

**CITY OF RIGBY
RIGBY, IDAHO**

**Basic Financial Statements and
Required Supplementary Information
With
Supplementary Information and
Independent Auditor's Report
Year Ended September 30, 2020**

CITY OF RIGBY

**Table of Contents
Year Ended September 30, 2020**

	Page
Independent Auditor's Report on the Basic Financial Statements	i-ii
Management Discussion and Analysis of Financial Statements	1-8
GOVERNMENT-WIDE FINANCIAL STATEMENTS	9
Statement of Net Position	10
Statement of Activities	11
FUND FINANCIAL STATEMENTS	12
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	18-33
Statement of Cash Flows – Proprietary Funds	34
Notes to the Financial Statements	35
REQUIRED SUPPLEMENTARY INFORMATION	36
Budget to Actual Comparison Statement – General Fund	37
Budget to Actual Comparison Statement – Road Fund	38
Budget to Actual Comparison Statement – Connection Funds	39
Budget to Actual Comparison Statement – WWTP Improvement Fund	40
Schedule of Employer's Share of Net Pension Liability & Employer Contributions	41
Notes to Required Supplementary Information	42
SUPPLEMENTARY INFORMATION	43
Combining Balance Sheet – Non major Funds	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non major Funds	45
Schedule of General Fund Expenditures	46
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	47-48

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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, 2020, 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 on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2020, 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
March 11, 2021

City of Rigby
Management's Discussion and Analysis of Financial Statements
Fiscal Year Ending September 30, 2020

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, 2020.

FINANCIAL HIGHLIGHTS

The net assets of the City exceeded its liabilities at September 30, 2019 from \$29,567,965 to \$32,759,073, an increase of \$3.3 million.

- Of the total net asset of \$32.7 million, \$11 million represents unrestricted net position and \$5.1 million of restricted assets which is available to meet the City's ongoing obligations to citizens and creditors.
- At fiscal year end, the City's governmental funds reported combined ending net position balance of \$13.510 million, an increase of \$1.444 million from the prior year. The business-type activities reported ending net position balance of \$19.248 million, an increase of \$1.838 million over the prior year.
- The net working capital for all funds increased from \$13.5 million to \$15.5 million at year end.
- Fixed capital assets of the city increased by \$1.9 million with depreciation charges totaling \$1.0 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

and other special revenue funds. The business-like activities include: water, sanitation and sewer revenue/wastewater treatment.

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

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

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

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

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

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

The basic governmental wide funds financial statements can be found on pages 9-17 and non-major funds on pages 39-40.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes can be found on pages 18-33 of the audit report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position: For the years ended September 30, 2019 and September 30, 2020. Net Position changed as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>All Activities</u>
Net Position Sept 30, 2019	12,066,452	17,409,915	29,476,367
Increase in Net Position	<u>1,443,765</u>	<u>1,838,941</u>	<u>3,282,706</u>
Net Position Sept 30, 2020	13,510,217	19,248,856	32,759,073
Percent Change	11.96%	10.56%	11.14%

Following is the comparative statement of Net Position (2019 vs. 2020)

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total - All Activities</u>		<u>Favorable/ (Unfavorable) Change</u>
	2019	2020	2019	2020	2019	2020	
Current and other assets	19,148,069	7,401,518	8,881,850	9,844,908	14,811,399	17,246,426	2,432,027
Capital Assets(Net)	<u>6,609,260</u>	<u>6,863,110</u>	<u>16,878,705</u>	<u>17,148,361</u>	<u>23,487,965</u>	<u>24,011,471</u>	<u>523,506</u>
Total Assets	12,538,809	14,264,628	25,760,555	26,993,269	38,299,364	41,257,897	2,958,533
Deferred Outflows – Pension	<u>70,068</u>	<u>115,643</u>	<u>0</u>	<u>42,771</u>	<u>70,068</u>	<u>158,414</u>	<u>88,346</u>
Total Assets & Deferred Outflows	12,608,877	14,380,271	25,760,555	27,036,040	38,369,432	41,416,311	3,046,879
Current Liabilities	381,269	818,769	962,786	903,949	1,344,055	1,722,718	(378,663)
Long-term liabilities outstanding	33,086	36,867	7,387,854	6,877,902	7,420,940	6,914,769	506,171
Total Liabilities	414,355	855,636	8,350,640	7,781,851	8,764,995	8,637,487	127,508
Deferred Inflows - Pension	<u>128,070</u>	<u>14,418</u>	<u>0</u>	<u>5,333</u>	<u>128,070</u>	<u>19,751</u>	<u>108,319</u>
<u>Net Position:</u>							
Invested in capital assets net of debt	6,609,260	6,863,110	9,009,913	9,779,486	15,619,173	16,642,596	1,023,423
Restricted	3,453,251	3,323,603	1,211,892	1,800,391	4,665,143	5,123,994	(458,851)
Unrestricted	<u>2,003,941</u>	<u>3,323,504</u>	<u>7,188,110</u>	<u>7,668,979</u>	<u>9,192,051</u>	<u>10,992,483</u>	<u>1,800,432</u>
Total net assets	12,066,452	13,510,217	17,409,915	19,248,856	29,476,367	32,759,073	3,282,706

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 \$32.759 million at September 30, 2020 compared with \$29.476 million of the prior year for an overall net increase of \$3.282 million in net assets. The increase represents the net change in the city's addition: the governmental fund types increased their net position \$1.444 million and the business-types funds increased their net position \$1.838 million.

Outstanding Debt:

The debt owed on the government activities and business-type assets decreased from \$7.9 million to \$7.4 million as shown below.

	<u>Beginning</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending</u>
DEQ Wastewater Loan	6,143,422		396,350	5,747,072
USDA-RD Wastewater Loan	<u>1,725,372</u>		<u>103,569</u>	<u>1,621,803</u>
	7,868,794		499,919	7,368,875
Compensated Absences	<u>52,067</u>	<u>3,781</u>	<u>6,152</u>	<u>49,696</u>
Total	7,887,775	3,781	506,071	7,381,704

Working capital (current assets less current liabilities) for the city's governmental and enterprise funds has increased from \$2.8 million at September 30, 2009 to \$15.523 million at September 30, 2020, a net increase of \$12.723 million over the eleven year period.

<u>Working Capital</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Current/Other Assets	11,110,427	11,975,673	13,286,436	14,811,399	17,246,426
Current Liabilities	<u>1,689,246</u>	<u>1,405,915</u>	<u>2,046,285</u>	<u>1,344,055</u>	<u>1,722,718</u>
Net Working Capital	9,421,181	10,569,758	11,240,151	13,467,344	15,523,708
Year over Year % Increase (Decrease)	10.25%	12.2%	6.3%	19.81%	15.27%

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

	<u>Ending Fund Balance</u>	<u>2020 Budget</u>	<u>25% 2020 Budget</u>	<u>Excess Fund Balance over Working Cap.</u>
General Fund	2,177,177	1,480,270	370,068	1,807,110
Library Fund	156,995	207,522	51,881	105,115
Parks/Recreation	194,498	120,534	30,134	164,365
Roads	397,134	658,100	164,525	232,609
Parks/Rodeo	65,004	116,500	29,125	35,879
Capital Improvement	1,027,221	312,771	78,193	949,028
Water Revenue (Net)	2,443,900	807,500	201,875	2,242,025
Sanitation (Net)	713,657	598,200	149,550	564,107
Sewer Revenue (Net of Bond)	5,450,102	2,470,000	617,500	4,832,602

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

GENERAL FUND BUDGETARY HIGHLIGHT

The general fund is the primary operating funds of the city. At year end its unreserved, undesignated fund balance was \$2.177 million versus \$1.931 million for the prior year an increase of \$245,000. The general fund ending fund balance is 147% of the total general fund expenditures and fund transfers for the current year.

The city authorized a \$200,000 transfer from the unreserved fund balance to the capital improvement fund which was made. The budget also authorized a transfer of \$10,950 from the general fund to the park/rodeo fund which was not made during the year and a \$26,000 transfer to the airport to assist in the purchase of additional land.

