

**CITY OF RIGBY
RIGBY, IDAHO**

**Basic Financial Statements and
Required Supplementary Information
With
Supplementary Information and
Independent Auditor's Report
Year Ended September 30, 2014**

CITY OF RIGBY

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Year Ended September 30, 2014**

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Rigby
Rigby, Idaho 83442

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Rigby as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Rigby's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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, each major fund, and the aggregate remaining fund information of the City of Rigby, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rigby, Idaho's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2015, on our consideration of the City of Rigby's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rigby's internal control over financial reporting and compliance.

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

Jensen Poulsen & Company, PLLC

JENSEN POULSEN & COMPANY, PLLC

Certified Public Accountants

Idaho Falls, ID

February 27, 2015

City of Rigby
Management's Discussion and Analysis of Financial Statements
Fiscal Year Ending September 30, 2014

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, 2014.

FINANCIAL HIGHLIGHTS

The net assets of the City exceeded its liabilities at September 30, 2014 by \$20,386,000.

- Of this amount, \$6.8 million represents unrestricted net position and \$2.4 million of restricted assets which is available to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased from \$18.107 million to \$20.386 million, an increase of \$2.279 million as a result of this year's operations.
- At fiscal year end, the City's governmental funds reported combined ending fund balances of \$6.674 million, an increase of \$1.238 million. The business-type activities reported an ending fund balance of \$13.711 million, an increase of \$1.040 million from the prior year.
- The General Fund Balance is \$960,000 September 30, 2014 an increase of \$243,800 over the prior year ending balance. This represents 103% of the total General Fund expenditures and fund transfers for the current year. This also represents 59.85% of the 2015 General Fund budgeted expenditures which includes a transfer from the general fund to capital improvement in the amount of \$350,000.
- The net working capital for all funds increased from \$7.573 million to \$9.211 million, an increase of \$1.638 million over the prior year net working capital.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

The basic governmental wide funds financial statements can be found on pages 8-16 and non-major funds on pages 33-35.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes can be found on pages 17-29 of the audit report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position: For the years ended September 30, 2014 and September 30, 2013, Net Position changed as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>All Activities</u>
Net Position Sept 30, 2013	5,436,657	12,671,092	18,107,749
Increase in Net Position	<u>1,237,881</u>	<u>1,040,274</u>	<u>2,278,155</u>
Net Position Sept 30, 2014	6,674,538	13,711,366	20,385,904
Percent Change	22.77%	8.21%	12.58%

Following is the comparative statement of Net Position (2013 vs. 2014).

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total - All Activities</u>		Favorable/ (Unfavorable)
	2013	2014	2013	2014	2013	2014	Change
Current and other assets	1,553,335	2,412,473	7,237,145	7,726,248	8,790,480	10,138,721	1,348,241
Capital Assets	<u>4,086,837</u>	<u>4,904,098</u>	<u>17,628,130</u>	<u>17,892,707</u>	<u>21,714,967</u>	<u>22,796,805</u>	<u>1,081,838</u>
Total Assets	<u>5,640,172</u>	<u>7,316,571</u>	<u>24,865,275</u>	<u>25,618,955</u>	<u>30,505,447</u>	<u>32,935,526</u>	<u>2,430,079</u>
Current Liabilities	136,644	578,659	1,056,184	349,109	1,192,828	927,767	265,061
Long-term liabilities outstanding	18,286	20,744	12,180,616	11,542,869	11,142,718	11,563,613	(420,895)
Other Liabilities	<u>48,585</u>	<u>42,630</u>	<u>13,568</u>	<u>15,612</u>	<u>62,153</u>	<u>58,242</u>	<u>3,911</u>
Total Liabilities	<u>203,515</u>	<u>642,033</u>	<u>12,194,184</u>	<u>11,907,590</u>	<u>12,397,699</u>	<u>12,549,622</u>	<u>(151,923)</u>
Net Assets:							
Invested in capital assets, net of debt	4,051,657	4,860,412	9,926,630	6,250,268	13,978,287	11,110,680	(2,867,607)
Restricted	660,139	842,581	1,070,894	1,568,830	1,731,033	2,411,411	680,378
Unrestricted	<u>724,861</u>	<u>971,545</u>	<u>1,873,568</u>	<u>5,892,268</u>	<u>2,398,429</u>	<u>6,863,813</u>	<u>4,465,384</u>
Total net assets	<u>5,436,657</u>	<u>6,674,538</u>	<u>12,671,091</u>	<u>13,711,365</u>	<u>18,107,748</u>	<u>20,385,904</u>	<u>2,278,155</u>

As noted above, net assets may serve over time as a useful indicator of government's financial position. In the case of the City of Rigby, assets exceeded liabilities by \$20.385 million at September 30, 2014 compared with \$18.1 million at September 30, 2013, an overall net increase of \$2.278 million in net assets. The increase represents the net change in the city's addition in the water and sewer projects less depreciation charges.

Outstanding Debt:

The debt owed on the government activities and business-type assets increased from \$11.247 million to \$11.686million as shown below.

	<u>Beginning</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending</u>
Government Vehicle Leasing	35,180		16,894	18,286
Bank of the West		25,400		25,400
DEQ Wastewater Loan	7,102,586	824,430		7,927,016
USDA-RD Wastewater Loan	<u>4,109,948</u>	<u>-</u>	<u>394,525</u>	<u>3,715,423</u>
	11,247,714	849,830	411,419	11,686,125
Compensated Absences	<u>62,153</u>		<u>8,372</u>	<u>53,781</u>
Total	11,309,867	849,830	419,791	11,739,906

Working capital (current assets less current liabilities) for all of the cities funds has increased from \$2.8 million at September 30, 2009 to \$9.2 million at September 30, 2014, a net increase of \$6.3 million (225%).

<u>Working Capital - All Funds</u>	<u>2009</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Current/Other Assets	4,372,875	6,385,759	8,280,205	8,765,919	10,138,721
Current Liabilities	<u>1,538,052</u>	<u>883,158</u>	<u>1,731,251</u>	<u>1,192,828</u>	<u>927,767</u>
Net Working Capital	2,834,823	5,502,601	6,548,954	7,573,091	9,210,954
Year over Year % Increase		55%	19%	16%	22%

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 Reserves</u>	<u>2015 Budget</u>	<u>25% 2015 Budget</u>	<u>Excess Reserves</u>
General Fund	960,109	1,605,345	401,336	558,773
Library Fund	14,891	172,025	43,006	(57,897)
Parks/Recreation	112,984	135,630	33,882	79,102
Roads	193,183	380,355	95,089	98,094
Capital Improvement	101,903	215,000	53,750	48,153
Water Revenue	991,195	535,000	133,750	857,445
Sanitation	572,284	550,970	137,743	434,541
Sewer Revenue (Net of Bond)	2,922,879	850,500	212,625	2,697,750

GENERAL FUND BUDGETARY HIGHLIGHT

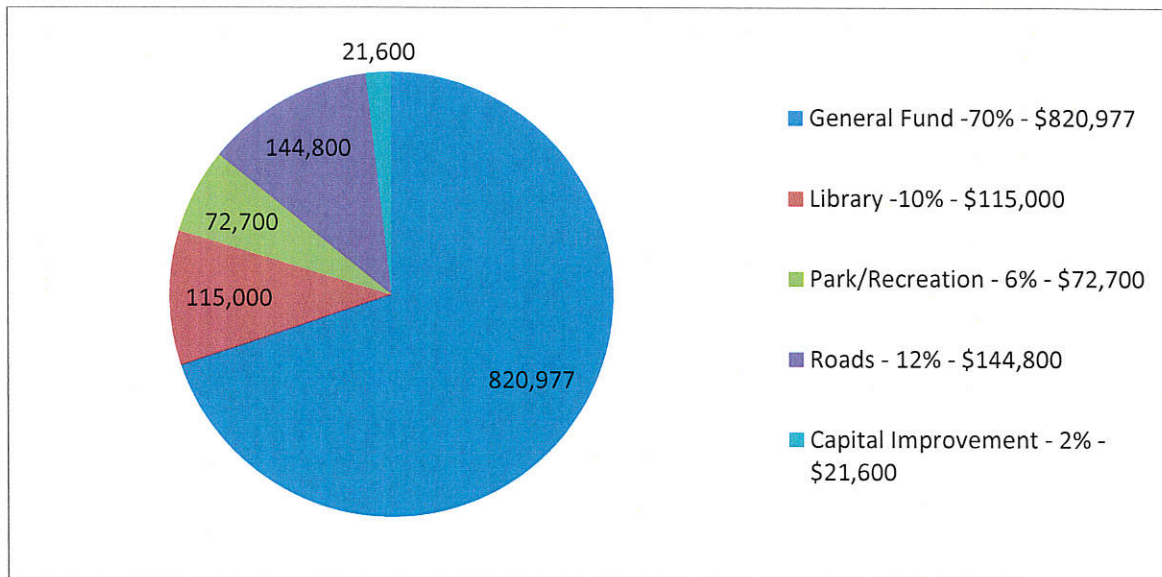
The general fund is the primary operating funds of the city. At year end its unreserved, undesignated fund balance was \$960,109 vs. \$716,331 for the prior year. The city authorized a \$350,000 transfer from the unreserved fund balance to the capital improvement fund. With the planned transfer the net unrestricted fund as adjusted is \$610,109.

