



CITY OF REXBURG, IDAHO

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITORS' REPORT
YEAR ENDED SEPTEMBER 30, 2006



CITY OF REXBURG, IDAHO

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-24
BASIC FINANCIAL STATEMENTS:	
Statement of Net Assets – Government Wide.....	25
Statement of Activities – Government Wide	26
Balance Sheet – Governmental Funds.....	27
Reconciliation of the Balance Sheet of Governmental Funds to The Statement of Net Assets.....	28
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Statement of Net Assets – Proprietary Funds	31
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	32
Statement of Cash Flows--Proprietary Funds	33
Notes to Financial Statements:	
1 Summary of Significant Accounting Policies.....	34-37
2 Cash and Short-term Investments	37-38
3 Capital Assets.....	39-40
4 Revolving Loans Receivable	40-42
5 Property Taxes	42
6 Local Improvement Assessments.....	42
7 Accrued Compensated Absences	43
8 Supplemental Proprietary Fund Cash Flow Information	43

CITY OF REXBURG, IDAHO

TABLE OF CONTENTS (Continued)

9	LID Guarantee Fund.....	43
10	Local Improvement District Warrants Payable.....	44
11	Wastewater Revenue Bonds Payable	44
12	Obligations Under Capital Leases	45
13	Changes in Long-term Obligations	46
14	Bonded Debt Repayment Requirements	46
15	Retirement Plans	47-48
16	Other Required Individual Fund Disclosures	48-49
17	Component Unit--Rexburg Urban Renewal Agency	49-51
18	Interfund Transactions.....	51-53
18	Consolidation of Funds	53

REQUIRED SUPPLEMENTARY INFORMATION:

Budgetary Comparison Schedule – General Fund.....	54
Budgetary Comparison Schedule – Street Fund	55
Budgetary Comparison Schedule – Emergency Services Fund.....	56
Budgetary Comparison Schedule – Revolving Loan Fund.....	57

SUPPLEMENTARY INFORMATION:

Combining Balance Sheet – Nonmajor Governmental Funds	58-62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	63-67

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	68-69
---	-------

REXBURG URBAN RENEWAL AGENCY	70
------------------------------------	----



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Rexburg, Idaho

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rexburg, Idaho as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Rexburg, Idaho's management. Our responsibility is to express an opinion on these basic 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

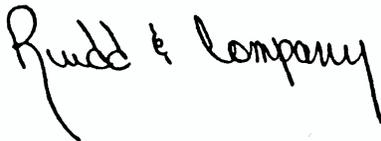
Management has not included the LID 31 Debt Service Fund as a major fund in the City's financial statements. Accounting principles generally accepted in the United States of America require the LID 31 Service Fund to be presented as a major governmental fund in the governmental funds statements. It is included with the nonmajor governmental funds of those statements. The City's management does not feel the inclusion of this fund as a major fund is pertinent to the financial statements as a whole.

In our opinion, except for not including the LID 31 Debt Service Fund as a major fund as stated in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rexburg, Idaho as of September 30, 2006, and the respective changes in financial position and cash flows, where applicable thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2007 on our consideration of the City of Rexburg, Idaho's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City of Rexburg, Idaho basic financial statements. The accompanying combining and individual nonmajor fund financial statements and supplementary information listed in the table of contents, are presented for purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



January 17, 2007



Management's Discussion and Analysis **Richard R. Horner, Chief Financial Officer**

Our discussion and analysis of the City of Rexburg's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2006. Please read this in conjunction with the City's financial statements, which begin on page 24.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at September 30, 2006 by \$40,159,869. Of this amount, \$5,315,126 of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net assets increased \$5,664,160 as a result of this year's operations. The governmental net assets increased by \$3,414,110 and the business-type net assets increased by \$2,250,050.
- At fiscal year end, the City's governmental funds reported combined ending fund balances of \$5,553,836, an increase of \$180,390 over last year. Approximately 19% or \$1,077,144 (the cash balance in the General Fund) in cash or cash equivalents is unreserved and available for spending at the City's discretion, although it is the City's policy to hold that in reserve for emergencies and cash flow.
- The General Fund unreserved fund balance was \$1,811,354 or 34% of the total General Fund Expenditures. Of this balance, \$18,236 was appropriated in the budget of the following fiscal year, leaving \$1,793,118 or 33% of total General Fund Expenditures in the General Fund Balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The complete annual report consists of:

- | | | |
|----|--|-------------|
| 1) | Government-wide Financial Statements | pages 25-26 |
| | a) Statement of Net Assets | pages 25 |
| | b) Statement of Activities | pages 26 |
| 2) | Fund Financial Statements - Governmental | pages 27-30 |
| | a) Balance Sheet | pages 27 |
| | b) Reconciliation to Statement of Net Assets | pages 28 |
| | c) Revenues, Expenditures and Changes in Fund Balances | pages 29 |
| | d) Reconciliation to Statement of Activities | pages 30 |
| 3) | Fund Financial Statements – Proprietary | pages 31-33 |
| | a) Net Assets | pages 31 |
| | b) Revenues, Expenses and Changes in Fund Net Assets | pages 32 |
| | c) Cash Flows | pages 33 |
| 4) | Notes to the Financial Statements | pages 34-53 |
| 5) | Required Supplementary Information | pages 54-57 |
| 6) | Other Supplementary Information | pages 58-67 |

The Government-wide Financial Statements are a new format of statements designed to provide a broad overview in 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. You will also need to consider non-financial factors, such as changes in the City's property tax base and the condition of its streets, to assess its overall health.

These statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are supported by user fees (business-type activities). Governmental activities include: general administration, public safety, streets, recreation and community development. The business-type activities include: water, wastewater (sewer), sanitation (garbage) and the golf courses.

The government-wide financial statements also include separately the financial information of the Rexburg Redevelopment Agency as a component unit.

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

The Statement of Activities defines the change in Net Assets by reporting expenses of the different functions of the City and related revenues. Here expenses are listed before revenues in order to emphasize that in City government, revenues are generated to support the different functions and are not the driving force, service needs or functions are. The City is not here to make a profit, unlike business; it first identifies the service needs of its citizens and then raises the resources to meet those needs.

Fund Financial Statements are used to maintain control over resources that have been segregated for specific activities, objectives or as may be required by law or grant or bond agreements. Major funds are shown in separate columns and include the General Fund, Street Fund, Emergency Services and the Utility Fund; all other funds are non-major funds and are summarized in one column. Details of the non-major funds are shown under Other Supplementary Information on pages 58 to 67 of this report. All of the funds of the City are also divided into two categories, governmental or enterprise (business-type).

Governmental Funds Financial Statements focus more on current inflows, outflows and balances (reporting more on a cash/partial accrual accounting basis instead of a full accrual basis) instead of long term effects on net assets, such as depreciation might have, which is included in the Government-wide Statements. The City maintains 37 individual governmental funds which include all funds except those that are categorized as Enterprise Funds, which are the Golf and Utility Funds.

Enterprise Funds Financial Statements are used to report the business-type activities (supported by user fees) of the City that include the Utility Fund and the Golf Course Fund. These funds are reported on a full accrual basis, which is the same as the business-type accounting used in the Government-wide Financial Statements for all funds, but include more detail here.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

For the years ended September 30, 2006 and September 30, 2005, Net Assets changed as follows:

	Governmental Activities	Business-type Activities	Total
Net Assets 9/30/05	\$ 16,190,386	\$ 18,305,323	\$ 34,495,709
Increase in Net Assets	\$ 3,414,110	\$ 2,250,050	\$ 5,666,953
Net Assets 9/30/06	\$ 19,604,496	\$ 20,555,373	\$ 40,159,869
Percent Increase	21.1%	12.3%	16.4%

Large item increases in these categories came from:

Streets contributed by developers	\$ 1,413,533
Animal Shelter Construction	\$ 377,115
Spray Park Construction	\$ 358,535
Legacy Flight Museum Construction	\$ 802,717
Park & path development	\$ 212,053
Fire Department fire equipment	\$ 128,141
LID Improvements	\$ 177,252
Utility lines & related assets contributed by developers	\$ 1,148,359

Also, see Note #3 on page 39 to 40.