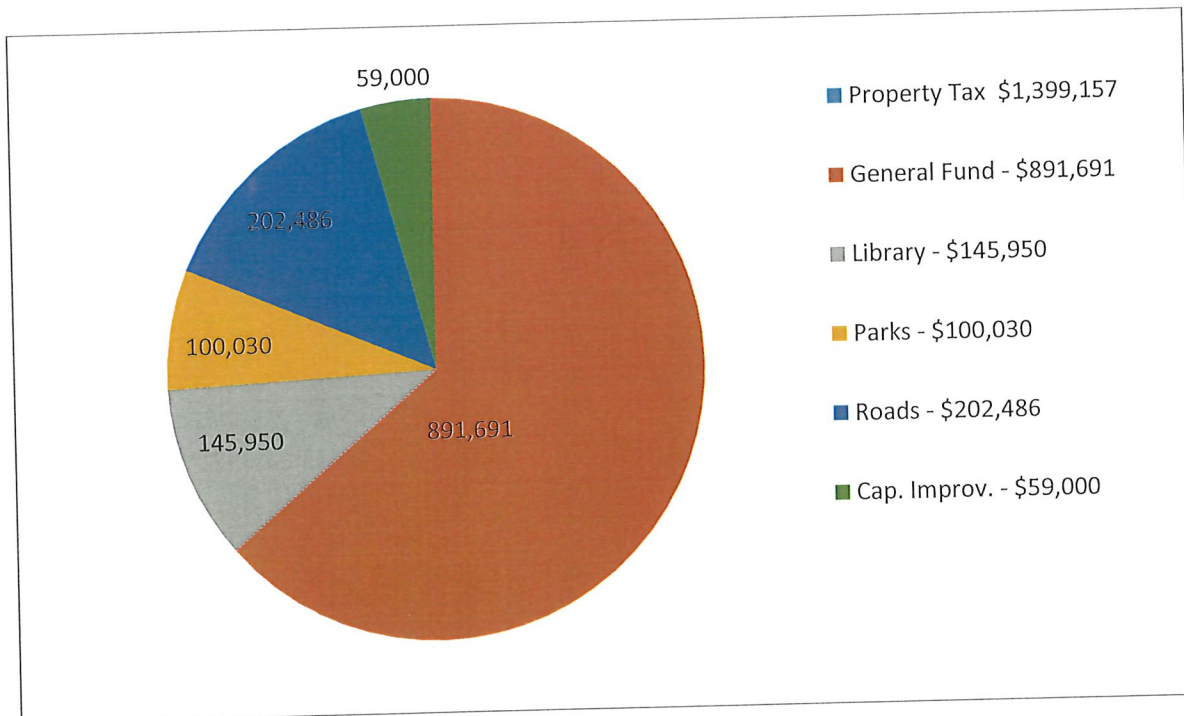
The mayor and council adopt annual operating budgets for all funds – governmental and proprietary funds. The city measures its success of achieving its goals through implementation of the budget process. Revenues and expenditures are recorded in the financial statements on the modified accrual basis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

Annual budgets are published prior to adoption and public hearings are held. Budgets may be amended during the year. Whenever budgets are raised over the authorized budget state statutes require a public hearing and re-publication of the prior budget, increase and revised budget. The city did not amend its 2019/20 budget for year.

PROPERTY TAX ASSESSMENT -

The city assessed \$1.399 million from property taxes. The following pie chart shows the allocation of the tax to the various funds.

Assessed Property Tax – By Fund

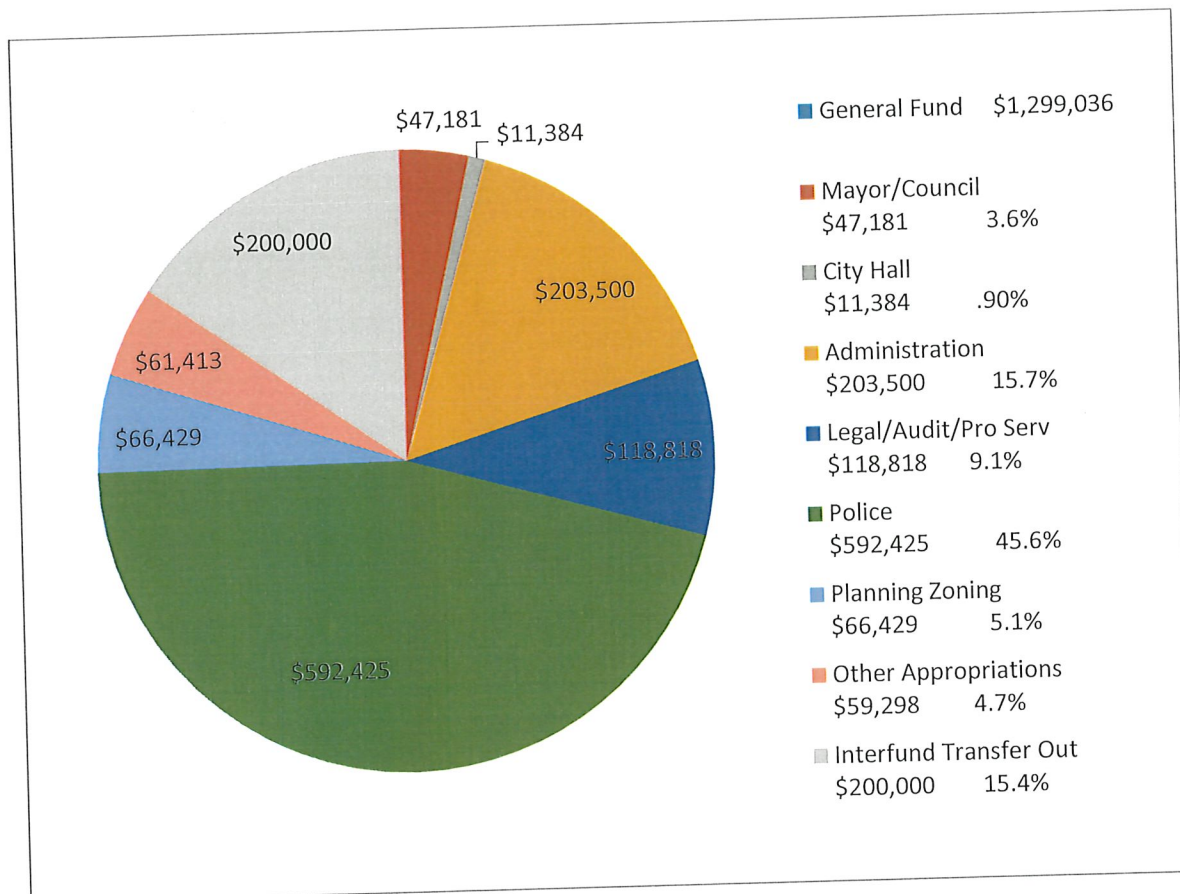


GENERAL FUND EXPENDITURES

The general fund had an operating budget of \$1.438 million versus the prior year's budget of \$1.305 million.

Actual expenditures (including transfers out) total \$1.299 million out of the authorized budget of \$1.438 million. The following chart summarizes the actual expenditures to the various departments within the general fund.