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 statutes require public hearing and re-publication of the prior budget, increase and revised budget. On September 18, 2014 the city amended its original budget to account for increase revenues and expenditures incurred but not included in the original budget for the general fund, road fund, capital improvement fund, sewer construction and sewer revenue funds. Total increase in unanticipated revenues and expenditures for all funds totaled \$181,000. The mayor and council are restricted by statute to allow expenditures to exceed their authorized spending amount. All funds remained within their authorized budgets for the year ending September 30, 2014.

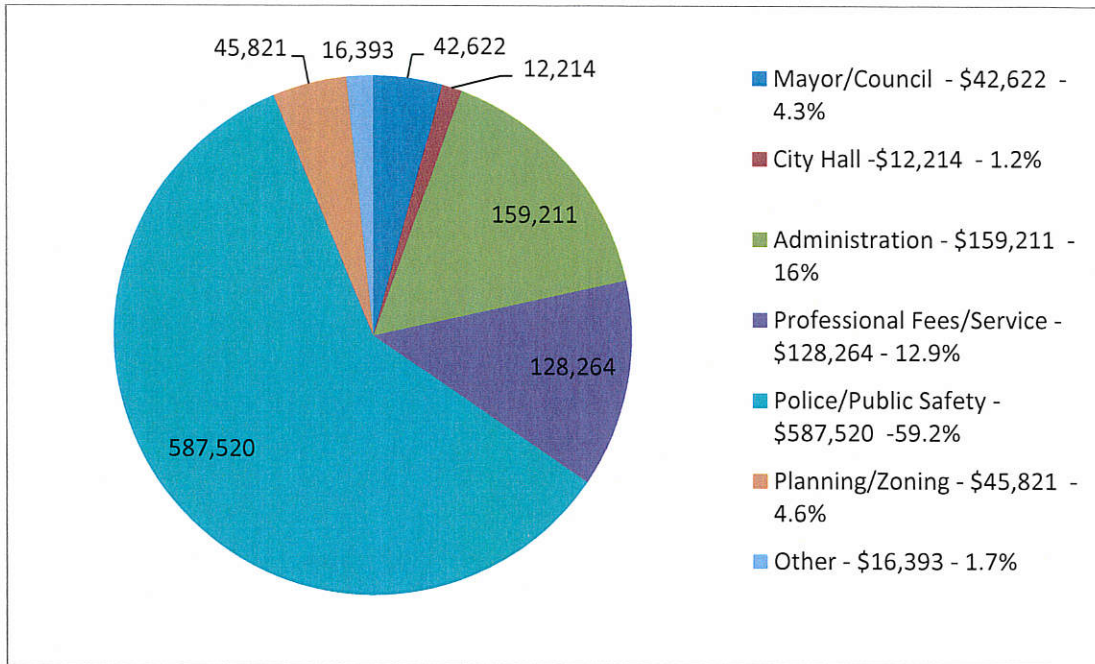
PROPERTY TAX ASSESSMENT -

The city assessed \$1.175 million from property taxes. The following pie chart shows the allocation of the tax to the various funds.



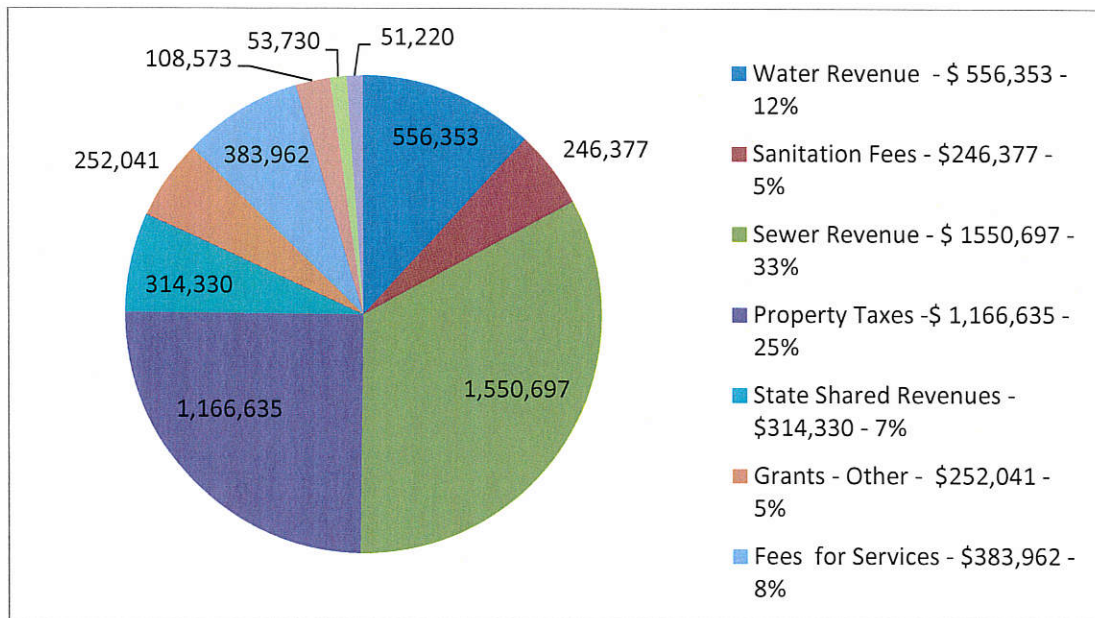
GENERAL FUND BUDGETED EXPENDITURES

The general fund had an operating budget of \$1.245 million for the year. Actual expenditures total \$992,045. The following chart summarizes the actual expenditures to the various departments within the general fund. The following chart shows department expenses as a percent of the total.



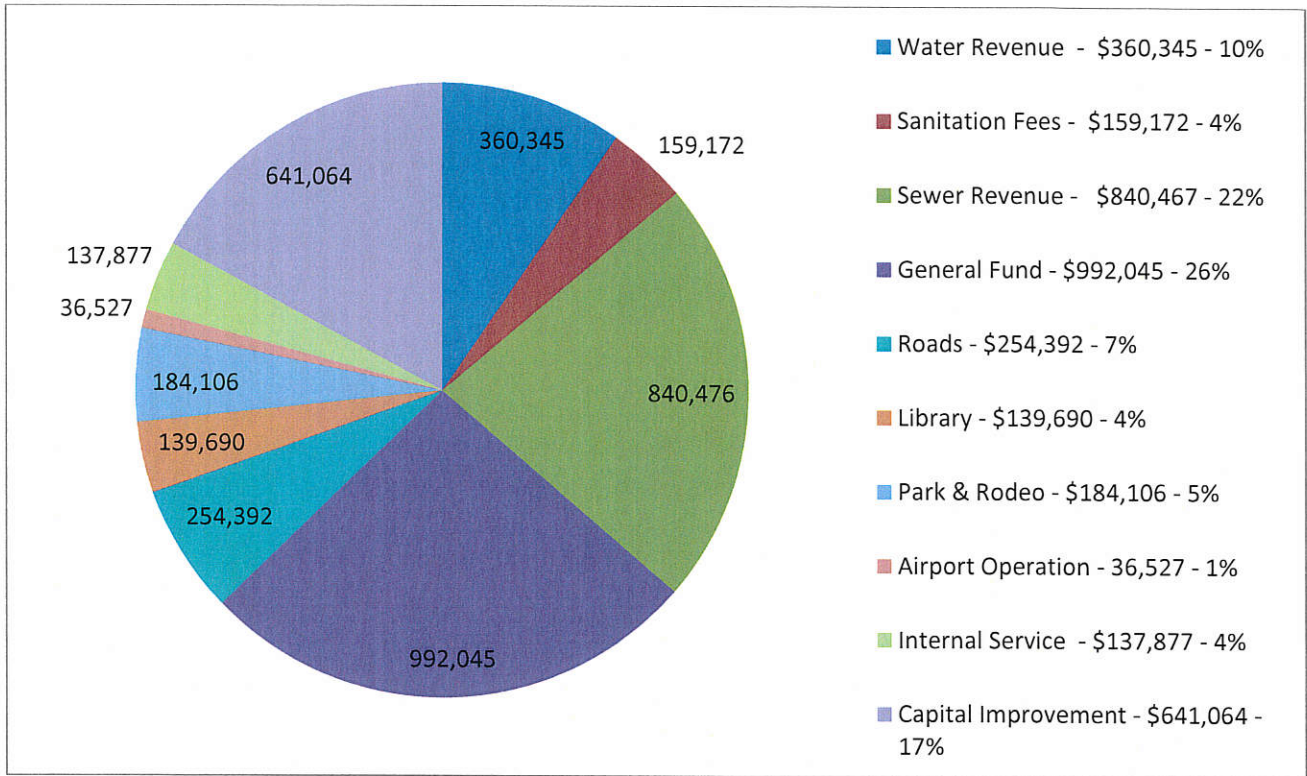
CITY-WIDE REVENUES

Total city-wide revenues totaled \$4.684 million. The following chart shows the source of revenues.