Statement of Net Assets Comparison (2006 vs. 2005)

	Governmental Activities		Business-type Activities		Total Activities		Favorable (Unfavorable) Change	Percent Change
	2006	2005	2006	2005	2006	2005		
Current Assets	\$ 5,851,449	\$ 6,749,160	\$ 2,975,609	\$ 1,995,624	\$ 8,827,058	\$ 8,744,784	\$ 82,274	1%
Capital and Other								
Non-current	15,869,629	11,563,047	19,621,462	19,200,371	35,491,091	30,763,418	4,727,673	15% (1)
Total Assets	21,721,078	18,312,207	22,597,071	21,195,995	44,318,149	39,508,202	4,809,947	12%
Current Liabilities	1,305,828	1,186,935	982,166	1,155,888	2,287,994	2,342,823	54,829	2%
Noncurrent								
Liabilities	810,754	983,693	1,059,532	1,734,784	1,870,286	2,718,477	848,191	31% (2)
Total liabilities	2,116,582	2,170,628	2,041,698	2,890,672	4,158,280	5,061,300	903,020	18%
Net Assets:								
Capital Assets, Net of								
Related Debt	13,829,934	11,353,723	18,561,930	16,735,896	32,391,864	28,089,619	4,302,245	15% (3)
Restricted	1,702,660	-	750,219	-	2,452,879	-	2,452,879	0%
Unrestricted	4,071,902	4,836,663	1,243,224	1,569,427	5,315,126	6,406,090	(1,090,964)	-17%
Total								
Net Assets	\$ 19,604,496	\$ 16,190,386	\$ 20,555,373	\$ 18,305,323	\$ 40,159,869	\$ 34,495,709	\$ 5,664,160	16%

Notes to Statement of Net Assets Comparison

(1) For more detail, see Note 4.

(2) See Lease Payment Schedule in Note 12.

(3) This is a product of the increase in assets and the decrease in noncurrent liabilities.

Because the City has not been required to list streets and storm sewers acquired before October 1, 2003, those items are not included in the Beginning Net Asset amounts under Governmental Activities. All acquisitions of streets and storm sewers on or after that date will be included. The City may decide in the future to estimate the historical cost of those previously acquired streets and storm sewers and adjust the beginning balances at that time.

Outstanding Long-Term Debt

Changes In Long-Term Obligations

A summary of long-term transactions of the City for the year ended September 30, 2006, is as follows:

	Long-Term Obligations September 30, 2005	Obligations Incurred	Obligations Paid	Long-Term Obligations September 30, 2006
Accrued Compensated Absences (Note 7)	\$ 299,073	\$ 2,787	\$ --	\$ 301,860
Local Improvement District Warrants Payable (Note 10)	946,000	--	(146,000)	800,000
Wastewater Revenue Bonds Payable (Note 11)	1,822,216	--	(370,093)	1,452,123
Obligations Under Capital Leases (Note 12)	851,583	--	(377,976)	473,607
	<u>\$ 3,918,872</u>	<u>\$ 2,787</u>	<u>\$ (894,069)</u>	<u>\$ 3,027,590</u>

There are currently no outstanding General Obligation Bonds.

Governmental Activities

Notice that the format of the Statement of Activities lists the expenses first and then the revenues, with a resulting Net Expense. The reason for this kind of format is to highlight the relative financial burden or subsidy of each of the functions on the general revenues of the City, including property tax, after that function’s specific revenues are subtracted.

The City attempts to maintain a balance of cash in the General Fund of 25-33% of actual expenditures for the necessary cash flow and unforeseen emergencies.

General and Administrative

(Mayor & City Council, Customer Services, Financial Management, Planning and Zoning, Public Works Director, Engineering, GIS, Building Safety , and miscellaneous other departments)

A majority of these departments’ expenditures is offset by related revenues.

Public Safety

(Police and Emergency Services)

It is important to note that the Police and Fire functions create the most financial burden on the general revenues, but, customarily, that is what property tax is for. Madison County reimburses the City for Ambulance expenses and its portion of shared expenses.

Parks, Recreation and Cultural Arts

The Parks Department is mostly funded by General Revenues. Only about \$5000 is taken in as reservation fees. The Recreation Administrative expenses are heavily subsidized by General Revenues, while the Recreation Programs are self sufficient. Cultural Arts includes the Tabernacle Civic Center and Teton Flood Museum, the Legacy Flight Museum and the Westwood (Romance) Theater.

Streets

The Street Department is funded by State, County and other charges and is not subsidized by General Revenues, except for Utah Power franchise fees that have been allocated to that fund.

Statement of Changes in Net Assets (2006 vs. 2005)

	Governmental		Business-type		Total		Favorable (Unfavorable) Change	Percent Change	
	Activities	Activities	Activities	Activities	2006	2005			
	2006	2005	2006	2005	2006	2005			
Revenues:									
Program Revenues:									
Charges for Services									
General &									
Administrative	2,208,839	2,197,715			2,208,839	2,197,715	11,124	1%	
Public Safety	264,274	442,619			264,274	442,619	(178,345)	-40%	(1)
Parks, Rec. &									
Cultural Activities	236,905	220,018			236,905	220,018	16,887	8%	
Streets	611,211	562,131			611,211	562,131	49,080	9%	
Water			1,407,450	1,270,236	1,407,450	1,270,236	137,214	11%	
Waste Water			2,117,496	1,950,791	2,117,496	1,950,791	166,705	9%	
Sanitation			1,078,831	1,007,137	1,078,831	1,007,137	71,694	7%	
Golf Courses			379,640	363,861	379,640	363,861	15,779	4%	
Operating Grants and Contributions									
General &									
Administrative	275,567	138,949			275,567	138,949	136,618	98%	(1)
Public Safety	1,235,196	859,525			1,235,196	859,525	375,671	44%	(2)
Parks, Rec. &									
Cultural Activities	3,075	62,376			3,075	62,376	(59,301)	-95%	(2)
Streets	1,420,690	1,257,899			1,420,690	1,257,899	162,791	13%	
					-	-	-		
Capital Grants & Contributions									
General &									
Administrative	45,947	261,548			45,947	261,548	(215,601)	-82%	(2)
Public Safety	146,045				146,045	-	146,045	100%	(2)
Water/Sewer Const.		679,205			-	679,205	(679,205)	-100%	(3)
Parks, Rec. &									
Cultural Activities	931,168				931,168	-	931,168	100%	(3)
Streets	1,380,363	-	-		1,380,363	-	1,380,363	100%	(3)
Water			571,688		571,688	-	571,688	100%	(3)
Waste Water			1,247,393		1,247,393	-	1,247,393	100%	(3)
Golf Courses					-	-	-	100%	(3)
Miscellaneous		1,381,233		1,104,037	-	2,485,270	(2,485,270)	-100%	(3)
General Revenues:									
Property Taxes	1,840,844	1,614,574			1,840,844	1,614,574	226,270	14%	(4)
Franchise Fees	391,404	324,628			391,404	324,628	66,776	21%	(4)
State Taxes	1,121,666	929,788			1,121,666	929,788	191,878	21%	(4)
Investment									
Earnings	120,635	276,659	89,201		209,836	276,659	(66,823)	-24%	(3)
Transfers	-	40,000		(40,000)	-	-	-	0%	
Miscellaneous	19,729	315,672			19,729	315,672	(295,943)	-94%	(3)
Total Revenues	12,253,558	11,564,539	6,891,699	5,656,062	19,145,257	17,220,601	1,924,656	11%	