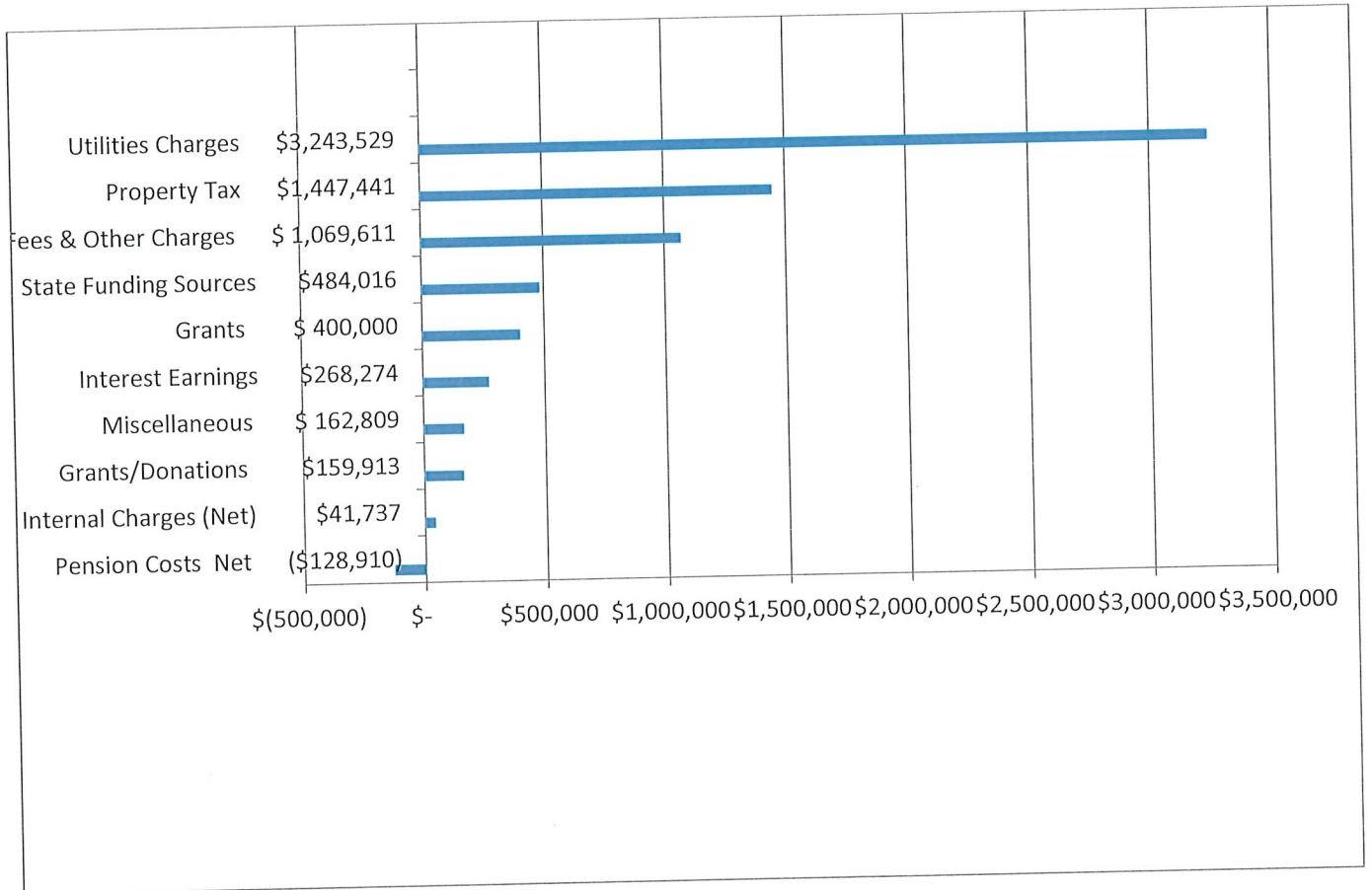
General Fund Actual Expenditures – By Department



CITY-WIDE REVENUES

Total city-wide revenues totaled \$5.595 million. The following chart shows the source of revenues by funding source.

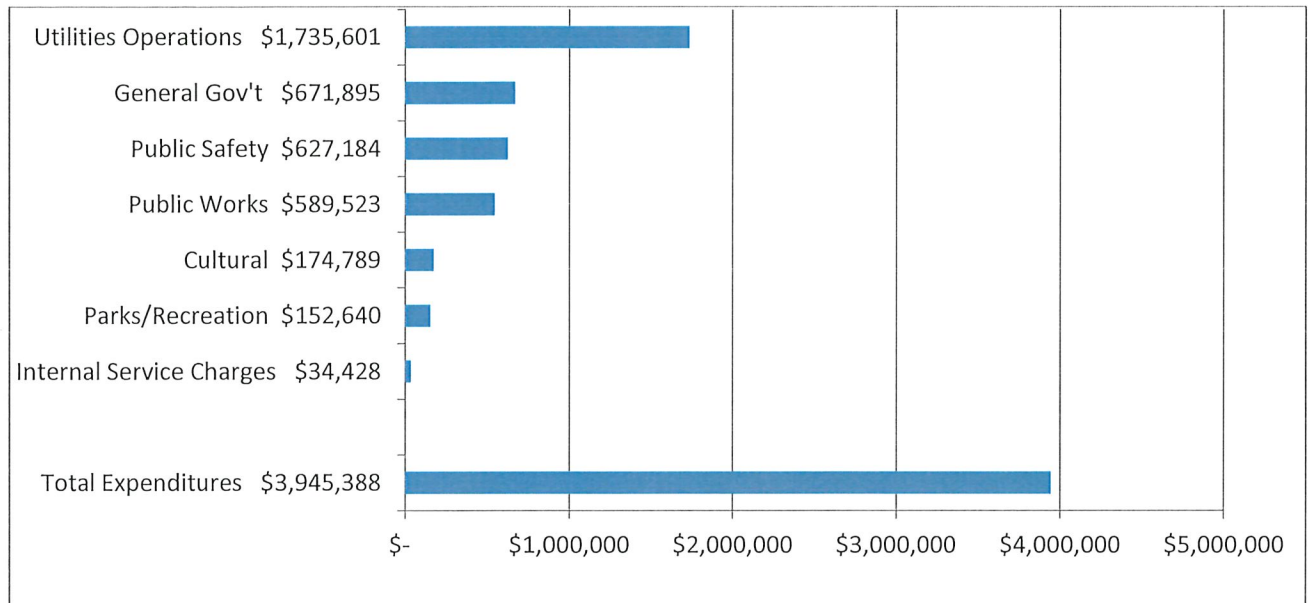
Total Revenues by Source – All Funds



CITY-WIDE EXPENDITURES

Total city-wide expenditures totaled \$3.945 million. The following chart shows the allocation expenditures by function.

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

BASIC FINANCIAL STATEMENTS

CITY OF RIGBY
Statement of Net Position
September 30, 2020

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents.....	\$ 4,653,086	\$ 5,003,005	\$ 9,656,091	\$ 727,853
Investments.....	2,137,291	4,386,846	6,524,137	-
Receivables (net).....	580,690	382,370	963,060	6,520
Prepaid expenses.....	30,451	72,687	103,138	-
Capital assets, net of depreciation.....	5,579,601	16,073,678	21,653,279	-
Capital assets, non-depreciable.....	1,283,509	1,074,683	2,358,192	-
Total assets.....	<u>\$ 14,264,628</u>	<u>\$ 26,993,269</u>	<u>\$ 41,257,897</u>	<u>\$ 734,373</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferred outflows.....	115,643	42,771	158,414	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 14,380,271</u>	<u>\$ 27,036,040</u>	<u>\$ 41,416,311</u>	<u>\$ 734,373</u>
LIABILITIES				
Current liabilities				
Accounts payable.....	\$ 339,238	\$ 140,527	\$ 479,765	\$ 2,663
Other payable.....	-	47,154	47,154	-
Salaries & benefits payable.....	37,965	9,361	47,326	-
Water deposits.....	-	39,786	39,786	-
Current portion of long term debt.....	-	503,802	503,802	-
Net pension liability.....	441,566	163,319	604,885	-
Total current liabilities	<u>\$ 818,769</u>	<u>\$ 903,949</u>	<u>\$ 1,722,718</u>	<u>\$ 2,663</u>
Long-term liabilities				
Debt portion due in more than one year.....	-	6,865,073	6,865,073	-
Interim DEQ financing	-	-	-	-
Compensated absences.....	36,867	12,829	49,696	-
Total long-term liabilities.....	<u>\$ 36,867</u>	<u>\$ 6,877,902</u>	<u>\$ 6,914,769</u>	<u>\$ -</u>
Total liabilities.....	<u>\$ 855,636</u>	<u>\$ 7,781,851</u>	<u>\$ 8,637,487</u>	<u>\$ 2,663</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferred inflows.....	\$ 14,418	\$ 5,333	\$ 19,751	\$ -
NET POSITION				
Invested in capital assets, net of related debt	6,863,110	9,779,486	16,642,596	-
Restricted for:				
Capital projects.....	2,898,529	-	2,898,529	-
Debt service.....	-	1,800,391	1,800,391	-
Community development and improvement projects.....	425,074	-	425,074	-
Unrestricted	3,323,504	7,668,979	10,992,483	731,710
Total net position.....	<u>\$ 13,510,217</u>	<u>\$ 19,248,856</u>	<u>\$ 32,759,073</u>	<u>\$ 731,710</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, 2020