CITY-WIDE EXPENDITURES

Total city-wide expenditures totaled \$3.745 million. The following chart shows the allocation expenditures by fund.



Request for Information

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

David Swager, CPA
 City Clerk/Treasurer

BASIC FINANCIAL STATEMENTS

CITY OF RIGBY
Statement of Net Position
September 30, 2014

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents.....	\$ 1,779,089	\$ 2,143,005	\$ 3,922,094	\$ 1,015,334
Investments.....	404,717	4,521,131	4,925,848	-
Receivables (net).....	198,843	1,059,309	1,258,152	1,320
Prepaid expenses.....	29,824	2,803	32,627	-
Capital assets, net of depreciation.....	4,495,439	17,871,553	22,366,992	-
Capital assets, non-depreciable.....	408,659	21,154	429,813	-
Total assets.....	<u>\$ 7,316,571</u>	<u>\$ 25,618,955</u>	<u>\$ 32,935,526</u>	<u>\$ 1,016,654</u>
LIABILITIES				
Current liabilities				
Accounts payable.....	\$ 133,000	\$ 136,858	\$ 269,857	\$ 41,848
Other payable.....	381,151	80,211	461,362	-
Salaries & benefits payable.....	41,566	12,083	53,649	-
Water deposits.....	-	20,387	20,387	-
Current portion of long term debt.....	22,942	99,570	122,512	-
Total current liabilities	<u>578,659</u>	<u>349,109</u>	<u>927,767</u>	<u>41,848</u>
Long-term liabilities				
Debt portion due in more than one year.....	20,744	11,542,869	11,563,613	-
Interim DEQ financing	-	-	-	-
Compensated absences.....	42,630	15,612	58,242	-
Total liabilities.....	<u>642,033</u>	<u>11,907,590</u>	<u>12,549,622</u>	<u>41,848</u>
NET POSITION				
Invested in capital assets, net of related debt	4,860,412	6,250,268	11,110,680	-
Restricted for:				
Capital projects.....	705,068	-	705,068	-
Debt service.....	-	1,568,830	1,568,830	-
Community development				
and improvement projects.....	137,513	-	137,513	-
Unrestricted	971,545	5,892,268	6,863,813	974,806
Total net assets.....	<u>\$ 6,674,538</u>	<u>\$ 13,711,366</u>	<u>\$ 20,385,904</u>	<u>\$ 974,806</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, 2014

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.....	\$ 471,446	\$ 127,761	\$ -	\$ 5	\$ (343,680)	\$ -	\$ (343,680)	\$ -
Public safety.....	644,515	51,518	-	39,057	(553,940)	-	(553,940)	-
Public works.....	317,471	116,521	132,798	-	(68,152)	-	(68,152)	-
Parks and recreation.....	226,935	71,171	-	-	(155,764)	-	(155,764)	-
Cultural.....	158,167	16,991	4,058	7,929	(129,189)	-	(129,189)	-
Interest on long term debt.....	-	-	-	-	-	-	-	-
Internal Service charges.....	42,005	-	-	-	(42,005)	-	(42,005)	-
Total governmental activities.....	<u>1,860,539</u>	<u>383,962</u>	<u>136,856</u>	<u>46,991</u>	<u>(1,292,730)</u>	<u>-</u>	<u>(1,292,730)</u>	<u>-</u>
Business-type activities:								
Water fund.....	360,345	556,353	-	-	-	\$ 196,008	196,008	-
Sanitation fund.....	159,172	246,377	-	-	-	87,205	87,205	-
Sewer fund.....	840,476	1,550,697	-	68,194	-	778,415	778,415	-
Internal Service charges.....	95,872	-	-	-	-	(95,872)	(95,872)	-
Total business-type activities.....	<u>1,455,865</u>	<u>2,353,427</u>	<u>-</u>	<u>68,194</u>	<u>-</u>	<u>965,756</u>	<u>965,756</u>	<u>-</u>
Total primary government.....	<u>\$ 3,316,404</u>	<u>\$ 2,737,389</u>	<u>\$ 136,856</u>	<u>\$ 115,185</u>	<u>(1,292,730)</u>	<u>965,756</u>	<u>(326,974)</u>	<u>-</u>
Component unit.....	\$ 357,330	\$ -	\$ -	\$ -	-	-	-	(357,330)

General revenues:

Taxes:								
Property taxes, levied for general purposes		812,256				-	812,256	285,712
Property taxes, levied for library		114,752				-	114,752	-
Property taxes, levied for park and recreation fund		71,851				-	71,851	-
Property taxes, levied for public works		145,765				-	145,765	-
Property taxes, levied for capital projects		22,011				-	22,011	-
State sales taxes		120,738				-	120,738	-
State revenue sharing		131,942				-	131,942	-
State liquor allocation		61,650				-	61,650	-
Earnings on investments		6,094				47,636	53,730	990
Miscellaneous		47,610				3,610	51,220	-
Gain (loss) on sale of assets		-				-	-	-
Internal Service Charges		45,601				62,972	108,573	-
Transfers		675,000				(675,000)	-	-
Total general revenues and transfers		<u>2,255,270</u>				<u>(560,782)</u>	<u>1,694,488</u>	<u>286,702</u>
Changes in net assets		962,540				404,974	1,367,514	(70,628)
Net position--beginning		5,436,657				12,671,092	18,107,749	1,045,434
Contributed capital		275,341				-	275,341	-
Prior period adjustment		-				635,300	635,300	-
Net assets--ending		<u>\$ 6,674,538</u>				<u>\$ 13,711,366</u>	<u>\$ 20,385,904</u>	<u>\$ 974,806</u>

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

CITY OF RIGBY
Balance Sheet
Governmental Funds
September 30, 2014

	General Fund	Road Fund	Non Major Funds	Total Governmental Funds
ASSETS				
Cash.....	\$ 769,915	\$ 162,901	\$ 830,013	\$ 1,762,829
Investments.....	124,296	-	280,421	404,717
Taxes receivable.....	48,614	7,555	12,842	69,011
Other receivables.....	77,669	43,703	8,460	129,832
Interfund receivable.....	-	-	-	-
Prepaid expenses.....	29,824	-	-	29,824
Total assets.....	<u>\$ 1,050,318</u>	<u>\$ 214,159</u>	<u>\$ 1,131,736</u>	<u>\$ 2,396,213</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
CURRENT LIABILITIES				
Accounts payable.....	\$ 17,721	\$ 10,623	\$ 100,982	\$ 129,326
Other payable.....	9,692	-	381,151	390,843
Payroll liabilities.....	-	-	-	-
Salaries payable/Benefits.....	21,247	3,806	6,752	31,805
Deferred revenue.....	41,549	6,547	10,670	58,766
Total current liabilities.....	<u>90,209</u>	<u>20,976</u>	<u>499,555</u>	<u>610,740</u>
FUND BALANCE				
Restricted.....	-	193,183	459,150	652,333
Committed.....	-	-	45,094	45,094
Assigned.....	-	-	127,937	127,937
Unassigned.....	960,109	-	-	960,109
Total fund balance.....	<u>960,109</u>	<u>193,183</u>	<u>632,181</u>	<u>1,785,473</u>
Total liabilities and fund balance.....	<u>\$ 1,050,318</u>	<u>\$ 214,159</u>	<u>\$ 1,131,736</u>	<u>\$ 2,396,213</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, 2014

Total fund balances - governmental funds \$ 1,785,473

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	\$ 7,173,939	
Depreciation expense to date	<u>(2,269,841)</u>	4,904,098

Property taxes received that are not available to pay for current period expenditures are deferred in the funds.		58,766
--	--	--------