Statement of Changes in Net Assets (2006 vs. 2005) (Continued)

	Governmental Activities		Business-type Activities		Total		Favorable (Unfavorable) Change	Percent Change	
	2006	2005	2006	2005	2006	2005			
Expenses:									
General &									
Administrative	3,396,590	2,451,173	-	-	3,396,590	2,451,173	(945,417)	-39%	(1)
Public Safety	3,726,921	3,423,309	-	-	3,726,921	3,423,309	(303,612)	-9%	(1)
Parks, Rec. &									
Cultural Arts	632,152	346,685	-	-	632,152	346,685	(285,467)	-82%	(5)
Streets	1,083,785	1,116,294	-	-	1,083,785	1,116,294	32,509	3%	
Interest on									
Long-term Debt	-	86,323	-	-	-	86,323	86,323	100%	(3)
Water/Sewer Const	-	599,412			-	599,412	599,412	100%	(3)
Water			1,237,276	1,096,076	1,306,039	1,096,076	141,200	-18%	(3)
Waste Water			1,993,340	1,853,032	2,278,790	1,853,032	(140,308)	-8%	(3)
Sanitation			1,071,618	954,656	1,071,617	954,656	(116,962)	-12%	
Golf Course	-	-	339,415	327,995	339,414	327,995	(11,420)	-3%	
Total Expenses	8,839,448	8,023,196	4,641,649	4,231,759	13,481,097	12,254,955	(1,226,142)	-10%	
Increase in									
Net Assets	3,414,110	3,541,343	2,250,050	1,424,303	5,664,131	4,965,646	747,320	15%	
Net Assets -Beginning	16,190,386	14,391,317	18,305,323	15,138,746	34,446,902	29,530,063	4,965,646	17%	
Net Assets -Ending	19,604,496	17,932,660	20,555,373	16,563,049	40,159,869	34,495,709	5,664,160	16%	
Prior Period Adj.									
Water Cap.		(674,915)		674,915					
Sewer Cap.		(1,027,359)		1,027,359					
Golf Const.		(40,000)		40,000					
2005 Adjusted Net Assets		16,190,386		18,305,323					

Notes to Statement of Changes in Net Assets

- (1) The Building Safety and Planning and Zoning are classified in General & Administrative for 2006.
- (2) Grant amounts vary from year to year.
- (3) Classification of category was changed from last year.
- (4) These increases are due to general growth in the community.
- (5) Cultural Arts and the Legacy Flight Museum was added this year.

Business-type Activities

Utility Fund

The Utility Departments (Sanitation, Water, and Waste Water) receive sufficient revenues to meet all current expenses. The City maintains separate Capital Reserve Funds for Water and Wastewater that appear to provide sufficient capital through hook-up fees for large construction projects for those departments.

The City of Rexburg provides wastewater treatment services to the City of Sugar City and the City of Teton at a per gallon charge that includes on operating costs. Both cities have provided their share of capital up front through the payment of capitalization fees that reserve certain amounts of capacity for their usage. Those two cities together provide about 6% of the total monthly billed revenue for the department.

Sewer rates were last increased on October 1, 2005. Water rates have not been increased since October 2000. Sanitation rates have not been increased since October 1999. All three rates were increased on October 1, 2006, for the next fiscal year.

Golf Fund

The golf courses, Teton Lakes of 18 holes and the Municipal Course of 9 holes, are jointly owned and managed by the City of Rexburg and Madison County. Their governing boards appoint a Golf Board consisting of 6 citizens and a member of each of the governing boards acts as a liaison to the Board. At the end of the fiscal year the Golf Fund had a cash balance of \$112,234. An additional \$12,000 was transferred to the Golf Course Construction Fund at the end of the fiscal year. The Board is attempting to increase the net income of the courses so that it can finance an addition of 9 holes at the Teton Lakes Course. Some preliminary engineering has already been done on the addition.

FUND FINANCIAL STATEMENTS ANALYSIS

As noted earlier, the City of Rexburg uses fund accounting to ensure and demonstrate compliance with legal, grant and budget requirements.

Governmental Funds

The focus of the City of Rexburg Governmental Funds is to provide information on current year cash flows and balances. Such information is useful in assessing the City's current year financing requirements. In particular, unreserved fund balances that are not held for emergencies or cash flow purposes, may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year that could be added to expected revenues for the following fiscal year.

The General Fund Balance (see page 54) decreased by \$24,622 during the year, mainly due budgeted use of prior year fund balance on current expenditures.

The Street Fund Balance (see page 55) increased by \$204,509, leaving a fund balance of \$494,290. That fund balance is reserved for street expenditures and is already allocated to ongoing street repair projects. The Street Fund remains to be the most revenue deficient fund of the City of Rexburg.

The Emergency Services Fund (see page 56) is financed by three entities: the City of Rexburg (for fire suppression services), the Madison County Fire District, and the Madison County Ambulance

District. All expenditures are billed to the three entities based on the benefit received to each. The fund balance is always zero because the three entities reimburse all expenditures.

The COPS Grant Fund (Community Oriented Policing) had its fourth year. The next year will require significant increased funding from the General Fund to finish out the grant agreement in the estimated additional amount of \$137,627 for 2007 more than 2005 funding. When added to the discontinuation of the Byrne Drug Officer Grant, the two together will be difficult to fund over the next year.

The Business Park Fund will be closed out after the final sale of the remaining lots in 2007.

Police, Fire, Parks and Street Development Impact Fees were collected in the amounts of \$44,073, \$34,275, \$81,777, and \$28,343 respectively, totaling \$188,468 for capital improvements for those departments.

The Joint Fire Equipment Fund made down payments on some equipment and still holds a healthy fund balance of \$342,027 for future planned purchases of equipment.

The GIS (Geographic Information System) Fund was first created in 2004 to track the funding of the joint City/County GIS Department on a 50/50 financing split.

Proprietary Funds

The City of Rexburg proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

The Utility Fund includes the Sanitation, Water and Wastewater Departments. This fund ended the year with net income of \$2,208,320 (of which \$442,931 was due to contributed assets). The Utility Fund increased in cash by \$332,781, ending the year with \$2,031,110 in cash.

The Golf Course Fund also had net income for the year of \$41,730. It had an increase in cash of \$45,057, ending the year with \$165,739 in cash.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total Budget	\$5,465,200
Budgeted Cash Carryover	\$ 218,250
Budgeted Revenues Expected Net of Carryover	\$5,246,950
Actual Revenues received	\$5,314,319
Surplus (Deficit) of Revenues vs. Budget	\$ (150,881)

However, some individual revenue accounts showed variations that are notable:

Property Tax overage	\$ 44,531
Franchise Fees	\$ 67,404
Sales & Liquor Taxes	\$ 241,026
Interest Earnings	\$ 46,508

Building & P&Z Revenues and Expenses were transferred out of the General Fund to a separate fund in FY2006.

Property Tax revenues are usually over budget, due to the way Madison County estimates its sub-roles. The State Sales Tax overage is due to a change in census estimate on which part of the state formula is based.

General Fund actual Revenues less actual Expenses resulted in an overall deficit of \$24,622, but General Fund Expenses ended up \$126,259 under budget, which is why the Budgeted Cash Carryover was not used.

STREET FUND BUDGETARY HIGHLIGHTS

Street Fund Revenues exceeded Expenses by \$204,526, leaving a fund balance of \$494,290.

Notable overages of cash revenue compared to budget were:

BYU-Idaho Contributions to 7 th South & Arterial Construction	\$ 241,240
State Highway Users Distributions (Gas Tax)	\$ 150,154
Madison County Road & Bridge Property Tax Allocation	\$ 134,750

EMERGENCY SERVICES DEPARTMENT FUND BUDGETARY HIGHLIGHTS

The City of Rexburg, through an agreement with Madison County Fire Protection District and the Madison Ambulance District is responsible for the administration and accounting of the Emergency Services Department (ESD) operations. A governing board made up of one elected official from each entity plus a doctor, sets policies as needed for the department.