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.....	671,895	\$ 43,220	\$ 3,500	\$ -	\$ (625,175)	\$ -	\$ (625,175)	\$ -
Public safety.....	627,184	39,011	-	-	(588,173)	-	(588,173)	-
Public works.....	548,851	950,306	150,278	-	551,733	-	551,733	-
Parks and recreation.....	152,640	26,948	-	-	(125,692)	-	(125,692)	-
Cultural.....	174,789	10,126	6,135	-	(158,528)	-	(158,528)	-
Interest on long term debt.....	-	-	-	-	-	-	-	-
Internal Service charges.....	34,428	-	-	-	(34,428)	-	(34,428)	-
Total governmental activities.....	2,209,787	1,069,611	159,913	-	(980,263)	-	(980,263)	-
Business-type activities:								
Water fund.....	436,920	806,868	-	400,000	-	\$ 769,948	769,948	-
Sanitation fund.....	247,548	327,346	-	-	-	79,798	79,798	-
Sewer fund.....	971,982	2,109,315	-	-	-	1,137,333	1,137,333	-
Internal Service charges.....	79,151	-	-	-	-	(79,151)	(79,151)	-
Total business-type activities.....	1,735,601	3,243,529	-	400,000	-	1,907,928	1,907,928	-
Total primary government.....	\$ 3,945,388	\$ 4,313,140	\$ 159,913	\$ 400,000	(980,263)	1,907,928	927,665	-
Component unit.....	\$ 580,606	\$ -	\$ -	\$ -	-	-	-	(580,606)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					921,711	-	921,711	316,044
Property taxes, levied for library					151,024	-	151,024	-
Property taxes, levied for park and recreation fund					104,103	-	104,103	-
Property taxes, levied for public works					209,532	-	209,532	-
Property taxes, levied for capital projects					61,071	-	61,071	-
State sales taxes					80,065	-	80,065	-
State revenue sharing					321,656	-	321,656	-
State liquor allocation					82,295	-	82,295	-
Earnings on investments					93,209	175,065	268,274	12,696
Miscellaneous					95,096	67,713	162,809	-
Internal Service Charges					50,773	70,115	120,888	-
Transfers					256,000	(256,000)	-	-
Net pension revenue (expense)					(94,104)	(34,806)	(128,910)	-
Total general revenues and transfers					2,332,431	22,087	2,354,518	328,740
Changes in net assets					1,352,168	1,930,015	3,282,183	(251,866)
Net position--beginning					12,158,049	17,409,916	29,567,965	983,576
Prior period adjustment					-	(91,075)	(91,075)	-
Net assets--ending					\$ 13,510,217	\$ 19,248,856	\$ 32,759,073	\$ 731,710

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

CITY OF RIGBY
Balance Sheet
Governmental Funds
September 30, 2020

	General Fund	Road Fund	Connection Funds	WWTP Improvement Fund	Non Major Funds	Total Governmental Funds
ASSETS						
Cash.....	\$ 1,632,624	\$ 165,840	\$ 1,093,102	438	\$ 1,689,522	\$ 4,581,526
Investments.....	451,170	165,887	330,377	-	1,189,857	2,137,291
Taxes receivable.....	26,663	5,829	-	-	9,176	41,668
Other receivables.....	111,875	68,221	-	-	358,926	539,022
Interfund receivable.....	-	-	-	-	303,479	303,479
Prepaid expenses.....	21,082	5,738	-	-	3,305	30,125
Total assets.....	<u>\$ 2,243,414</u>	<u>\$ 411,515</u>	<u>\$ 1,423,479</u>	<u>\$ 438</u>	<u>\$ 3,554,265</u>	<u>\$ 7,633,111</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES:						
CURRENT LIABILITIES						
Accounts payable.....	\$ 3,430	\$ 6,217	\$ -	\$ 306,436	\$ 20,827	\$ 336,910
Interfund payable.....	-	-	-	-	303,479	303,479
Payroll liabilities.....	31,472	1,809	-	-	4,684	37,965
Deferred revenue.....	25,766	5,436	-	-	312,037	343,239
Total current liabilities.....	<u>60,668</u>	<u>13,462</u>	<u>-</u>	<u>306,436</u>	<u>641,027</u>	<u>1,021,593</u>
FUND BALANCE						
Restricted.....	-	398,053	1,423,479	(305,998)	2,442,839	3,958,373
Committed.....	-	-	-	-	52,201	52,201
Assigned.....	-	-	-	-	418,198	418,198
Unassigned.....	2,182,746	-	-	-	-	2,182,746
Total fund balance.....	<u>2,182,746</u>	<u>398,053</u>	<u>1,423,479</u>	<u>(305,998)</u>	<u>2,913,238</u>	<u>6,611,518</u>
Total liabilities and fund balance.....	<u>\$ 2,243,414</u>	<u>\$ 411,515</u>	<u>\$ 1,423,479</u>	<u>\$ 438</u>	<u>\$ 3,554,265</u>	<u>\$ 7,633,111</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, 2020

Total fund balances - governmental funds \$ 6,611,518

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	10,667,206	
Depreciation expense to date	<u>(3,804,096)</u>	6,863,110

Property taxes and assessments that are not available to pay for current period expenditures are deferred in the funds.		343,239
---	--	---------

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>(36,867)</u>	(36,867)

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

Net pension liability	(441,566)	
Deferred outflows of resources	115,643	
Deferred inflows of resources	<u>(14,418)</u>	(340,341)

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.

	<u>69,558</u>
--	---------------

Total net assets for governmental activities

	<u><u>\$ 13,510,217</u></u>
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CITY OF RIGBY
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
September 30, 2020

	General Fund	Road Fund	Connection Funds	WWTP Improvement Fund	Non Major Funds	Total Governmental Funds
REVENUES						
Local Revenue:						
Property taxes.....	\$ 926,036	\$ 209,931	\$ -	\$ -	\$ 316,564	\$ 1,452,531
Earnings on investments.....	34,171	6,787	11,897	-	40,354	93,209
Fees and fines.....	45,662	-	821,400	-	-	867,062
Charges for services.....	39,011	107,710	-	-	29,030	175,751
Miscellaneous and other revenue.....	11,359	14,100	-	-	92,162	117,621
State revenues.....	409,681	207,084	-	-	17,529	634,294
Grants.....	3,500	-	-	-	64,326	67,826
Total revenue.....	<u>1,469,420</u>	<u>545,612</u>	<u>833,297</u>	<u>-</u>	<u>559,965</u>	<u>3,408,294</u>
EXPENDITURES						
General government.....	\$ 471,657	\$ -	\$ -	\$ -	\$ 33,861	\$ 505,518
Public safety.....	581,795	-	-	-	-	581,795
Street and public improvement.....	-	444,912	-	-	-	444,912
Parks and recreation.....	-	-	-	-	104,302	104,302
Cultural.....	14,015	-	-	-	139,093	153,108
Capital outlay.....	-	15,420	-	486,998	132,793	635,211
Total expenditures.....	<u>1,067,467</u>	<u>460,332</u>	<u>-</u>	<u>486,998</u>	<u>410,049</u>	<u>2,424,846</u>
Excess (deficiency) of revenue over expenditures.....	401,953	85,280	833,297	(486,998)	149,916	983,448
OTHER FINANCING SOURCES (USES)						
Other Financing Source.....	-	-	-	-	-	-
Transfers.....	(151,000)	-	-	181,000	226,000	256,000
Net change in fund balances.....	250,953	85,280	833,297	(305,998)	375,916	1,239,448
Fund Balance - Beginning.....	1,931,793	312,773	590,182	-	2,537,322	5,372,070
Fund Balance - Ending.....	<u>\$ 2,182,746</u>	<u>\$ 398,053</u>	<u>\$ 1,423,479</u>	<u>\$ (305,998)</u>	<u>\$ 2,913,238</u>	<u>\$ 6,611,518</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, 2020

Net Change in fund balances-total governmental funds		\$ 1,239,448
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	\$ 625,788	
Depreciation expense	<u>(371,938)</u>	253,850
<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	-	
Bonds payable	<u>-</u>	-
<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 - 2020	343,239	
Deferred revenue - 2019	<u>(402,829)</u>	(59,590)
<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 - 2020	(36,867)	
Compensated absences - 2019	<u>33,086</u>	(3,781)
<p>GASB 68 requires the calculation of net pension revenue (expense), and the deferral of current contributions.</p>		
Current contributions	23,063	
Net pension revenue (expense)	<u>(117,167)</u>	(94,104)
<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>16,345</u>
Change in Net Position of Governmental Activities		<u><u>\$ 1,352,168</u></u>