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

Compensated absences payable	(42,630)	
Capital lease payable	(43,686)	
Bonds payable - L.I.D.	<u>-</u>	(86,316)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position		<u>12,517</u>
--	--	---------------

Total net assets for governmental activities \$ 6,674,538

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

CITY OF RIGBY
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
September 30, 2014

	General Fund	Road Fund	Non Major Funds	Total Governmental Funds
REVENUES				
Local Revenue:				
Property taxes.....	\$ 818,899	\$ 144,763	\$ 207,013	\$ 1,170,675
Earnings on investments.....	1,524	-	4,570	6,094
Fees and fines.....	18,386	-	-	18,386
Charges for services.....	51,518	73,645	75,299	200,462
Miscellaneous and other revenue.....	28,334	6,439	178,761	213,534
State revenues.....	280,376	144,381	23,454	448,211
Grants.....	12,556	-	13,577	26,133
Total revenue.....	<u>1,211,593</u>	<u>369,228</u>	<u>502,674</u>	<u>2,083,495</u>
EXPENDITURES				
General government.....	388,132	-	36,527	424,659
Public safety.....	587,520	-	1,584	589,104
Street and public improvement.....	-	254,262	-	254,262
Parks and recreation.....	-	-	135,609	135,609
Cultural.....	5,000	-	139,690	144,690
Capital outlay.....	11,393	130	796,947	808,470
Total expenditures.....	<u>992,045</u>	<u>254,392</u>	<u>1,110,357</u>	<u>2,356,794</u>
Excess (deficiency) of revenue over expenditures.....	219,548	114,836	(607,683)	(273,299)
OTHER FINANCING SOURCES (USES)				
Other Financing Source.....	-	-	25,400	25,400
Transfers.....	24,230	-	650,770	675,000
Net change in fund balances.....	243,778	114,836	68,487	427,101
Fund Balance - Beginning.....	716,331	78,347	563,694	1,358,372
Prior Period Adjustment.....	-	-	-	-
Fund Balance - Ending.....	<u>\$ 960,109</u>	<u>\$ 193,183</u>	<u>\$ 632,181</u>	<u>\$ 1,785,473</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, 2014

Net Change in fund balances-total governmental funds	\$	427,101
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capitalized assets	\$ 751,519	
Depreciation expense	<u>(209,601)</u>	541,918
<p>In the statement of activities, only the gain on the sale of assets are reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.</p>		
	<u>\$ -</u>	-
<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 - 2014	58,766	
Deferred revenue - 2013	<u>(66,290)</u>	(7,524)
<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	(8,506)	
Bonds payable	<u>-</u>	(8,506)
<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 - 2014	(42,630)	
Compensated absences - 2013	<u>48,585</u>	5,955
<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>3,596</u>
Change in Net Position of Governmental Activities	\$	<u>962,540</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, 2014

	Water Fund	Sanitation	Sewer Fund	Sewer Collection	Total	Internal Service Funds
ASSETS						
Cash.....	\$ 441,603	\$ 422,388	\$ 1,545,612	\$ (477,945)	\$ 1,931,658	\$ 38,348
Cash - restricted for bond.....	-	-	189,259	-	189,259	-
Investments.....	611,619	132,228	2,719,466	1,057,818	4,521,131	-
Receivables.....	81,589	26,218	243,381	708,121	1,059,309	-
Capital assets, net of depreciation.....	1,974,194	80,375	15,588,663	-	17,643,232	228,321
Capital assets, non-depreciable.....	21,154	-	-	-	21,154	-
Prepaid expenses.....	1,308	-	1,495	-	2,803	-
Total assets.....	<u>\$ 3,131,467</u>	<u>\$ 661,209</u>	<u>\$ 20,287,876</u>	<u>\$ 1,287,994</u>	<u>\$ 25,368,546</u>	<u>\$ 266,669</u>
LIABILITIES						
Current Liabilities:						
Accounts payable.....	116,769	1,012	15,403	-	133,184	\$ 7,347
Other payable.....	-	-	80,211	-	80,211	-
Water deposits.....	20,387	-	-	-	20,387	-
Salaries payable & payroll liabilities.....	3,824	3,077	5,113	-	12,014	138
Current portion of long term debt.....	-	-	99,570	-	99,570	-
Total current liabilities.....	<u>140,980</u>	<u>4,089</u>	<u>200,297</u>	<u>-</u>	<u>345,366</u>	<u>7,485</u>
Noncurrent liabilities:						
Bond payable - long term.....	-	-	11,542,869	-	11,542,869	-
Interim DEQ financing.....	-	-	-	-	-	-
Compensated absences payable.....	3,944	4,461	7,207	-	15,612	-
Total liabilities.....	<u>144,924</u>	<u>8,550</u>	<u>11,750,373</u>	<u>-</u>	<u>11,903,847</u>	<u>7,485</u>
NET POSITION						
Invested in capital assets, net of related debt.....	1,995,348	80,375	4,045,794	-	6,121,517	228,321
Restricted for debt service.....	-	-	1,568,830	-	1,568,830	-
Net assets - unrestricted.....	991,195	572,284	2,922,879	1,287,994	5,774,352	30,863
Total net position.....	<u>\$ 2,986,543</u>	<u>\$ 652,659</u>	<u>\$ 8,537,503</u>	<u>\$ 1,287,994</u>	<u>\$ 13,464,699</u>	<u>\$ 259,184</u>

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

246,667
\$ 13,711,366

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

CITY OF RIGBY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
September 30, 2014

	Water Fund	Sanitation	Sewer Fund	Sewer Collection Project	Total	Internal Service Funds
OPERATING REVENUE						
Consumer charges.....	\$ 556,353	\$ 246,377	\$ 1,550,697	\$ -	\$ 2,353,427	\$ -
Other revenue.....	3,609	-	-	-	3,609	-
Other Services.....	-	-	-	-	-	108,573
Total operating revenue.....	<u>559,962</u>	<u>246,377</u>	<u>1,550,697</u>	<u>-</u>	<u>2,357,036</u>	<u>108,573</u>
OPERATING EXPENSES						
Salaries.....	49,192	54,693	113,316	-	217,201	7,835
Payroll taxes.....	6,013	10,156	11,053	-	27,222	990
Insurance - employee.....	13,187	7,652	34,396	-	55,235	1,455
Retirement - employee.....	8,811	6,558	13,020	-	28,389	885
Legal fees.....	-	-	-	-	-	-
Municipal shop building.....	6,666	6,471	6,472	-	19,609	9,238
Utilities.....	337	-	63,764	-	64,101	-
Office supplies and postage.....	4,087	3,731	4,636	-	12,454	-
Maintenance and repairs.....	178,446	38,159	34,067	-	250,672	32,622
Training and travel.....	1,259	-	858	-	2,117	-
Supplies.....	3,617	583	11,648	-	15,848	6,449
Fuel.....	844	-	1,760	-	2,604	40,537
Depreciation.....	65,433	15,299	426,246	-	506,978	37,866
Miscellaneous expense.....	19,515	15,870	29,265	-	64,650	-
Irrigation assessments.....	2,938	-	-	-	2,938	-
Total operating expense.....	<u>360,345</u>	<u>159,172</u>	<u>750,501</u>	<u>-</u>	<u>1,270,018</u>	<u>137,877</u>
Operating income (loss).....	199,617	87,205	800,196	-	1,087,018	(29,304)
NONOPERATING REVENUE (EXPENSE)						
Wastewater project grant income.....	-	-	-	68,194	68,194	-
Wastewater project expenditures.....	-	-	-	-	-	-
Interest income.....	14,219	2,511	41,708	17,729	76,167	-
Interest expense.....	-	-	(89,975)	-	(89,975)	-
Gain (loss) on investments.....	(23,285)	-	(5,247)	-	(28,532)	-
Reserve for debt service.....	-	-	-	-	-	-
Capital contributions.....	-	-	-	-	-	-
Operating transfers.....	41,877	(25,000)	(3,625,531)	2,933,654	(675,000)	-
Changes in net position.....	232,428	64,716	(2,878,849)	3,019,577	437,872	(29,304)
NET POSITION						
Total net position - beginning.....	2,754,115	587,943	10,781,052	(1,731,583)		288,488
Prior years adjustment.....	-	-	635,300	-		-
Total net position - ending.....	<u>\$ 2,986,543</u>	<u>\$ 652,659</u>	<u>\$ 8,537,503</u>	<u>\$ 1,287,994</u>		<u>\$ 259,184</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 (32,900)