ESD Fund Revenues are almost all provided by the sharing of costs by three entities: the City of Rexburg and the Madison Fire Protection District through an Operating Transfer In, and the Madison Ambulance District through warrants paid to the City. Costs are reimbursed based on benefits received by the three entities.

The Madison Ambulance District paid approximately 50% of the costs during the past fiscal year. The City and the Madison Fire District each paid about 28% and 22% respectively.

ESD Fund Revenues and Expenses were both \$346,658 under budget – both because this fund is usually zeroed out at the end of the year and any savings or overruns are shared by the three entities immediately. The largest part of the savings this year was due to not hiring of 3 additional personnel and a credit from the PERSI for pre-paid retirement expenses that came from a reclassification of paramedics in the PERSI system.

SIGNIFICANT DEPARTMENTAL ACCOMPLISHMENTS MADE DURING THE FISCAL YEAR

FINANCIAL MANAGEMENT DEPARTMENT

- Developed and used new full-page format for utility bills with a newsletter and web-site payment of utility bills.
- Applied for and received a Congressional Appropriation of \$450,000.
- Setup LID 35 to facilitate street improvements, sidewalks & curb and gutter, and other improvements as needed on Sunset Circle.
- Performed training for all Supervisors.
- Prepared a balanced budget that reflects the vision and goals of the elected officials.
- Prepared audited financial statements according to new rules established in GASB 34.
- Implemented new accounting and financial management software for general ledger, accounts payable, LID's, fixed assets, bank reconciliation, payroll, accounts receivable, and cash receipting.

PARKS, RECREATION, AND CULTURAL ARTS DEPARTMENT

Program & Activity Totals

SEASON	CITY RES	NON CITY	TOTAL
Summer	915	596	1,511
Winter/Spring	306	288	594
Fall	445	424	869
TOTALS	1,666	1,308	2,974

Total Revenue *96,903

* does not include revenue from the marathon & triathlon

- Increased participation for Marathon. Doubled participation for Triathlon.
- Spray Park and surrounding area up and running.
- Development of L.P. Property moving forward. Architects hired and committee formed to create a park design and plan. Time line for completion is summer of 2008.
- Increased participation in recreation activities.
- Eagle Scout projects help beautify our parks
 - 2 projects to put sod around path at smith park
 - New paint and boards at kiddy area in smith park
 - Concrete path poured from splash park to carousel
 - Repainted walls and floor at carousel
 - Sanded and painted benches at ball diamonds at community park
 - (5) Scoreboards built for ball diamonds
- Community donations being made to the Westwood theatre for restoration and remodel.

IT DEPARTMENT

- Creation of Dammarathon.com website
- Creation of RushTriathlon.com website
- Redesign of Rexburg.org website
- Installation of new Windows 2003 Domain Controller and Exchange 2000 server
- Installation of new Laserfiche Imaging Software

- Installation of new accounting Server and SQL Database
- VPN / WAN connectivity between all city buildings
- Conversion to Microsoft Enterprise Agreement
- Domain Trust relationship between City-County for sharing data
- Installation of new SPAM filtering for Email
- Installation of new Web Server in secure DMZ network zone
- Successful year of prevention of security attacks
- Successful year of data backups and retention

GIS DEPARTMENT

- Number of new parcels create 620
- Number of deeds processed 8200
- Number of address updated 516
- Number of maps printed 850
- Improved parcel maintenance workflow (added efficiencies)
- Standardized Paper Maps available on demand
- City water infrastructure added to the GIS
- HAZUS level 1 analysis completed
- Increased use of GIS Tools among City and County staff
- Normalized geodatabase
- Updated and verified addresses for the county election role
- Completed Urban tree inventory for downtown, Smith, and Porter park
- Completed the collection of County Highway mile markers
- Support for State Park Proposal
- Roundabout Art
- Support for downtown revitalization Block grant

COMMUNITY DEVELOPMENT DEPARTMENT

- Administered the Planning and Zoning Ordinances of the City of Rexburg
- Primary Staff Support for the Rexburg Planning and Zoning Commission
- Undergoing complete revision of development code. Mainly non-substantive changes. Will continue this process in to the year 2007.
- Completed architectural design review for compliance on all new commercial building permits.
- Completed design review on all multifamily structures.
- Completion of three major annexation proceedings (472 Acres approved, 66-acres additional areas are pending Council approval).
- Processed all comprehensive plan map change amendments.
- Processed all zone change requests.
- Processed all requested amendments to the Development Code.
- Table 1 quantifies land use applications processed in the year 2006 as well as 2005 and 2004 for reference.

Land Use Action	2006	2005	2004
CUPs	12	8	16
Variances	0	0	1
Preliminary Plats	11	6	20
Final Plats	13	7	14
Rezones	6	6	3
Comprehensive Plan Map Amendments	2	1	0
Annexations	3	5	6
Signs	59	48	29
Total	106	81	89

BUILDING SAFETY DEPARTMENT

- Commercial Permits – 63
- Buildings – 31
- Major Remodels and Additions – 32
- Total Commercial Valuation - \$51,285,337.72

- Multiple Family Permits - 1
- Units – 9
- Total Multiple Family Valuation - \$1,125,396.56

- Single Family Residential Permits - 161
- Homes- 180
- Total Single Family Valuation – \$36,649,246.60

- Plumbing Commercial - \$3,233,652
- Mechanical Permits - \$8,163,966
- Electrical Permits - \$516,948
- Total Valuation (does not include permits based on fixture) - \$100,974,546.88
- Total Fees Collected - \$692,990
- Total of all Permits Issued – 605
- The 2006 fiscal year was up approximately 30% from the previous year. The Building Department does not rely on taxes to operate and once again has carried over funds. During the last year we feel that we were able to handle the added inspection load in a friendly and expedient manner.
- We moved electrical inspections from the State of Idaho Department of Building Safety to our office. This required hiring, training and managing one new inspector. Since we hired this inspector, we have received many compliments about the change from the contractors. We think that creating a “one stop shop” for building permits and inspections has been a significant accomplishment for our department.
- To this date this inspector has provided 31.5 percent of his time to other departments and 9.7 percent of his time helping out as a Residential Building Inspector (see attached spread

sheet). At the current rate, this will save the city over \$26,000 dollars each year (not counting the savings in Residential Building Inspections). Certainly, the move to bring the Electrical Inspector to the City has been a great accomplishment for the contractors, the tax paying citizens and all of the City of Rexburg Departments.

- We continue to help out the GIS, P&Z and the Engineering Department by taking care of their office/building needs and by providing front counter service. Janell spends about 20% of her time in support of the P&Z, GIS and Engineering Departments. Our Plumbing Inspector Brad Johnson has also aided other Departments on a regular basis.

POLICE DEPARTMENT

- Officer=s Post Certified Training - 1,860 hours
- Radio Calls - 242,098
- Complaints Officers Dispatched to - 20,395
- Citations Issued - 2,300
- Calls for Service from the Police Department - 5,540
- Our solvability rate is 25% higher than National Average and 14% higher than the State Average
- Accidents - 570 accidents, which is 1.7 per day
- Arrests - 537
- False Alarms - 284

- Our department currently consists of 31 full time employees, with a total number of years of service at 327 years, which is an average per Officer of 10.55 years of service.

- The demand for the Police Department to assist our community in special events e.g. Marathon Runs, Dance Festival, 4th of July Parade, Back to School, House Moving, Immigration Parade, Rexburg Unplugged, Temple Activities, and etc. etc. equals 197 Officer=s, 864 Hours, which equates to 108 days of time spent in this regard.