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

CITY OF RIGBY
Statement of Net Position
Proprietary Funds
September 30, 2020

	Water Fund	Sanitation	Sewer Fund	Total	Internal Service Funds
ASSETS					
Cash.....	1,510,160	287,956	2,622,554	\$ 4,420,670	171,004
Cash - restricted for bond.....	-	-	482,891	482,891	-
Investments.....	970,890	423,593	2,992,363	4,386,846	-
Receivables.....	165,766	30,698	185,906	382,370	-
Capital assets, net of depreciation.....	1,864,880	342,556	13,820,653	16,028,089	45,589
Capital assets, non-depreciable.....	816,030	-	258,653	1,074,683	-
Prepaid expenses.....	10,571	1,189	60,927	72,687	326
Total assets.....	<u>5,338,297</u>	<u>1,085,992</u>	<u>20,423,947</u>	<u>26,848,236</u>	<u>\$ 216,919</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferred outflows.....	\$ 14,969	\$ 8,555	\$ 19,247	\$ 42,771	\$ -
Total deferred outflows of resources.....	<u>14,969</u>	<u>8,555</u>	<u>19,247</u>	<u>42,771</u>	<u>\$ -</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 5,353,266</u>	<u>\$ 1,094,547</u>	<u>\$ 20,443,194</u>	<u>\$ 26,891,007</u>	<u>\$ 216,919</u>
LIABILITIES					
Current liabilities:					
Accounts payable.....	108,797	164	29,238	138,199	4,656
Other payable.....	-	-	47,154	47,154	-
Water deposits.....	39,786	-	-	39,786	-
Salaries payable & payroll liabilities.....	3,124	2,399	3,837	9,360	-
Net pension liability	57,162	32,664	73,493	163,319	-
Current portion of long term debt.....	-	-	503,802	503,802	-
Total current liabilities.....	<u>208,869</u>	<u>35,227</u>	<u>657,524</u>	<u>901,620</u>	<u>4,656</u>
Noncurrent liabilities:					
Bond payable - long term.....	-	-	6,865,073	6,865,073	-
Interim DEQ financing.....	-	-	-	-	-
Compensated absences payable.....	3,189	1,081	8,559	12,829	-
Total liabilities.....	<u>212,058</u>	<u>36,308</u>	<u>7,531,156</u>	<u>7,779,522</u>	<u>4,656</u>
DEFERRED INFLOWS OF RESOURCES					
Pension deferred inflows.....	\$ 1,866	\$ 1,067	\$ 2,400	\$ 5,333	-
Total deferred inflows of resources.....	<u>1,866</u>	<u>1,067</u>	<u>2,400</u>	<u>\$ 5,333</u>	<u>-</u>
NET POSITION					
Invested in capital assets, net of related debt.....	2,680,910	342,556	6,710,431	9,733,897	45,589
Restricted for debt service.....	-	-	1,800,391	1,800,391	-
Net assets - unrestricted.....	2,458,432	714,616	4,398,816	7,571,864	166,674
Total net position.....	<u>\$ 5,139,342</u>	<u>\$ 1,057,172</u>	<u>\$ 12,909,638</u>	<u>19,106,152</u>	<u>\$ 212,263</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.

142,704
\$ 19,248,856

CITY OF RIGBY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
September 30, 2020

	Water Fund	Sanitation	Sewer Fund	Total	Internal Service Funds
OPERATING REVENUE					
Consumer charges.....	806,868	327,346	2,109,315	\$ 3,243,529	\$ -
Other revenue.....	64,893	-	2,820	67,713	-
Other services.....	-	-	-	-	120,888
Total operating revenue.....	<u>871,761</u>	<u>327,346</u>	<u>2,112,135</u>	<u>3,311,242</u>	<u>120,888</u>
OPERATING EXPENSES					
Salaries.....	95,717	57,210	109,418	262,345	4,317
Payroll taxes.....	7,292	4,512	8,327	20,131	360
Insurance - employee.....	20,235	19,840	27,675	67,750	857
Retirement - employee.....	11,372	7,292	13,297	31,961	597
Legal fees.....	-	-	-	-	-
Municipal shop building	9,706	9,655	14,019	33,380	7,685
Utilities.....	381	-	61,704	62,085	-
Office supplies and postage.....	4,715	4,629	3,419	12,763	-
Maintenance and repairs.....	176,909	39,699	67,674	284,282	12,268
Training and travel.....	2,209	-	105	2,314	-
Supplies.....	-	276	24,735	25,011	27,303
Fuel.....	-	-	2,000	2,000	25,677
Depreciation.....	85,932	67,130	536,441	689,503	31,607
Miscellaneous expense.....	20,276	37,305	41,302	98,883	2,908
Irrigation assessments.....	2,176	-	-	2,176	-
Total operating expense.....	<u>436,920</u>	<u>247,548</u>	<u>910,116</u>	<u>1,594,584</u>	<u>113,579</u>
Operating income (loss).....	<u>434,841</u>	<u>79,798</u>	<u>1,202,019</u>	<u>1,716,658</u>	<u>7,309</u>
NONOPERATING REVENUE (EXPENSE)					
Wastewater project grant income.....	-	-	-	-	-
Water project grant income.....	400,000	-	-	400,000	-
Interest income.....	45,475	10,832	118,758	175,065	-
Interest expense.....	-	-	(61,866)	(61,866)	-
Reserve for debt service.....	-	-	-	-	-
Gain (loss) on investments.....	-	-	-	-	-
Net pension revenue/expense	(12,183)	(6,961)	(15,662)	(34,806)	-
Operating transfers.....	(25,000)	(25,000)	(206,000)	(256,000)	-
Changes in net position.....	<u>843,133</u>	<u>58,669</u>	<u>1,037,249</u>	<u>1,939,051</u>	<u>7,309</u>
NET POSITION					
Total net position - beginning.....	4,328,085	1,016,718	11,913,373		204,954
Prior period adjustment.....	(31,876)	(18,215)	(40,984)		
Total net position - ending.....	<u>\$ 5,139,342</u>	<u>\$ 1,057,172</u>	<u>\$ 12,909,638</u>		<u>\$ 212,263</u>

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

Change in net position of business-type activities \$ (9,036)
\$ 1,930,015

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

CITY OF RIGBY
Statement of Cash Flows
Proprietary Funds
September 30, 2020

	Water Fund	Sanitation	Sewer Fund	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers.....	\$ 778,528	\$ 315,465	\$ 2,099,975	\$ 3,193,968	\$ 120,888
Payments to suppliers and employees.....	(319,030)	(182,182)	(83,440)	(584,652)	(85,440)
Cash provided by customer deposits.....	(742)	-	-	(742)	-
Net cash provided (used) by operating activities.....	<u>458,756</u>	<u>133,283</u>	<u>2,016,535</u>	<u>2,608,574</u>	<u>35,448</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from (to) other funds.....	(25,000)	(25,000)	(206,000)	(256,000)	-
Net cash provided (used) by noncapital financing activities.....	<u>(25,000)</u>	<u>(25,000)</u>	<u>(206,000)</u>	<u>(256,000)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Cash paid for capital assets.....	(791,968)	(7,786)	(191,012)	(990,766)	-
Cash from capital grants.....	400,000	-	-	400,000	-
Principle payments.....	-	-	(499,917)	(499,917)	-
Interest paid on long-term obligations.....	-	-	(61,866)	(61,866)	-
Net cash provided (used) by capital and related financing activities.....	<u>(391,968)</u>	<u>(7,786)</u>	<u>(752,795)</u>	<u>(1,152,549)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income.....	7,346	3,959	61,603	72,908	-
Purchase of investments.....	-	-	(600,000)	(600,000)	-
Net cash provided (used) from investing activities.....	<u>7,346</u>	<u>3,959</u>	<u>(538,397)</u>	<u>(527,092)</u>	<u>-</u>
Net increase (decrease) in cash.....	49,134	104,456	519,343	672,933	35,448
Cash and cash equivalents-beginning of year.....	1,461,026	183,500	2,586,102	4,230,628	135,556
Cash and cash equivalents-end of year.....	<u>\$ 1,510,160</u>	<u>\$ 287,956</u>	<u>\$ 3,105,445</u>	<u>\$ 4,903,561</u>	<u>\$ 171,004</u>

Reconciliation of operating income to net cash provided by
operating activities

Operating income.....	\$ 434,841	\$ 79,798	\$ 1,202,019	\$ 1,716,658	\$ 7,309
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation.....	85,932	67,130	536,441	689,503	31,607
(Increase) decrease in accounts receivable.....	(81,050)	(4,920)	3,502	(82,468)	-
Net pension revenue/(expense).....	(12,183)	(6,961)	(15,662)	(34,806)	-
Increase (decrease) in customer deposits.....	(742)	-	-	(742)	-
(Increase) decrease in customer prepaids.....	5,529	-	54,599	60,128	326
Increase (decrease) in accounts payable.....	26,429	(1,764)	235,636	260,301	(3,142)
Net cash provided by operating activities.....	<u>\$ 458,756</u>	<u>\$ 133,283</u>	<u>\$ 2,016,535</u>	<u>\$ 2,608,574</u>	<u>\$ 36,100</u>

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

CITY OF RIGBY

Notes to the Financial Statements September 30, 2020

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, 2020

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.