\$ 404,972

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

CITY OF RIGBY
Statement of Cash Flows
Proprietary Funds
September 30, 2014

	Water Fund	Sanitation	Sewer Fund	Sewer Collection	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers.....	\$ 536,483	\$ 244,828	\$ 1,466,783	\$ -	\$ 2,248,094	\$ 108,573
Payments to suppliers and employees.....	(218,043)	(145,023)	(700,817)	-	(1,063,883)	(98,500)
Cash provided by customer deposits.....	(3,342)	-	-	-	(3,342)	-
Net cash provided (used) by operating activities.....	315,098	99,805	765,966	-	1,180,869	10,073
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from (to) other funds.....	41,877	(25,000)	(25,000)	(708,121)	(716,244)	-
Net cash provided (used) by noncapital financing activities.....	41,877	(25,000)	(25,000)	(708,121)	(716,244)	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Cash proceeds from grants.....	-	-	-	68,194	68,194	-
Cash paid for construction and equipment.....	(369,005)	(7,137)	(133,827)	-	(509,969)	-
Bond principle payments.....	-	-	(394,544)	-	(394,544)	-
Interest paid on bonds and leases.....	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities.....	(369,005)	(7,137)	(528,371)	68,194	(836,319)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income.....	14,219	2,511	41,708	17,729	76,167	-
Change in market value of investments.....	(14,022)	(2,187)	(26,201)	(41,062)	(83,472)	-
Purchase of investments.....	-	-	-	-	-	-
Net cash provided (used) from investing activities.....	197	324	15,507	(23,333)	(7,305)	-
Net increase (decrease) in cash.....	(11,833)	67,992	228,102	(663,260)	(378,999)	10,086
Cash and cash equivalents-beginning of year.....	453,436	354,396	1,506,769	185,315	2,499,916	28,262
Cash and cash equivalents-end of year.....	\$ 441,603	\$ 422,388	\$ 1,734,871	\$ (477,945)	\$ 2,120,917	\$ 38,348

Reconciliation of operating income to net cash provided by
operating activities

Operating income.....	\$ 199,617	\$ 87,205	\$ 800,196	\$ -	\$ 1,087,018	\$ (29,304)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation.....	65,433	15,299	426,246	-	506,978	37,866
(Increase) decrease in accounts receivable.....	(23,479)	(1,549)	(83,914)	-	(108,942)	-
Increase (decrease) in customer deposits.....	(3,342)	-	-	-	(3,342)	-
(Increase) decrease in customer prepaids.....	(1,308)	1,611	(406)	-	(103)	-
Increase (decrease) in accounts payable.....	78,177	(2,761)	(376,156)	-	(300,740)	1,511
Net cash provided by operating activities.....	\$ 315,098	\$ 99,805	\$ 765,966	\$ -	\$ 1,180,869	\$ 10,073

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

CITY OF RIGBY

Notes to the Financial Statements September 30, 2014

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, 2014

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING, Continued

Basis of Presentation, continued

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

Measurement Focus, Basis of Accounting

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

CITY OF RIGBY

Notes to the Financial Statements September 30, 2014

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, 2014 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, 2014**

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, 2014 are classified as deferred revenue.

Inventories and Prepaid Items

The City does not have any inventory items at September 30, 2014.

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

General Fund	\$ 29,824
Water Fund	\$ 1,308
Sewer Fund	\$ 1,495
Non-Major Funds	\$ 0

The balances represent prepaid workman's compensation insurance of \$7,462, prepaid state unemployment insurance of \$18,575 and \$6,590 of other prepaid expense.

Capital Assets

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

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

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2014**

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, 2014, the City had fund balances which were restricted, committed, assigned, and unassigned of \$652,333, \$45,094, \$127,937 and \$960,109 respectively. Restricted funds are those which are constrained to being used for a specific purpose by external parties, constitutional provisions, or enabling legislation. Committed funds are those which are constrained to being used for a specific purpose by the City itself. Assigned Funds are amounts intended to be used for specific purposes as expressed by the City's management. Unassigned funds are those which are available for any purpose.

NOTE 2

DEPOSITS AND INVESTMENTS

Following is a reconciliation of the City's deposit and investment balances as of September 30, 2014:

	Pooled Cash and Investments
Demand Deposits	\$ 2,186,619
Certificates of Deposit	577,705
State Investment Pool	7,904
Investments	4,925,849
Money Market	<u>1,149,865</u>
Total	<u>\$ 8,847,942</u>

Cash Deposits

The following is a schedule illustrating the cash balances held by the City of Rigby that are insured, collateralized, or uninsured as of September 30, 2014. The City does not have a deposit policy.

<u>Depository Institution</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>FDIC Insured</u>	<u>Collateralized</u>	<u>Uninsured</u>
Zions Bank	\$3,239,249	\$3,229,164	\$ 250,000	\$ 1,139,864	\$1,849,385
Xpress Deposit	50,034	50,132	50,034	0	0
Bank of Commerce	77,322	77,322	77,322	0	0
Wells Fargo	7,347	7,347	7,347	0	0
US Bank	52,632	49,691	52,632	0	0
State Invest. Pool	7,903	7,904	0	0	7,903
Idaho Central	500,383	500,383	250,000	0	250,383
Petty Cash	0	150	0	0	150
Investment Accts:					
Edward Jones	436,623	436,623	0	0	436,623
Wells Fargo	373,610	373,610	259,896	0	113,714
RBC Wealth	969,777	969,777	0	0	969,777
Contango	2,115,636	2,115,636	1,450,000	0	665,636
US Bank	<u>1,030,203</u>	<u>1,030,203</u>	<u>425,000</u>	<u>0</u>	<u>605,203</u>
Total	<u>\$8,860,720</u>	<u>\$ 8,847,942</u>	<u>\$2,822,231</u>	<u>\$ 1,139,864</u>	<u>\$ 4,898,775</u>

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2014**

NOTE 2 DEPOSITS AND INVESTMENTS, Continued

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2014, \$4,898,775 of the government's cash and investments bank balance of \$8,860,720 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, 2014, the City has the following investments.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Money Market	n/a	151,247
Certificates of Deposit	Various	2,134,896
Federal Agency Obligations	Various	110,610
Mortgage Backed Securities	n/a	1,119
Mutual Funds	n/a	249,853
Bonds	Various	<u>2,278,123</u>
Total Investments		<u>\$ 4,925,848</u>

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

<u>Individual Issuer</u>	<u>% of Total Investment</u>
Calvert FD Ultra Short – Fixed Income Fund	5.22%
Pimco Short Term Fund – Fixed Income Fund	5.38%
BMW Bank North America Utah – Corporate Bond	5.17%
GE Capital Retail BK-Draper UT	5.19%

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2014**

NOTE 2 DEPOSITS AND INVESTMENTS, Continued

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

NOTE 3 RECEIVABLES

Receivables at year end consist of the following:

	<u>General Fund</u>	<u>Street and Road Fund</u>	<u>Other Governmental Funds</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Sewer Collection</u>
Local Sources							
Property Taxes	\$ 48,614	\$ 7,555	\$ 12,842	\$ 0	\$ 0	\$ 0	\$ 0
Consumer Fees	0	0	0	81,589	242,121	26,218	0
Other	<u>3,682</u>	<u>7,000</u>	<u>2,903</u>	<u>0</u>	<u>1,260</u>	<u>0</u>	<u>0</u>
Total Local	<u>\$ 52,296</u>	<u>\$ 14,555</u>	<u>\$15,745</u>	<u>\$ 81,589</u>	<u>\$ 243,381</u>	<u>\$ 26,218</u>	<u>\$ 0</u>
State Sources							
Other State Revenue	<u>\$ 73,987</u>	<u>\$ 36,703</u>	<u>\$ 5,557</u>		<u>\$ 708,121</u>		
Total Receivable	<u>\$126,283</u>	<u>\$ 51,258</u>	<u>\$ 21,302</u>		<u>\$ 951,502</u>		

NOTE 4 INTERFUND TRANSACTIONS

Interfund Receivable/Payable

During the course of its operations, the City had numerous transactions between funds to finance operations, provide services, and construct assets and service debt. As of September 30, 2014 there are no interfund receivables or payables.

Interfund Transfers

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

<u>Major Funds</u>	<u>Transfers To</u>	<u>Transfers From</u>
General Fund	\$ 79,239	\$ 55,009
Capital Improvement	600,000	
Sewer Collection	2,933,654	
Parks, Rodeo	41,562	
Airport	6,000	
Water Fund	41,877	
Sanitation		25,000
Sewer Fund		3,187,760
Sewer Bond		437,771
Non-Major Funds	13,447	
Internal service fund		10,239

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

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2014**

NOTE 5 LONG-TERM OBLIGATIONS

Police Vehicles

During fiscal year 2011, the City entered into a capital lease agreement with Government Vehicle Leasing Company for the lease and subsequent purchase of 4 police vehicles. Payments are due in five annual installments of \$19,792, including interest at a rate of 8.2%. Principal due on the lease payments as of September 30, 2014 is \$18,286.