- Our Officer=s serve on committees within the community which meet an average of once a month and consists of the Safety Committee, Madison Memorial Hospital, PRIDE Committee, Community Council, Madison County Coordinating Committee, Chamber of Commerce, DARE Board, Health and Welfare/Prosecutor/City PD, Local Emergency Preparedness Committee, Domestic Violence Committee, and School Committee.

- Major accomplishments for the year include the following:
 - A very well equipped Crime Scene Van
 - Continually upgrading our Gun Range and Training Facility
 - Automated Fingerprint Identification System
 - The best animal shelter in the State of Idaho
 - Digital Camcorders for all our Patrol Vehicle=s
 - State Certified Instructors

- We also teach the DARE Program within our School District, which consists of 11 DARE Classes, 4 days a week, for 17 weeks, which touches the lives of 320 5th Grade Students at the Rexburg Middle School. Our Officers have also given classes, tours, block parties, etc. within the Community to a total of 3,521 people.

EMERGENCY SERVICES DEPARTMENT

- Firefighting Intern Program
- Much work has gone into laying the ground work for a BYU-Id and Emergency Services Firefighting/E.M.S. intern work program. These students will be treated as rookie firefighter and assist with providing people power for emergency calls and all the daily duties which must be performed. We feel it will be a win-win situation with both BYU-Id and our community receiving benefits.
- It should be noted that our full-time staffing remains the same as it was over 25 years ago and our runs have increased at an alarming rate.
- Other Grants:
- Grants which we have been successful in obtaining have added up to over \$80,000.00. This is down from some years as the number of available grants are becoming fewer and much more competitive to obtain.
- Firefighter I and II Certifications:
- Nine of our full-time employees are now certified at firefighter I and five are certified to level II. This is a nationally recognized certification that takes years to obtain and maintain.
- New Water Tanker:
- Is now completed scheduled to go on line by the end of November. This will help us to do a better job of providing water in locations without hydrants. To keep costs down we have and will do some of the work in-house.
- Other Projects:
- We have spent many hours working in many different areas. They are recruitment and training of new-paid call members, updating of operating procedures, mapping and testing of all new hydrants, pre-fire plans, remodeling of station with the work being done in-house, completion of tracking system and writing and bidding for a new rescue truck.

LEGAL DEPARTMENT

- Prosecuted 2767 misdemeanors and infractions.
- 1812 resulted in convictions,
- 363 were allowed to have their case resolved by attending Defensive Driving Courses,
- 267 were dismissed by the Court (which generally means an insurance ticket where they produced proof of insurance to the Court),
- 238 were dismissed by my office, mostly in conjunction with community service hours or other cases,
- 84 charged cases remained unresolved and were awaiting trials, and the rest were managed in unique or unknown fashion.
- I now prepare for closer to 150 cases each month, and have been averaging full trials at a rate of approximately 10 per month.
- I have spent a significant amount of time writing and responding to civil demands, and while Sugar City has been the most time consuming of the matters, there have been a number of Planning & Zoning issues, Street Department matters and other department issues.

CUSTOMER SERVICES DEPARTMENT

- The Idaho City Clerk's, Treasures, and Finance Officers Association (ICCTFOA) in Idaho sponsored HOUSE BILL 48 in the 2005 Idaho Legislature. The legislation provided that each city must adopt, by resolution, a records retention schedule by January 01, 2007, listing each type of city record with the applicable retention period. The Rexburg City Clerk was on the Legislative Committee for the Association of Idaho Cities working on the legislation.
- The Rexburg "Records Retention Policy" will be submitted by resolution to City Council December 20, 2006 for approval.
- The Customer Services Department takes in all the revenue that comes in for the City from every department. That money is then applied to the appropriate accounts and deposited at the bank. Payments for Qwest, Intermountain Gas, and Rocky Mountain Power are also taken at the front desk and deposited at the bank. The receptionists answer phones, provide public gathering permits, and clerical support for other departments, some includes job application processing, digging permits, newsletters for the city and the employees.

• Utility Transactions in 2006				
	• Qwest	• IMG	• Rocky Mountain Power	• City of Rexburg
• January	• 1003	• 1114	• 1591	• 1327
• February	• 883	• 1048	• 1377	• 2403
• March	• 929	• 1048	• 538	• 2879
• April	• 807	• 900	• 471	• 2947
• May	• 854	• 929	• 546	• 3058
• June	• 832	• 889	• 552	• 3013
• July	• 825	• 813	• 488	• 2713
• August	• 791	• 794	• 619	• 2810
• September	• 739	• 803	• 501	• 2615
• October	• 736	• 225	• 598	• 2782
• November	• 501	• 165	• 411	• 2640
• December	•	•	•	•
• Total	• 8900	• 8728	• 7692	• 29187
•	•	•	• Total of all Utilities	• 54507

- Started taking complaints from customers and entering the complaint into the Land Information System which can tie the complaint to a parcel number.
- Business Licenses were converted to DataNOW this year. The business registration forms to apply for a Rexburg business registration certificate are available online at Rexburg.org. Rexburg has 1,482 business registrations in the database. 399 of those registrations are closed or inactive. The current active count for Rexburg business registrations is 1,043 businesses in 2006.

- A student successfully wrote a grant request for \$10,000 to United Way of Southeastern Idaho and Partners for Prosperity. The grant request was for funding of the AquaSpray Jets that are on the perimeter of the AquaPlay area at Porter Park. She also cataloged the city's historical records and prepared them for scanning into the city's electronic data storage system.
- Published 21 Ordinances
- Completed 14 Resolutions
- Facilitated 14 Public Hearings
- Took minutes for 30 City Council meetings
- Added and trained a new Deputy City Clerk position

PUBLIC WORKS DEPARTMENT

Engineering

- Received a grant of \$156,000 for a new street sweeper
- Received a grant of \$500,000 for the redevelopment of Down Town through CDBG
- Designs completed on the following projects:
 - Animal Shelter
 - Splash Park
 - WWPT Addition \$1,200,000
 - LID 34 - Sunset circle
 - LID 35 - Various projects around the city
 - Path way and bridge along the river
 - Walker subdivision
 - Street shop floor
 - Sewer line replacement in the alley adjacent to city hall
 - Porter park restroom
 - North Hill Road water line extension
 - Review and inspection of 6 new subdivisions

Street Department

- Work on the Splash Park
- Park and entrance signs
- Plowed a lot of snow
- Seal coating of city parking lots
- Street shop floor
- Relocation of city ditch at Barney's
- Regular street maintenance around the city
- Maintained approximately 60 miles of city streets

Water Department

- Pumped a total of 1.75 Billion gallons or one square mile 8.5 feet deep
- Replaced over 500 water meters
- Installed pumps and piping for splash park
- Approximately 250 new connections to the water system

Wastewater Department

- Started construction on New Biosolids facility \$1.2 million
- Treated a total of 914 million gallons or one square mile 4.5 feet deep
- Established a collection system monitoring program for record keeping of facilities

- Acquired CCTV system for inspection and evaluation of collection lines
- Acquired biosolids application site for disposal