Connection Funds. The water and sewer connection funds are used to collect water and sewer hook-up fees.

WWTP Improvement Fund. This fund is used to pay expenses related to certain contracts of the WWTP improvement project.

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, 2020

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, 2020 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, 2020**

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, 2020 are classified as deferred revenue.

Inventories and Prepaid Items

The City does not have any inventory items at September 30, 2020.

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	\$ 21,082
Road Fund	\$ 5,738
Water Fund	\$ 10,571
Sewer Fund	\$ 57,763
Sanitation Fund	\$ 1,189
Non-Major Funds	\$ 3,305

The balance represents SUTA overpayments in the amount of \$14,018, prepaid expense in the amount of \$76,790, and prepaid workers compensation insurance in the amount of \$8,840.

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, 2020

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, 2020, the City had fund balances which were restricted, committed, assigned, and unassigned of \$3,958,111, \$52,201, \$416,130 and \$2,194,658 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, 2020:

	Pooled Cash and Investments
Demand Deposits	\$ 1,480,674
State Investment Pool	8,111,635
Investments	6,524,137
Money Market	<u>63,782</u>
Total	<u>\$ 16,180,228</u>

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2020**

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, 2020. 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	\$ 765,507	\$1,039,616	\$ 250,000	\$ 63,761	\$ 484,872
Xpress Deposit	27,870	28,230	-	-	27,870
Wells Fargo	10,474	10,474	10,474	-	-
US Bank	3,760	2,710	3,760	-	-
State Invest. Pool	8,557,556	8,111,635	-	-	8,557,556
Petty Cash		559	-	-	559
Investment Accts:					
Idaho Central	1,119,341	1,127,691	250,000	-	869,341
Westmark	462,865	462,865	250,000	-	212,865
RBC Wealth	1,068,496	1,068,496	-	-	1,068,496
Edward Jones	419,410	419,410	-	-	419,410
US Bank	1,186,126	1,186,126	250,000	-	936,126
Wells Fargo	432,817	432,817	250,000	-	182,817
Zions	<u>2,289,596</u>	<u>2,289,597</u>	<u>250,000</u>	-	<u>2,039,596</u>
Total	<u>\$16,343,818</u>	<u>\$16,180,226</u>	<u>\$1,514,234</u>	<u>\$ 63,761</u>	<u>\$ 14,799,320</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, 2020, \$14,799,320 of the government's cash and investments bank balance of \$16,343,818 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, 2020, the City has the following investments.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Money Market	n/a	268,605
Certificates of Deposit	Various	3,554,396
Federal Agency Obligations	Various	309,237
Mutual Funds	n/a	1,486,152
Bonds	Various	<u>905,747</u>
Total Investments		<u>\$ 6,987,025</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, 2020**

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>Sewer Collection</u>
				<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	
Local Sources							
Property Taxes	\$ 26,663	\$ 5,829	\$ 9,176	\$ -	\$ -	\$ -	\$ -
Consumer Fees	-	-	-	71,282	185,906	30,698	-
Other	-	4,080	-	94,484	-	-	-
Total Local	<u>\$ 26,663</u>	<u>\$ 9,909</u>	<u>\$ 9,176</u>	<u>\$165,766</u>	<u>\$ 185,906</u>	<u>\$ 30,698</u>	<u>\$ -</u>
State Sources							
Other State Revenue	\$111,875	\$ 64,141	\$ 358,926				
Total Receivable	<u>\$138,538</u>	<u>\$ 74,050</u>	<u>\$ 368,102</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, 2020 the LID#8 and LID #9 funds owed the Capital Improvement fund \$303,479 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	\$ 226,000
Capital Improvement	253,917	-
WWTP Improvement	181,000	-
LID #8	-	20,992
LID #9	-	32,925
Water	-	25,000
Sanitation	-	25,000
Sewer	-	206,000
Airport	26,000	-

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2020**

NOTE 5 LONG-TERM OBLIGATIONS

Sewer Revenue Bond Issue:

As of September 30, 2020 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, 2020 was \$1,621,803.

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, 2020, the loan balance payable to the DEQ was \$5,747,072 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, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>
Governmental-type activities				
Compensated absences	33,086	3,781	-	36,867
<i>Total governmental-type</i>	<u>\$ 33,086</u>	<u>\$ 3,781</u>	<u>\$ -</u>	<u>\$ 36,867</u>
Business-type activities				
Waste Water Project DEQ Loan	6,143,422	-	396,350	5,747,072
Sewer USDA Loan	1,725,372	-	103,569	1,621,803
Compensated absences	18,981	-	6,152	12,829
<i>Total business-type activities</i>	<u>\$ 7,887,775</u>	<u>\$ -</u>	<u>\$ 506,071</u>	<u>\$ 7,381,704</u>

Maturities of long-term obligations are as follows:

2021	\$ 503,802
2022	507,832
2023	512,012
2024	516,350
2025	520,850
2026-2030	2,833,154
2031-2035	<u>1,974,877</u>
Total	<u>\$ 7,368,876</u>

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2020**

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, 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	\$ 508,192	\$ -	\$ 594,642
Land	592,672	96,194	-	688,866
Depreciable Assets:				
Buildings/Sites	\$ 4,387,170	\$ 3,192	\$ -	\$ 4,390,362
Equipment	1,531,118	6,290	-	1,537,408
Infrastructure	<u>3,444,008</u>	<u>11,920</u>	-	<u>3,445,928</u>
<i>Total capital assets</i>	10,041,418	625,788	-	10,667,206
Less: accumulated depreciation	<u>(3,432,158)</u>	<u>(371,938)</u>	-	<u>(3,804,096)</u>
<i>Governmental activity capital assets, net</i>	<u>\$ 6,609,260</u>	<u>\$ 253,850</u>	<u>\$ -</u>	<u>\$ 6,863,110</u>
Business-type Activities				
Non-depreciable Assets:				
Work-in-progress	\$ 117,331	\$ 882,321	\$ -	\$ 999,652
Land	75,031	-	-	75,031
Depreciable Assets:				
Water Fund				
Buildings & equipment	\$ 3,151,238	\$ 69,413	\$ -	\$ 3,220,651
Less: accumulated depreciation	<u>(1,269,839)</u>	<u>(85,932)</u>	-	<u>(1,355,771)</u>
<i>Water capital assets, net</i>	<u>1,881,399</u>	<u>(16,519)</u>	-	<u>1,864,880</u>
Sanitation Fund				
Buildings & equipment	1,046,932	7,786	-	1,054,718
Less: accumulated depreciation	<u>(645,032)</u>	<u>(67,130)</u>	-	<u>(712,162)</u>
<i>Sanitation capital assets, net</i>	<u>401,900</u>	<u>(59,344)</u>	-	<u>342,556</u>
Sewer				
Buildings & equipment	18,717,448	31,246	-	18,748,694
Less: accumulated depreciation	<u>(4,391,599)</u>	<u>(536,442)</u>	-	<u>(4,928,041)</u>
<i>Sewer capital assets, net</i>	<u>14,325,849</u>	<u>(505,196)</u>	-	<u>13,820,653</u>
<i>Business-type activities capital assets, net</i>	<u>\$16,801,510</u>	<u>\$ 301,262</u>	<u>\$ -</u>	<u>\$17,102,772</u>
Internal Service Fund				
Buildings & equipment	\$ 517,039	\$ -	\$ -	\$ 517,039
Less: accumulated depreciation	<u>(439,844)</u>	<u>(31,606)</u>	-	<u>(471,450)</u>
<i>Internal Service capital assets, net</i>	<u>\$ 77,195</u>	<u>\$ (31,606)</u>	<u>\$ -</u>	<u>\$ 45,589</u>

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2020**

NOTE 6 CAPITAL ASSETS, Continued

Depreciation expense was charged to functions as follows:

General government	\$ 371,938
Water fund	85,932
Sanitation fund	67,130
Sewer fund	536,442
Internal Service	31,606
	<u>\$ 1,093,048</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 March 11, 2021, the date which the financial statements were available and discussions with the city clerk revealed that on March 1, 2021 the city sold three garbage trucks and related equipment to Eagle Rock Sanitation in the amount of \$272,500. The city also entered into a contract with Eagle Rock to begin operating the solid waste service for the city.