Rodeo Tractor

During fiscal year 2014, the City entered into a capital lease agreement with Bank of the West for the lease and subsequent purchase of a Kubota tractor and loading bucket. Payments are due in five annual installments of \$5,765.55, including interest at a rate of 4.37%. Principal due on the lease payments as of September 30, 2014 is \$25,400.

Sewer Revenue Bond Issue:

As of September 30, 2014 the City had 2 sewer revenue bonds outstanding. The first bonds bear interest of 3.75% per annum and mature December 22, 2040. Annual payments of principal and interest are due in December in the amount of \$168,270. The total amount outstanding as of September 30, 2014 was \$2,826,337. The city has \$889,086 in sewer revenue bonds at an interest rate of 2.75%. The bonds have a 30 year term and annual payments of principal and interest will be \$61,738. Total outstanding sewer revenue bonds are \$3,715,423.

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, 2014, the loan balance payable to the DEQ was \$3,591,533 for the wastewater treatment facility. The loan is interest free. As of the date of the financial statements, a repayment schedule had not been finalized as the construction phase on the collection system was not complete.

As of September 30, 2014 the City owed \$4,335,483 to the DEQ for the sewer collection project. A timeline for repayment has not been finalized.

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2014**

NOTE 5 LONG-TERM OBLIGATIONS, Continued

The following schedule recaps the changes in long-term obligations for the fiscal year ending September 30, 2014:

	Beginning			Ending
	Balance	Additions	Subtractions	Balance
Governmental-type activities				
Government Vehicle Leasing Co.	\$ 35,180	\$ 0	\$ 16,894	\$ 18,286
Bank of the West	0	25,400	0	25,400
Compensated absences	<u>48,585</u>	<u>0</u>	<u>5,955</u>	<u>42,630</u>
<i>Total governmental-type</i>	<u>\$ 83,765</u>	<u>\$ 25,400</u>	<u>\$ 22,849</u>	<u>\$ 86,316</u>
Business-type activities				
Sewer DEQ Loan	\$ 3,591,533	\$ 0	\$ 0	\$ 3,591,533
Waste Water Project DEQ Loan	3,511,053	824,430	0	4,335,483
Sewer USDA Loan	4,109,948	0	394,525	3,715,423
Compensated absences	<u>13,568</u>	<u>0</u>	<u>2,417</u>	<u>11,151</u>
<i>Total business-type activities</i>	<u>\$11,226,102</u>	<u>\$ 824,430</u>	<u>\$ 396,942</u>	<u>\$11,653,590</u>

Maturities of long-term obligations are as follows:

2015	\$ 122,512
2016	107,791
2017	111,480
2018	115,298
2019	119,247
Thereafter	<u>11,109,797</u>
Total	<u>\$11,686,125</u>

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

CITY OF RIGBY

Notes to the Financial Statements
September 30, 2014

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Capital Acquisitions</u>	<u>Sales / Other Changes</u>	<u>Ending Balance</u>
Governmental Activities				
Non-depreciable Assets:				
Work-in-progress	\$ 0	\$ 0	\$ 0	\$ 0
Land	408,659	0	0	408,659
Depreciable Assets:				
Buildings/Sites	\$ 3,052,249	\$ 913,051	\$ 0	\$ 3,965,300
Equipment	1,312,738	113,818	0	1,426,557
Infrastructure	<u>1,373,430</u>	<u>0</u>	<u>0</u>	<u>1,373,430</u>
<i>Total capital assets</i>	<i>6,147,076</i>	<i>1,026,869</i>	<i>0</i>	<i>7,173,946</i>
Less: accumulated depreciation	<u>(2,060,240)</u>	<u>(209,601)</u>	<u>0</u>	<u>(2,269,841)</u>
<i>Governmental activity capital assets, net</i>	<u><i>\$ 4,086,836</i></u>	<u><i>\$ 817,268</i></u>	<u><i>\$ 0</i></u>	<u><i>\$ 4,904,105</i></u>
Business-type Activities				
Non-depreciable Assets:				
Work-in-progress	\$ 967,240	\$ 0	\$ 967,240	\$ 0
Land	21,154	0	0	21,154
Depreciable Assets:				
Water Fund				
Buildings & equipment	\$ 2,395,471	\$ 369,005	\$ 0	\$ 2,764,476
Less: accumulated depreciation	<u>(724,850)</u>	<u>(65,433)</u>	<u>0</u>	<u>(790,283)</u>
<i>Water capital assets, net</i>	<u><i>1,670,621</i></u>	<u><i>(303,572)</i></u>	<u><i>0</i></u>	<u><i>1,974,193</i></u>
Sanitation Fund				
Buildings & equipment	369,742	7,137	0	376,879
Less: accumulated depreciation	<u>(281,205)</u>	<u>(15,299)</u>	<u>0</u>	<u>(296,504)</u>
<i>Sanitation capital assets, net</i>	<u><i>88,537</i></u>	<u><i>(8,162)</i></u>	<u><i>0</i></u>	<u><i>80,375</i></u>
Sewer				
Buildings & equipment	16,397,586	1,400,517	0	17,798,103
Less: accumulated depreciation	<u>(1,783,195)</u>	<u>(426,246)</u>	<u>0</u>	<u>(2,209,441)</u>
<i>Sewer capital assets, net</i>	<u><i>14,614,391</i></u>	<u><i>(974,271)</i></u>	<u><i>0</i></u>	<u><i>15,588,662</i></u>
<i>Business-type activities capital assets, net</i>	<u><i>\$17,361,943</i></u>	<u><i>\$1,269,681</i></u>	<u><i>\$ 967,240</i></u>	<u><i>\$17,664,384</i></u>
Internal Service Fund				
Buildings & equipment	\$ 947,961	\$ 0	\$ 0	\$ 947,961
Less: accumulated depreciation	<u>(681,774)</u>	<u>(37,866)</u>	<u>0</u>	<u>(719,640)</u>
<i>Internal Service capital assets, net</i>	<u><i>\$ 266,187</i></u>	<u><i>\$ (37,866)</i></u>	<u><i>\$ 0</i></u>	<u><i>\$ 228,321</i></u>

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2014**

NOTE 6 CAPITAL ASSETS, Continued

Depreciation expense was charged to functions as follows:

General government	\$ 209,601
Water fund	65,433
Sanitation fund	15,299
Sewer fund	426,246
Internal Service	<u>37,866</u>
	<u>\$ 754,445</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

There were no subsequent events that occurred from September 30, 2014 through February 27, 2015 (dates reviewed).

NOTE 9 RELATED PARTY TRANSACTIONS

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

NOTE 10 PENSION ACTIVITY—EMPLOYER REPORTING

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

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

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

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2014**

NOTE 10 PENSION ACTIVITY—EMPLOYER REPORTING, Continued

The contribution requirements of the City of Rigby and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended September 30, 2014, the required contribution rate as a percentage of covered payroll for members was 6.79% for general members and 8.36% for police/firefighters.

The employer rate as a percentage of covered payroll was 11.32% for general members and 11.66% for police/firefighters. The City of Rigby's contributions required and paid were \$98,018, \$95,041, and \$106,135 for the three years ended September 30, 2014, 2013, and 2012, respectively.

NOTE 11 DEFICIT FUND BALANCE

At September 30, 2014 there were no funds with a deficit fund balance.

NOTE 12 PRIOR PERIOD ADJUSTMENTS

A prior period adjustment of \$635,300 was made in the Sewer Revenue Fund to correct beginning fund balance for legal fees and engineering costs related to the sewer project. These costs were originally expensed but deemed to be capital assets.

NOTE 13 POST RETIREMENT BENEFITS

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

NOTE 14 RODEO AND AIRPORT FUNDS

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

The Jefferson Rigby Airport has been included as its own separate and distinct fund. In 2012 it was discovered that the Airport is the responsibility of the City of Rigby and therefore the transactions for the year ended September 30, 2014 have been included as a separate special revenue fund titled Airport Fund.

NOTE 15 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)	\$ 166,557
Cash – State Investment Pool	<u>848,777</u>
Total	<u>\$1,015,334</u>

CITY OF RIGBY

**Notes to the Financial Statements
September 30, 2014**

NOTE 15 RIGBY URBAN RENEWAL (continued)

B. Cash and investments (continued)

Deposits with financial institutions include bank demand deposits as authorized by Idaho statutes. The carrying amounts and the bank balance were \$166,557 at year end. The entire bank balance of \$166,557 was covered by federal depository insurance. Cash held at the Local Government Investment Pool is uninsured and uncollateralized.