Sanitation

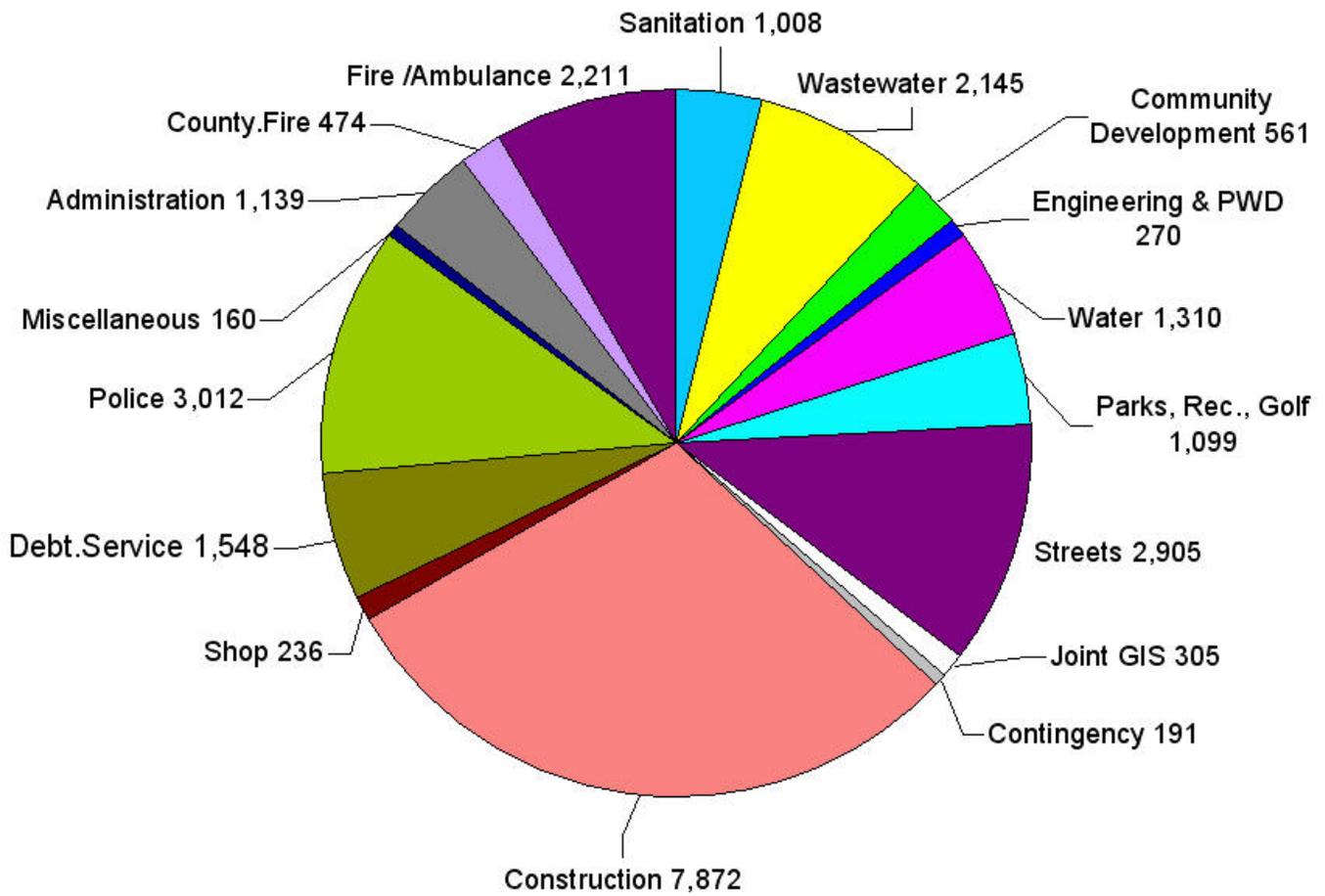
- Collected over 8,500 tons of refuse
- Established a residential collection route and eliminated two days of residential routes

Shop

- Maintain a fleet of over 40 vehicles and heavy equipment

Total Expense Budget

FY 2006 (in thousands) Total: \$26,445,900

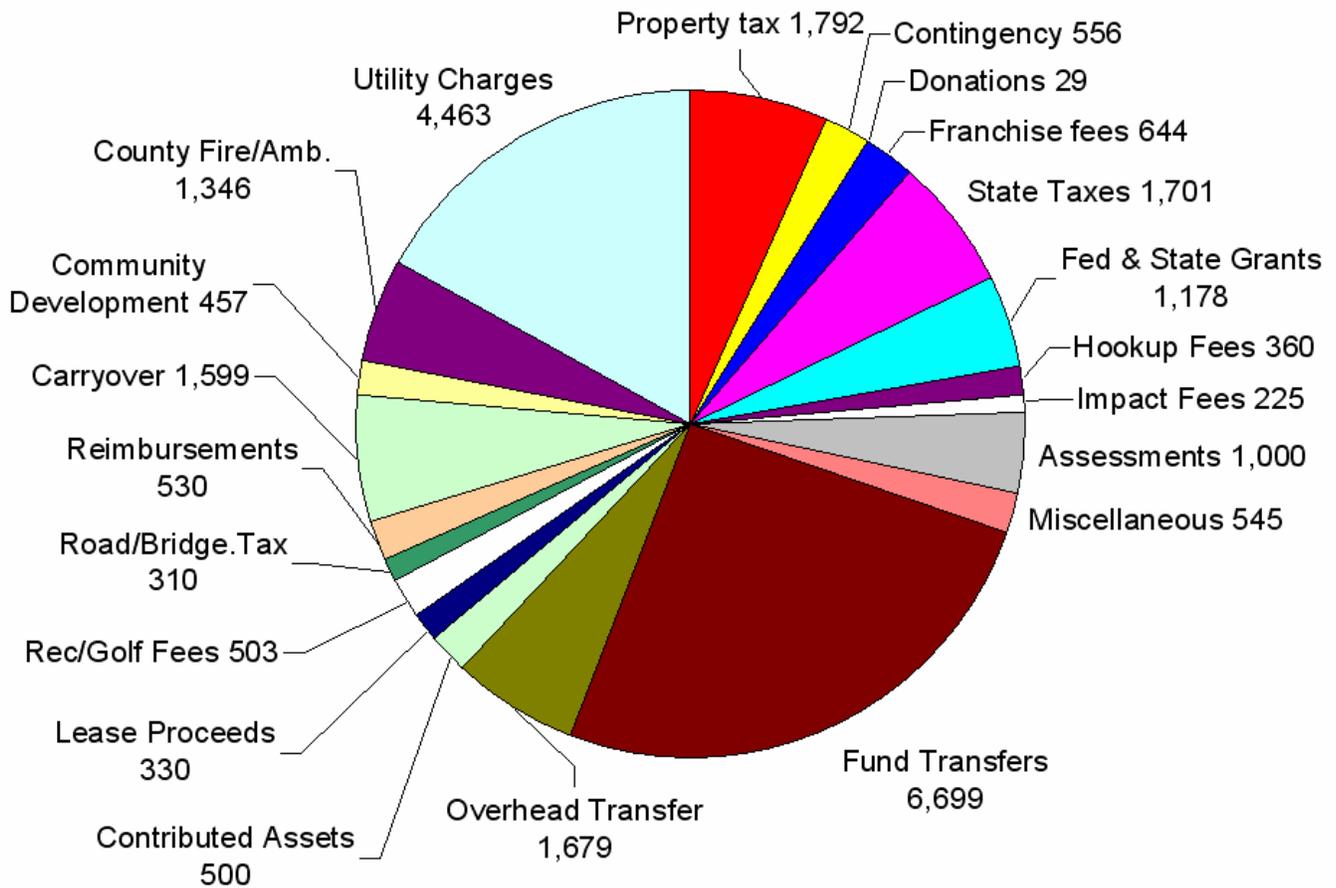


The Total Expense Budget pie chart shows the relative size of the departments or categories of expense budgets. Each Total Expense category includes both operating expense and capital purchase expense. Operating Expense does not include capital expense and is the amount needed to fund the day to day operations of the City. Capital Expense is usually defined as an expense where the benefit or item purchased is expected to last two or more years.

Construction is generally the largest piece of the pie each year and is capital in nature, but varies widely from year to year in amount, due to the available funding and the particular needs of that year. Fund and Overhead Transfers are made between different funds to pay for charges for services given or to fund the deficit position of particular fund with a transfer from the General Fund.