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 increase net pension liability in the amount of \$91,075 relating to the Water, Sewer and Sanitation funds. This adjustment decreases the fund balance in the Water fund by 31,876, decreases the fund balance in Sanitation fund by \$18,215 and decreases the fund balance in the Sewer fund by \$40,984.

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2020

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, 2020**

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, 2020 it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The City of Rigby's contributions were \$112,203 for the year ended September 30, 2020.

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

At September 30, 2020, 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, 2020, 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, 2020, the City of Rigby's proportion was .0260487 percent.

For the year ended September 30, 2020, the City of Rigby's recognized pension expense of \$128,910. At September 30, 2020 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	\$ 47,260	\$ 19,751
Changes in assumptions or other inputs	10,230	-
Net difference between projected and actual earnings on pension plan investments	69,331	-
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>23,063</u>	<u>-</u>
TOTAL	\$ 149,884	\$ 19,751

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2020

NOTE 11

PENSION ACTIVITY—EMPLOYER REPORTING – CONTINUED

\$23,063 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, 2020.

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, 2019 the beginning of the measurement period ended June 30, 2019 is 4.8 years and 4.8 for the measurement period ended June 30, 2020.

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, 2020:	
2021	\$ 1,943
2022	\$ 25,480
2023	\$ 34,583
2024	\$ 45,054

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, 2020 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, 2020**

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, 2020 is based on the results of an actuarial valuation date of July 1, 2020.

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 2020.

Capital Market Assumptions

Asset Class	Target Allocation	Long-Term Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	2.80%	0.55%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation – Mean		2.25%	2.25%
Assumed Inflation – Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.85%	3.49%

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2020

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)	1,244,454	604,885	79,374

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, 2020, the City of Rigby reported payables to the defined benefit pension plan of \$9,976 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, 2020**

NOTE 12 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 13 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)	\$ 62,341
Cash – State Investment Pool	<u>665,512</u>
Total	<u>\$ 727,853</u>

Deposits with financial institutions include bank demand deposits as authorized by Idaho statutes. The bank balance for cash demand deposits was \$62,341 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	\$ 6,520
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D. Payables at year end consist of the following:

Accounts Payable	\$ 2,663
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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIGBY
Budget to Actual Comparison Schedule
General Fund
For Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	
	Original	Final		Positive (Negative)	
REVENUES					
Local Sources:					
Local Revenue:					
Taxes.....	909,000	909,000	926,036	\$	17,036
Earnings on investments.....	30,000	30,000	34,171		4,171
Fees and fines.....	23,500	23,500	45,662		22,162
Charges for services.....	44,000	44,000	39,011		(4,989)
Miscellaneous and other revenue.....	7,000	7,000	11,359		4,359
State revenues.....	337,600	337,600	409,681		72,081
Grants.....	12,500	12,500	3,500		(9,000)
Total revenue.....	<u>1,363,600</u>	<u>1,363,600</u>	<u>1,469,420</u>		<u>105,820</u>
EXPENDITURES					
General government.....	568,725	568,725	471,657		97,068
Public safety.....	595,925	595,925	581,795		14,130
Cultural.....	15,000	15,000	14,015		985
Capital outlay.....	22,000	22,000	-		22,000
Total expenditures.....	<u>1,201,650</u>	<u>1,201,650</u>	<u>1,067,467</u>		<u>134,183</u>
Excess (deficiency) of revenue over expenditures.....	161,950	161,950	401,953		240,003
OTHER FINANCING SOURCES (USES)					
Other Financing Source.....	-	-	-		-
Transfers.....	(161,950)	(161,950)	(151,000)		10,950
Net change in fund balances.....	-	-	250,953		250,953
Fund Balance - Beginning.....	1,931,793	1,931,793	1,931,793		-
Fund Balance - Ending.....	<u>\$ 1,931,793</u>	<u>\$ 1,931,793</u>	<u>\$ 2,182,746</u>	\$	<u>250,953</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, 2020

	<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.....	\$ 205,688	\$ 205,688	\$ 209,931	\$ 4,243
Earnings on investments.....	5,000	5,000	6,787	1,787
Charges for services.....	-	-	-	-
Miscellaneous and other revenue.....	100,000	100,000	107,710	7,710
State revenues.....	212,778	212,778	221,184	8,406
Total revenue.....	<u>523,466</u>	<u>523,466</u>	<u>545,612</u>	<u>22,146</u>
EXPENDITURES				
Street and public improvement.....	510,850	510,850	444,912	65,938
Capital outlay.....	<u>150,000</u>	<u>150,000</u>	<u>15,420</u>	<u>134,580</u>
Total expenditures.....	<u>660,850</u>	<u>660,850</u>	<u>460,332</u>	<u>200,518</u>
Excess (deficiency) of revenue over expenditures.....	(137,384)	(137,384)	85,280	222,664
OTHER FINANCING SOURCES (USES)				
Transfers.....	-	-	-	-
Net change in fund balances.....	(137,384)	(137,384)	85,280	222,664
FUND BALANCES				
Beginning of the year.....	312,773	312,773	312,773	-
End of the year.....	<u>\$ 175,389</u>	<u>\$ 175,389</u>	<u>\$ 398,053</u>	<u>\$ 222,664</u>

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

CITY OF RIGBY
Budget to Actual Comparison Schedule
Connection Funds
For Year Ended September 30, 2020

	<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:				
Earnings on investments.....	7,500	7,500	11,897	4,397
Fees and fines.....	90,000	90,000	821,400	731,400
Total revenue.....	<u>97,500</u>	<u>97,500</u>	<u>833,297</u>	<u>735,797</u>
EXPENDITURES				
Capital outlay.....	525,000	525,000	-	525,000
Total expenditures.....	<u>525,000</u>	<u>525,000</u>	-	<u>525,000</u>
Excess (deficiency) of revenue over expenditures.....	(427,500)	(427,500)	833,297	1,260,797
OTHER FINANCING SOURCES (USES)				
Transfers.....	-	-	-	-
Net change in fund balances.....	(427,500)	(427,500)	833,297	1,260,797
FUND BALANCES				
Beginning of the year.....	590,182	590,182	590,182	-
End of the year.....	<u>\$ 162,682</u>	<u>\$ 162,682</u>	<u>\$ 1,423,479</u>	<u>\$ 1,260,797</u>

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

CITY OF RIGBY
Budget to Actual Comparison Schedule
WWTP Improvement Fund
For Year Ended September 30, 2020

	<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:				
Earnings on investments.....	-	-	-	-
Fees and fines.....	-	-	-	-
Total revenue.....	-	-	-	-
EXPENDITURES				
Capital outlay.....	500,000	500,000	486,998	13,002
Total expenditures.....	500,000	500,000	486,998	13,002
Excess (deficiency) of revenue over expenditures.....	(500,000)	(500,000)	(486,998)	13,002
OTHER FINANCING SOURCES (USES)				
Transfers.....	-	-	181,000	181,000
Net change in fund balances.....	(500,000)	(500,000)	(305,998)	194,002
FUND BALANCES				
Beginning of the year.....	-	-	-	-
End of the year.....	<u>\$ (500,000)</u>	<u>\$ (500,000)</u>	<u>\$ (305,998)</u>	<u>\$ 194,002</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>2020</u>
City of Rigby's portion of the net pension liability	0.0260487%
City of Rigby's proportionate share of the net pension liability	\$ 604,885
City of Rigby's covered-employee payroll	\$ 930,328
City of Rigby's proportional share of the net pension liability as a percentage of its covered-employee payroll	65.02%
Plan fiduciary net position as a percentage of the total pension liability	88.22%
- Data reported is measured as of June 30, 2020	
	<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*

	<u>2020</u>
Statutorily required contribution	\$ 102,200
Contributions in relation to the statutorily required contribution	\$ 112,176
Contribution (deficiency) excess	\$ 9,976
Employer's covered-employee payroll	\$ 923,696
Contributions as a percentage of covered-employee payroll	12.14%
 - Data reported is measured as of June 30, 2020	
	<u>2019</u>
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	
	<u>2018</u>
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	
	<u>2017</u>
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	
	<u>2016</u>
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	
	<u>2015</u>
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, 2020**

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 2020.