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

C. Receivables at year end consist of the following:

Property Taxes	\$ 1,320
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D. Payables at year end consist of the following:

Accounts Payable	\$ 41,848
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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIGBY
Budget to Actual Comparison Schedule
General Fund
For Year Ended September 30, 2014

	<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:				
Property taxes.....	\$ 814,000	\$ 814,000	\$ 818,899	\$ 4,899
Earnings on investments.....	3,000	3,000	1,524	(1,476)
Fees and fines.....	22,175	22,175	18,386	(3,789)
Charges for services.....	49,000	49,000	51,518	2,518
Miscellaneous and other revenue.....	11,000	11,000	28,334	17,334
State revenues.....	262,950	262,950	280,376	17,426
Grants.....	15,000	20,000	12,556	(7,444)
Total revenue.....	<u>1,177,125</u>	<u>1,182,125</u>	<u>1,211,593</u>	<u>29,468</u>
EXPENDITURES				
General government.....	532,675	532,675	388,132	144,543
Public safety.....	674,950	679,950	587,520	92,430
Cultural.....	12,000	12,000	5,000	7,000
Capital outlay.....	20,500	20,500	11,393	9,107
Total expenditures.....	<u>1,240,125</u>	<u>1,245,125</u>	<u>992,045</u>	<u>253,080</u>
Excess (deficiency) of revenue over expenditures.....	(63,000)	(63,000)	219,548	282,548
OTHER FINANCING SOURCES (USES)				
Other Financing Source.....	-	-	-	-
Transfers.....	57,000	57,000	24,230	(32,770)
Net change in fund balances.....	(6,000)	(6,000)	243,778	249,778
Fund Balance - Beginning.....	716,331	716,331	716,331	-
Prior Period Adjustment.....	-	-	-	-
Fund Balance - Ending.....	<u>\$ 710,331</u>	<u>\$ 710,331</u>	<u>\$ 960,109</u>	<u>\$ 249,778</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, 2014

	<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:				
Property taxes.....	\$ 144,800	\$ 144,800	\$ 144,763	\$ (37)
Earnings on investments.....	-	-	-	-
Charges for services.....	42,500	42,500	73,645	31,145
Miscellaneous and other revenue.....	3,000	3,000	6,440	3,440
State revenues.....	142,450	142,450	144,381	1,931
Total revenue.....	<u>332,750</u>	<u>332,750</u>	<u>369,229</u>	<u>36,479</u>
EXPENDITURES				
Street and public improvement.....	332,750	332,750	254,262	78,488
Capital outlay.....	-	-	130	(130)
Total expenditures.....	<u>332,750</u>	<u>332,750</u>	<u>254,392</u>	<u>78,358</u>
Excess (deficiency) of revenue over expenditures.....	-	-	114,837	114,837
OTHER FINANCING SOURCES (USES)				
Transfers.....	-	-	-	-
Net change in fund balances.....	-	-	114,837	114,837
FUND BALANCES				
Beginning of the year.....	78,346	78,346	78,346	-
Prior Period Adjustment.....	-	-	-	-
End of the year.....	<u>\$ 78,346</u>	<u>\$ 78,346</u>	<u>\$ 193,183</u>	<u>\$ 114,837</u>

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

CITY OF RIGBY

**Notes to the Required Supplementary Information
September 30, 2014**

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

The City amended their 2013-2014 budget on September 18, 2014.

NOTE 2 EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

Expenditures did not exceed budget amounts in any major funds during 2014.

SUPPLEMENTARY INFORMATION

CITY OF RIGBY
 Combining Balance Sheet - Non Major Funds
 September 30, 2014

	Special Revenue										Capital Projects		
	Library Fund	Arterial Road Fund	Park Fund	Senior Citizens	Utility Assistance Trust Fund	Police Drug Fund	Airport Fund	Capital Improvement	Water Construction	Sewer Construction Fund	LID #7	Totals	
ASSETS													
Cash.....	\$ 13,946	\$ 4,211	\$ 114,289	\$ 62	\$ -	\$ 7,347	\$ 20,497	\$ 579,863	\$ 49,750	\$ 36,242	\$ 3,806	\$ 830,013	
Investments.....	-	40,883	-	-	-	-	-	-	239,538	-	-	280,421	
Taxes receivable.....	6,709	-	4,403	-	-	-	-	1,730	-	-	-	12,842	
Other receivables.....	4,719	-	2,632	-	-	-	67	1,042	-	-	-	8,460	
Interfund receivable.....	-	-	-	-	-	-	-	-	-	-	-	-	
Prepaid expenses.....	-	-	-	-	-	-	-	-	-	-	-	-	
Total assets.....	\$ 25,374	\$ 45,094	\$ 121,324	\$ 62	\$ -	\$ 7,347	\$ 20,564	\$ 582,635	\$ 289,288	\$ 36,242	\$ 3,806	\$ 1,131,736	
LIABILITIES AND FUND BALANCE													
LIABILITIES:													
Accounts payable.....	\$ 758	\$ -	\$ 1,737	\$ -	\$ -	\$ -	\$ -	\$ 98,487	\$ -	\$ -	\$ -	\$ 100,982	
Other payable.....	-	-	-	-	-	-	-	381,151	-	-	-	381,151	
Salaries payable.....	3,950	-	2,802	-	-	-	-	-	-	-	-	6,752	
Payroll liabilities.....	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred Expenditures.....	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred revenue.....	5,775	-	3,801	-	-	-	-	1,094	-	-	-	10,670	
Total liabilities.....	10,483	-	8,340	-	-	-	-	480,732	-	-	-	499,555	
FUND BALANCE:													
Restricted.....	-	-	-	-	-	7,347	20,564	101,903	289,288	36,242	3,806	459,150	
Committed.....	-	45,094	-	-	-	-	-	-	-	-	-	45,094	
Assigned.....	14,891	-	112,984	62	-	-	-	-	-	-	-	127,937	
Total fund balance.....	14,891	45,094	112,984	62	-	7,347	20,564	101,903	289,288	36,242	3,806	632,181	
Total liabilities and fund balance.....	\$ 25,374	\$ 45,094	\$ 121,324	\$ 62	\$ -	\$ 7,347	\$ 20,564	\$ 582,635	\$ 289,288	\$ 36,242	\$ 3,806	\$ 1,131,736	

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, 2014

	Special Revenue										Capital Projects		
	Library Fund	Arterial Road Fund	Park Fund	Senior Citizens	Utility Assistance Trust Fund	Police Drug Fund	Airport Fund	Capital Improvements	Water Construction	Sewer Construction Fund	LID #7	Total	
REVENUES													
Local Revenue:													
Property taxes.....	\$ 115,440	\$ -	\$ 69,404	\$ -	\$ -	\$ -	\$ -	\$ 22,169	\$ -	\$ -	\$ -	\$ 207,013	
Earnings on investments.....	-	636	-	-	-	-	-	82	3,886	(34)	-	4,570	
Charges for services.....	16,991	-	-	-	10,239	-	10,718	4,350	15,001	18,000	-	75,299	
Miscellaneous and other revenue.....	3,745	-	71,421	89,001	-	-	9,394	5,200	-	-	-	178,761	
State revenues.....	12,084	-	9,096	-	-	-	-	2,274	-	-	-	23,454	
Grants.....	3,848	-	1,800	-	-	-	-	7,929	-	-	-	13,577	
Total revenue.....	152,108	636	151,721	89,001	10,239	-	20,112	42,004	18,887	17,966	-	502,674	
EXPENDITURES													
General government.....	-	-	-	-	-	-	36,527	-	-	-	-	36,527	
Street and public improvement.....	-	-	-	-	-	-	-	-	-	-	-	-	
Public safety.....	-	-	-	-	-	1,584	-	-	-	-	-	1,584	
Parks and recreation.....	-	-	135,609	-	-	-	-	-	-	-	-	135,609	
Culture.....	139,690	-	48,497	107,386	-	-	-	-	-	-	-	139,690	
Capital outlay.....	-	-	184,106	107,386	-	1,584	36,527	641,064	-	-	-	796,947	
Total expenditures.....	139,690	-	184,106	107,386	-	1,584	36,527	641,064	-	-	-	1,110,357	
Excess (deficiency) of revenue over expenditures.....	12,418	636	(32,385)	(18,385)	10,239	(1,584)	(16,415)	(599,060)	18,887	17,966	-	(607,683)	
OTHER FINANCING SOURCES (USES)													
Transfers.....	-	-	41,562	13,447	(10,239)	-	6,000	600,000	-	-	-	650,770	
Other financing sources.....	-	-	25,400	-	-	-	-	-	-	-	-	25,400	
Net change in fund balances.....	12,418	636	34,577	(4,938)	-	(1,584)	(10,415)	940	18,887	17,966	-	68,487	
FUND BALANCES													
Beginning of the year.....	2,473	44,458	78,407	5,000	-	8,931	30,979	100,962	270,401	18,276	3,806	563,693	
Prior period adjustment.....	-	-	-	-	-	-	-	-	-	-	-	-	
End of the year.....	\$ 14,891	\$ 45,094	\$ 112,984	\$ 62	\$ -	\$ 7,347	\$ 20,564	\$ 101,902	\$ 289,288	\$ 36,242	\$ 3,806	\$ 632,180	