Total Revenue Budget

FY 2006 (in thousands) Total: \$26,445,900

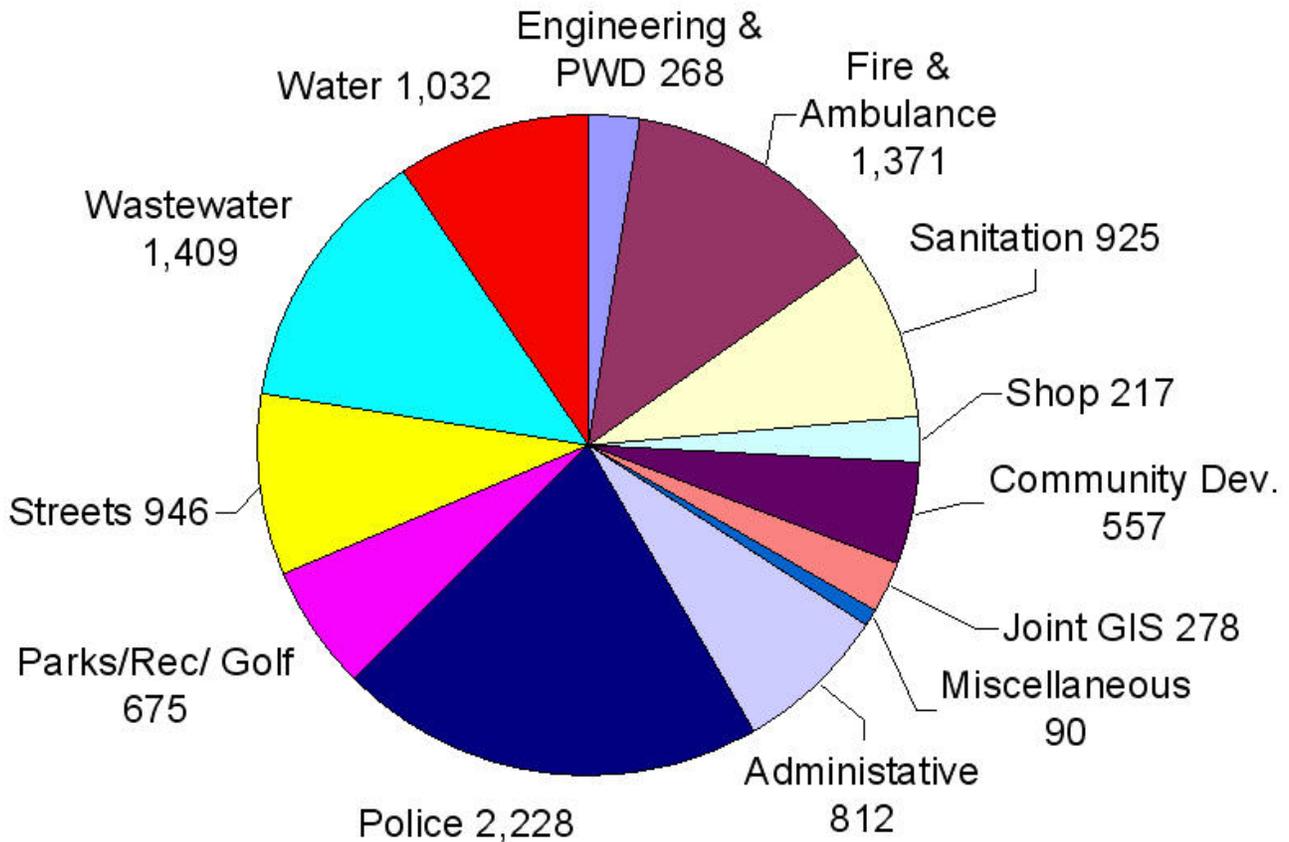


The Total Revenue Budget pie chart shows the relative size of the categories of revenue budget by source. Total Revenue categories include both operating revenue and revenue that is restricted to capital purchases. Operating Revenue does not include revenue reserved for capital purchases and is the amount needed to fund the day to day operations of the City. Capital Revenue is usually defined as: revenue reserved to be used on purchases that are expected to last two or more years.

Fund and Overhead Transfers are made between different funds to pay for charges for services given or to fund the deficit position of particular fund with a transfer from the General Fund. Assessments are revenues charged against particular benefited properties for improvements made by the City through a Local Improvement District (LID). State Taxes include Sales Tax and Liquor Tax Revenues that are distributed to the City by the State of Idaho. Contingency Revenue is possible revenue, but may not materialize. It is relevant to point out that Property Tax, however important it is to the financial well being of the City, is a relatively small part of the Total Revenue Budget. Road & Bridge Tax is property taxes levied by the County for their Road & Bridge Fund that are turned over by state law to the City. The amount of tax transferred is equal to half of the Road & Bridge Tax collected on properties within the City limits.

Operating Expense Budget

FY 2006 (in thousands) Total \$11,107,100

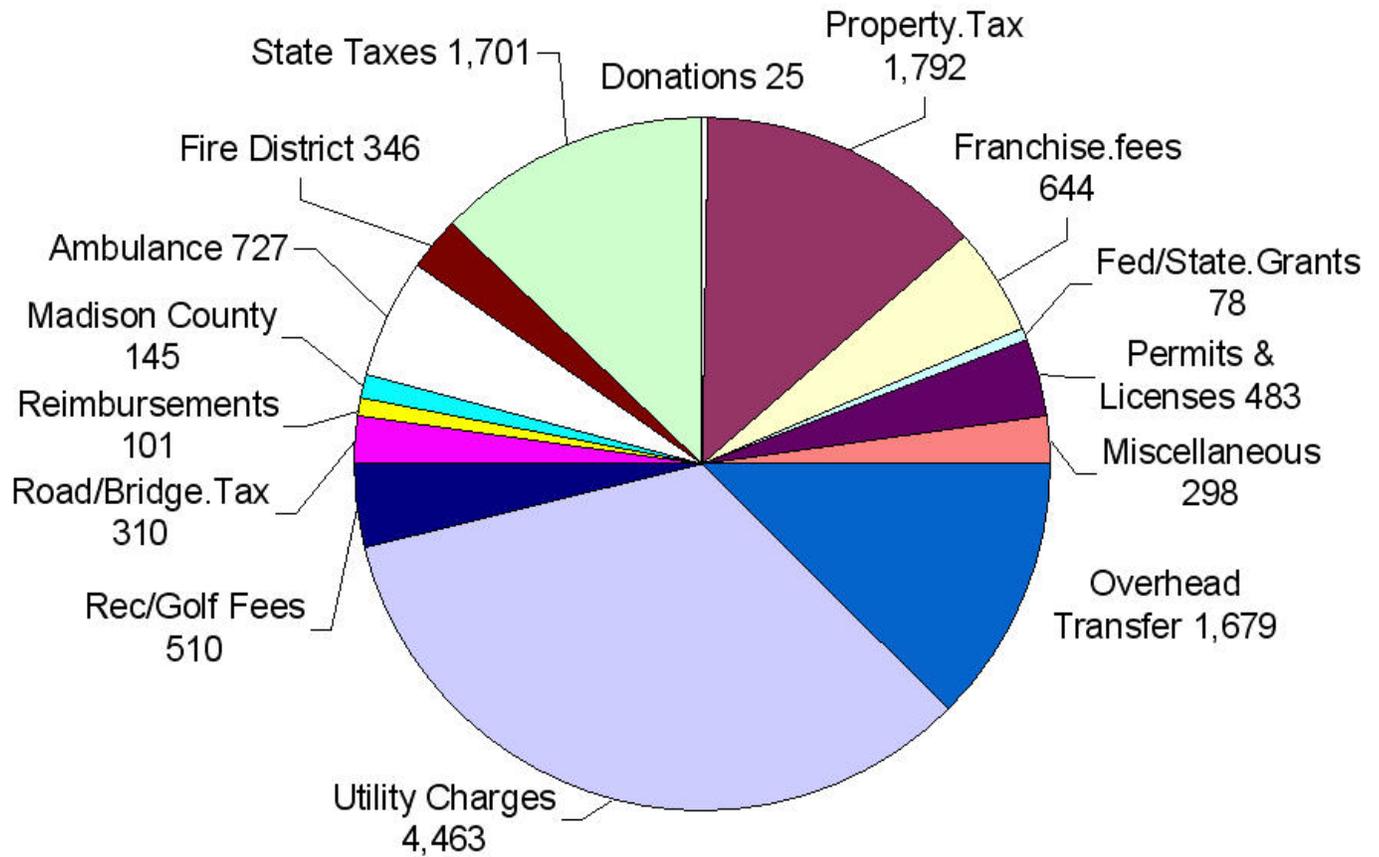


The Operating Expense Budget pie chart shows the relative size of the departments or categories of operating expense budgets. Operating Expense does not include capital expense and is the amount needed to fund the day to day operations of the City.

