the year.....	87,235	47,265	196,448	10,469	68,929	200	295,177	378,387	1,308,089	(85,024)	(428,858)	-	-	-	1,878,317
Prior period adjustment.....	-	-	-	-	-	-	-	-	-	85,812	460,048	-	-	-	545,860
End of the year.....	\$ 121,956	\$ 48,641	\$ 234,554	\$ 10,472	\$ 55,095	\$ 200	\$ 705,671	\$ 590,183	\$ 1,360,210	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,126,982

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, 2019

		Total	
		Expenditures	
GENERAL GOVERNMENT			
Mayor & Council			
Payroll related expenditures	\$	38,971	
Public relations		1,820	
Other		4,064	
Total Mayor & Council		\$ 44,855	
City Hall			
Payroll related expenditures	\$	743	
Utilities & telephone		8,526	
Maintenance		4,443	
Total City Hall		\$ 13,712	
Administration			
Payroll related expenditures	\$	149,359	
Office expenditures		29,124	
Bank fees		17,176	
Other		1,471	
Total Administration		\$ 197,130	
Non-departmental			
Payroll related expenditures	\$	19,003	
Legal & professional		56,341	
Bonds & insurance		39,831	
Other		18,838	
Total Non-departmental		\$ 134,013	
Planning & Zoning			
Payroll related expenditures	\$	38,378	
Office expenditures		13,290	
Engineering fees		4,230	
Other		110	
Total Planning & Zoning		\$ 56,008	
TOTAL GENERAL GOVERNMENT EXPENDITURES		\$ 445,718	
PUBLIC SAFETY			
Payroll related expenditures	\$	441,252	
Office expenditures		10,043	
Utilities & telephone		10,565	
Police expenditures		25,188	
Maintenance & repairs		16,604	
TOTAL PUBLIC SAFETY		\$ 503,652	
CULTURAL			
Museum, rodeo, & discretionary cultural expenditures		\$ 14,015	
CAPITAL OUTLAY			
City Hall	\$	-	
Administration		1,488	
Police		1,734	
TOTAL CAPITAL OUTLAY		\$ 3,222	
TOTAL GOVERNMENTAL EXPENDITURES		\$ 966,607	

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

JENSEN POULSEN & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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IDAHO FALLS, IDAHO 83405

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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, 2019, 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 January 24, 2020.

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 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 (#2019-01).

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
January 24, 2020

CITY OF RIGBY

**Schedule of Audit Findings and Responses
September 30, 2019**

FINDINGS—FINANCIAL STATEMENT AUDIT

A. SIGNIFICANT DEFICIENCIES

2019-01 – Inadequate separation of duties in the cash disbursement function

Condition:

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

Criteria:

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

Effect:

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

Recommendation:

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

Response:

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

CITY OF RIGBY

**Schedule of Audit Findings and Responses
September 30, 2019**

Findings on Prior Findings:

FINDINGS—FINANCIAL STATEMENT AUDIT

A. SIGNIFICANT DEFICIENCIES

**2018-01 — Inadequate separation of duties in the cash disbursement function
Status: Still reporting finding at 2019-1.**