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, 2014

		Total	
		Expenditures	
GENERAL GOVERNMENT			
Mayor & Council			
Payroll related expenditures	\$	40,077	
Public relations		1,919	
Other		626	
Total Mayor & Council		<u>\$</u>	<u>42,622</u>
City Hall			
Payroll related expenditures	\$	628	
Utilities & telephone		8,379	
Maintenance		3,207	
Total City Hall		<u>\$</u>	<u>12,214</u>
Administration			
Payroll related expenditures	\$	113,365	
Office expenditures		33,073	
Bank fees		12,674	
Other		99	
Total Administration		<u>\$</u>	<u>159,211</u>
Non-departmental			
Payroll related expenditures	\$	31,346	
Legal & professional		44,408	
Bonds & insurance		41,794	
Other		10,716	
Total Non-departmental		<u>\$</u>	<u>128,264</u>
Planning & Zoning			
Payroll related expenditures	\$	35,305	
Office expenditures		1,160	
Engineering fees		3,938	
Other		5,418	
Total Planning & Zoning		<u>\$</u>	<u>45,821</u>
TOTAL GENERAL GOVERNMENT EXPENDITURES		<u>\$</u>	<u><u>388,132</u></u>
PUBLIC SAFETY			
Payroll related expenditures	\$	482,334	
Office expenditures		10,574	
Utilities & telephone		15,852	
Police expenditures		63,686	
Maintenance & repairs		15,074	
TOTAL PUBLIC SAFETY		<u>\$</u>	<u>587,520</u>
CULTURAL			
Museum, rodeo, & discretionary cultural expenditures		<u>\$</u>	<u>5,000</u>
CAPITAL OUTLAY			
City Hall	\$	-	
Administration		5,433	
Police		5,960	
TOTAL CAPITAL OUTLAY		<u>\$</u>	<u>11,393</u>
TOTAL GOVERNMENTAL EXPENDITURES		<u>\$</u>	<u><u>992,045</u></u>

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

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

Mayor and City Council
City of Rigby
Rigby, ID 83442

We have audited, 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, 2014, and the related notes to the financial statements, which collectively comprise City of Rigby, Idaho's basic financial statements and have issued our report thereon dated February 27, 2015.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of Rigby's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of audit findings and responses to be material weaknesses (#2014-03, #2014-04).

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of audit findings and responses to be a significant deficiency (#2014-01; 2014-2).

Compliance and Other Matters

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

City of Rigby, Idaho's Response to Findings

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

Purpose of this Report

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

Jensen Poulsen & Company, PLLC

JENSEN POULSEN & COMPANY, PLLC
Certified Public Accountants
Idaho Falls, Idaho
February 27, 2015

CITY OF RIGBY

**Schedule of Audit Findings and Responses
September 30, 2014**

FINDINGS—FINANCIAL STATEMENT AUDIT

A. SIGNIFICANT DEFICIENCIES

2014-01 – Inadequate separation of duties in the cash disbursement function

Condition:

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

Criteria:

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

Effect:

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

Recommendation:

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

Response:

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

2014-02 — Payment of claims without City Council approval.

Condition:

The City paid bills related to the library without the approval of City Council.

Criteria:

Pursuant to Idaho Code Title 50, Chapter 10, paragraph 50-1018, claims are to be paid upon approval by the City Council.

Effect:

The payment of bills without City Council approval is a violation of Idaho State statute. Furthermore, paying bills without prior approval is a deficiency in the operation of internal control and could create an environment where misstatements and errors are not discovered in a timely manner.

Cause:

The library board of trustees have approved library claims for payment and remitted them to the City Clerk for immediate payment. The Clerk has been issuing payment of the library bills without the approval of City Council.

Recommendation:

We recommend library claims, authenticated by the library board of trustees, be remitted to the City and be held pending payment approval by the City Council at the next regularly scheduled Council meeting.

Response:

As of February 26, 2015, the City Clerk no longer pays the library claims outside of the normal accounts payable cycle and without City Council approval. All claims will be held until the next regularly scheduled Council meeting.

CITY OF RIGBY

**Schedule of Audit Findings and Responses
September 30, 2014**

FINDINGS—FINANCIAL STATEMENT AUDIT (CONTINUED)

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

Condition:

The Airport maintains a separate checking account and accounting system.

Criteria:

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

Effect:

The absence of control over the Airport financial transactions increases the risk of material misstatement of financial information due to error or fraud.

Cause:

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

Recommendation:

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

Response:

The City recognizes the lack of control over the maintenance of Airport Fund's bookkeeping function and cash accounts at the fiscal year end. On January 27, 2015, the airport board transferred existing cash balances to the City Clerk/Treasurer with the exception of a \$500 petty cash fund. On February 5, 2015 the City Council approved Ordinance 2015-579 which transfers control and approval of the financial transactions to the City Council.

CITY OF RIGBY

**Schedule of Audit Findings and Responses
September 30, 2014**

FINDINGS—FINANCIAL STATEMENT AUDIT (CONTINUED)

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

Condition:

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

Criteria:

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

Effect:

The absence of control over the Park and Rodeo department financial transactions increases the risk of material misstatement of financial information due to error or fraud.

Cause:

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

Recommendation:

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

Response:

The City recognizes the lack of control over the maintenance of Rodeo Fund's bookkeeping function and cash accounts existed at the financial statement date. On October 16, 2014, the City Council passed Ordinance 2014-574 requiring all funds of the Park and Rodeo Committee be in the custody of the City Clerk/Treasurer. As of the date of the auditor's report, all cash funds have been remitted to the City Clerk/Treasurer and all financial transactions are approved by City Council.

CITY OF RIGBY

**Schedule of Prior Findings and Questioned Costs
September 30, 2014**

Findings on Prior Findings:

FINDINGS—FINANCIAL STATEMENT AUDIT

A. SIGNIFICANT DEFICIENCIES

2013-01 — Ineffective review and approval of journal entries

Status: Corrected.

2013-02 — Inadequate separation of duties in the cash disbursement function

Status: Still reporting finding at 2014-1.

2013-03 — Lack of control over financial transactions of the Airport Fund

Status: Still reporting finding at 2014-2

2013-04 — Lack of control over financial transactions of the Rodeo Fund

Status: Still reporting finding at 2014-3

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

Mayor and City Council
City of Rigby
Rigby, Idaho 83442

Report on Compliance for Each Major Federal Program

We have audited City of Rigby, Idaho's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City of Rigby, Idaho's major federal programs for the year ended September 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Rigby, Idaho's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Rigby, Idaho's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Rigby, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings as items 2014-01, 2014-02, 2014-03, and 2014-04. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the City of Rigby, Idaho, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Rigby's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Rigby's internal control over compliance.

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

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

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

Jensen Poulsen & Company, PLLC

JENSEN POULSEN & COMPANY, PLLC
Certified Public Accountants

Idaho Falls, ID
February 27, 2015

CITY OF RIGBY

**Summary of Auditor's Results
September 30, 2014**

Financial Statements

Internal Control over Financial Reporting:

- Type of auditor's report issued – Unmodified.
- Material weakness identified—2014-3; 2014-4
- Reportable conditions identified that are not considered to be material weaknesses—2014-1; 2014-2.

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Programs

CFDA Number:
#10.760

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

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

Auditee Qualified as Low Risk Auditee: No.

CITY OF RIGBY

**Schedule of Expenditures of Federal Awards
For the year ended September 30, 2014**

Pass Through Entitlement/Grants

	<u>Federal CFDA No.</u>	<u>Accrued Grant and Loan Disbursements</u>
<u>United States Department of Agriculture</u>		
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 884,866
<u>United States Department of Commerce</u>		
Community Development Block Grant	14.228	89,001
<u>United States Department of Transportation</u>		
Highway Planning and Construction	20.205	5,340
State and Community Highway Safety	20.600	7,908
Alcohol Traffic Safety and Drunk Driving Prevention	20.601	5,349
State Traffic Safety Information System Improvements	20.610	4,164
	20.616	<u>1,436</u>
 Total Expenditures		 <u>\$ 998,064</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A BASIS OF PRESENTATION

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