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, 2020, 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, 2020

	Special Revenue						Capital Projects				
	Library Fund	Arterial Road Fund	Park Fund	Police Drug Fund	Airport Fund	Splash Park	Capital Improvement	Sewer Construction Fund	LID #8	LID #9	Totals
ASSETS											
Cash.....	159,340	\$ 7,143	\$ 261,051	\$ 10,474	\$ 871	\$ 200	\$ 1,029,973	\$ 220,470	\$ -	\$ -	\$ 1,689,522
Investments.....	-	45,058	-	-	-	-	-	1,144,799	-	-	1,189,857
Taxes receivable.....	4,488	-	2,884	-	-	-	1,804	-	-	-	9,176
Other receivables.....	-	-	-	-	51,597	-	3,850	-	47,151	256,328	358,926
Interfund receivable.....	-	-	-	-	-	-	303,479	-	-	-	303,479
Prepaid expenses.....	1,270	-	2,035	-	-	-	-	-	-	-	3,305
Total assets.....	\$ 165,098	\$ 52,201	\$ 265,970	\$ 10,474	\$ 52,468	\$ 200	\$ 1,339,106	\$ 1,365,269	\$ 47,151	\$ 256,328	\$ 3,554,265
LIABILITIES AND FUND BALANCE											
LIABILITIES:											
Accounts payable.....	\$ 689	\$ -	\$ 621	\$ -	\$ -	\$ -	\$ 6,722	\$ 12,795	\$ -	\$ -	\$ 20,827
Interfund payable.....	-	-	-	-	-	-	-	-	47,151	256,328	303,479
Payroll liabilities.....	2,142	-	2,542	-	-	-	-	-	-	-	4,684
Deferred revenue.....	4,185	-	2,691	-	-	-	305,161	-	-	-	312,037
Total liabilities.....	7,016	-	5,854	-	-	-	311,883	12,795	47,151	256,328	641,027
FUND BALANCE:											
Restricted.....	-	-	-	10,474	52,468	200	1,027,223	1,352,474	-	-	2,442,839
Committed.....	-	52,201	-	-	-	-	-	-	-	-	52,201
Assigned.....	158,082	-	260,116	-	-	-	-	-	-	-	418,198
Total fund balance.....	158,082	52,201	260,116	10,474	52,468	200	1,027,223	1,352,474	-	-	2,913,238
Total liabilities and fund balance.....	\$ 165,098	\$ 52,201	\$ 265,970	\$ 10,474	\$ 52,468	\$ 200	\$ 1,339,106	\$ 1,365,269	\$ 47,151	\$ 256,328	\$ 3,554,265

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, 2020

	Special Revenue						Capital Projects				Total	
	Library Fund	Arterial Road Fund	Park Fund	Police Drug Fund	Airport Fund	Splash Park	Capital Improvement	Sewer Construction Fund	LID #8	LID #9		
REVENUES												
Local Revenue:												
Property taxes.....	\$ 151,626	\$ -	\$ 103,704	\$ -	\$ -	\$ -	\$ 61,234	\$ -	\$ -	\$ -	\$ -	\$ 316,564
Earnings on investments.....	\$ 1,702	3,559	3,298	1	891	-	10,444	20,459	-	-	-	40,354
Charges for services.....	10,276	-	-	-	18,754	-	-	-	-	-	-	29,030
Miscellaneous and other revenue.....	-	-	25,811	1	3,500	-	8,933	-	20,992	32,925	-	92,162
Special assessments.....	-	-	-	-	-	-	-	-	-	-	-	-
State revenues.....	\$ 8,148	-	6,052	-	-	-	3,329	-	-	-	-	17,529
Grants.....	\$ 6,135	-	1,500	-	56,691	-	-	-	-	-	-	64,326
Total revenue.....	177,887	3,559	140,365	2	79,836	-	83,940	20,459	20,992	32,925	-	559,965
EXPENDITURES												
General government.....	-	-	-	-	17,259	-	16,602	-	-	-	-	33,861
Street and public improvement.....	-	-	-	-	-	-	-	-	-	-	-	-
Public safety.....	-	-	-	-	-	-	-	-	-	-	-	-
Parks and recreation.....	-	-	104,302	-	-	-	-	-	-	-	-	104,302
Culture.....	139,093	-	-	-	-	-	-	-	-	-	-	139,093
Capital outlay.....	2,668	-	10,501	-	91,204	-	225	28,195	-	-	-	132,793
Total expenditures.....	141,761	-	114,803	-	108,463	-	16,827	28,195	-	-	-	410,049
Excess (deficiency) of revenue over expenditures.....	36,126	3,559	25,562	2	(28,627)	-	67,113	(7,736)	20,992	32,925	-	149,916
OTHER FINANCING SOURCES (USES)												
Transfers.....	-	-	-	-	26,000	-	253,917	-	(20,992)	-	-	226,000
Other financing sources.....	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances.....	36,126	3,559	25,562	2	(2,627)	-	321,030	(7,736)	-	-	-	375,916
FUND BALANCES												
Beginning of the year.....	121,956	48,642	234,554	10,472	55,095	200	706,193	1,360,210	-	-	-	2,537,322
End of the year.....	\$ 158,082	\$ 52,201	\$ 260,116	\$ 10,474	\$ 52,468	\$ 200	\$ 1,027,223	\$ 1,352,474	\$ -	\$ -	\$ -	\$ 2,913,238

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, 2020

	Total Expenditures
GENERAL GOVERNMENT	
Mayor & Council	
Payroll related expenditures	40,697
Public relations	3,742
Other	2,697
Total Mayor & Council	\$ 47,136
 City Hall	
Payroll related expenditures	\$ 131
Utilities & telephone	6,975
Maintenance	4,269
Total City Hall	\$ 11,375
 Administration	
Payroll related expenditures	\$ 158,123
Office expenditures	26,058
Bank fees	17,438
Other	500
Total Administration	\$ 202,119
 Non-departmental	
Payroll related expenditures	\$ 19,574
Legal & professional	57,922
Bonds & insurance	40,978
Other	19,628
Total Non-departmental	\$ 138,102
 Planning & Zoning	
Payroll related expenditures	\$ 61,238
Office expenditures	3,320
Engineering fees	-
Other	1,740
Total Planning & Zoning	\$ 66,298
TOTAL GENERAL GOVERNMENT EXPENDITURES	\$ 465,030
 PUBLIC SAFETY	
Payroll related expenditures	\$ 478,207
Office expenditures	10,564
Utilities & telephone	10,795
Police expenditures	70,868
Maintenance & repairs	17,862
TOTAL PUBLIC SAFETY	\$ 588,296
 CULTURAL	
Museum, rodeo, & discretionary cultural expenditures	\$ 14,015
 CAPITAL OUTLAY	
City Hall	\$ -
Administration	-
Police	126
TOTAL CAPITAL OUTLAY	\$ 126
TOTAL GOVERNMENTAL EXPENDITURES	\$ 1,067,467

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

JENSEN POULSEN & COMPANY, PLLC

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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, 2020, 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 30, 2021.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Purpose of this Report

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

Jensen Poulsen & Company, PLLC

JENSEN POULSEN & COMPANY, PLLC
Certified Public Accountants
Idaho Falls, Idaho
March 11, 2021