Public Safety expense, which includes the Police, Fire, and Ambulance Departments, comprises almost half the operating budget. The Utility Fund, which includes the Wastewater, Sanitation, and Water Departments, is about a quarter of the budget, leaving about a quarter for the rest of the departments or categories.

Operating Revenue Budget

FY 2006 (in thousands) \$13,300,650



The Operating Revenue Budget pie chart shows the relative size of the categories of operating revenue budgets. Operating Revenue does not include moneys meant for capital expense and is the amount provided to fund the day to day operations of the City.

Utility Charges, which include the Wastewater, Sanitation, and Water user fees are about a third of the budget. Property Tax, State Taxes, Franchise Fees and Overhead Transfers are general purpose revenues and can be used at the City Council's discretion. The other categories specified are each for a special purpose and must be spent according to state law or agreements signed.

BASIC FINANCIAL STATEMENTS

CITY OF REXBURG, IDAHO
STATEMENT OF NET ASSETS
GOVERNMENT WIDE
SEPTEMBER 30, 2006

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and Short-term Investments	\$ 3,745,621	\$ 2,196,849	\$ 5,942,470	\$ 130,697
Receivables	1,773,517	573,893	2,347,410	
Supplies	2,311	-	2,311	-
Due From Component Unit	330,000	204,867	534,867	-
Total Current Assets	5,851,449	2,975,609	8,827,058	130,697
Noncurrent Assets:				
Revolving Loan Receivable	1,056,002	-	1,056,002	
Capital Assets:				
Capital Assets	20,810,688	28,742,621	49,553,309	800,000
Accumulated Depreciation	(5,997,061)	(9,121,159)	(15,118,220)	-
Net Capital Assets	14,813,627	19,621,462	34,435,089	800,000
Total Noncurrent Assets	15,869,629	19,621,462	35,491,091	800,000
TOTAL ASSETS	21,721,078	22,597,071	44,318,149	930,697
LIABILITIES:				
Current Liabilities:				
Accounts Payable	804,141	186,009	990,150	2,790
Accrued Compensated Absences	272,984	28,876	301,860	-
Accrued Interest Payable	30,159	24,393	54,552	2,752
Other	25,605	60,383	85,988	-
Due to Primary Government	-	-	-	534,867
Current Portion of Long-term Obligations	172,939	682,505	855,444	315,000
Total Current Liabilities	1,305,828	982,166	2,287,994	855,409
Noncurrent Liabilities:				
Noncurrent Portion of Long-term Obligations	810,754	1,059,532	1,870,286	320,000
TOTAL LIABILITIES	2,116,582	2,041,698	4,158,280	1,175,409
NET ASSETS (DEFICIT):				
Invested In Capital Assets, Net of Related Debt	13,829,934	18,561,930	32,391,864	-
Restricted for:				
Capital projects	-	5,304	5,304	-
Other purposes	1,702,660	744,915	2,447,575	-
Unrestricted	4,071,902	1,243,224	5,315,126	(244,712)
TOTAL NET ASSETS (DEFICIT)	\$ 19,604,496	\$ 20,555,373	\$ 40,159,869	\$ (244,712)

The Accompanying Notes are an Integral Part of the Financial Statements.

CITY OF REXBURG, IDAHO
STATEMENT OF ACTIVITIES
GOVERNMENT WIDE
YEAR ENDED SEPTEMBER 30, 2006

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
General and Administrative	\$ 3,396,590	\$ 2,208,839	\$ 275,567	\$ 45,947	\$ (866,237)
Public Safety	3,726,921	264,274	1,235,196	146,045	(2,081,406)
Parks, Recreation and Cultural Art	632,152	236,905	3,075	931,168	538,996
Streets	1,083,785	611,211	1,420,690	1,380,363	2,328,479
Total Governmental Activities	\$ 8,839,448	\$ 3,321,229	\$ 2,934,528	\$ 2,503,523	(80,168)
General Revenues:					
Property taxes levied for general purposes					1,840,844
Franchise fees					391,404
State taxes					1,121,666
Investment Earnings					120,635
Miscellaneous					19,729
Total General Revenue					3,494,278
Total Governmental Activities					3,414,110
Governmental Net Assets - Beginning					16,190,386
Governmental Net Assets - Ending					\$ 19,604,496
BUSINESS-TYPE ACTIVITIES					
Water	\$ 1,237,276	\$ 1,407,450	\$ -	\$ 571,688	\$ 741,862
Waste Water	1,993,340	2,117,496	-	1,247,393	1,371,549
Sanitation	1,071,618	1,078,831	-	-	7,213
Golf Course	339,415	379,640	-	-	40,225
Total Business-type Activities	\$ 4,641,649	\$ 4,983,417	\$ -	\$ 1,819,081	2,160,849
General Revenues:					
Investment Earnings					89,201
Total Business Type Activities					2,250,050
Business-Type Net Assets - Beginning					18,305,323
Business-Type Net Assets - Ending					\$ 20,555,373
TOTAL PRIMARY GOVERNMENT	\$ 13,481,097	\$ 8,304,646	\$ 2,934,528	\$ 4,322,604	\$ 40,159,869
COMPONENT UNITS:					
General and Administrative	\$ 281,248	\$ -	\$ -	\$ -	\$ (281,248)
Interest on Long-term Debt	21,036				(21,036)
Total Component Units	\$ 302,284	\$ -	\$ -	\$ -	(302,284)
General Revenues:					
Property taxes levied for general purposes					483,014
Investment Earnings					9,082
Total General Revenue					492,096
TOTAL COMPONENT UNIT					189,812
Component Units Net Assets (Deficit) - Beginning					(434,524)
Component Units Net Assets (Deficit) - Ending					\$ (244,712)

The Accompanying Notes are an Integral Part of the Financial Statements.

CITY OF REXBURG, IDAHO
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006

	General Fund	Street Fund	Emergency Service Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
CASH AND SHORT-TERM INVESTMENTS	\$ 1,077,144	\$ 208,348	\$ 38,640	\$ 703,794	\$ 1,717,695	\$ 3,745,621
RECEIVABLES	439,346	475,582	61,798	-	796,791	1,773,517
SUPPLIES	2,311	-	-	-	-	2,311
REVOLVING LOAN FUND RECEIVABLE	-	-	-	1,193,585	-	1,193,585
DUE FROM OTHER FUNDS	740,956	-	-	-	-	740,956
DUE FROM COMPONENT UNIT	-	-	-	330,000	-	330,000
TOTAL ASSETS	\$ 2,259,757	\$ 683,930	\$ 100,438	\$ 2,227,379	\$ 2,514,486	\$ 7,785,990
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts Payable	\$ 379,938	\$ 166,440	\$ 99,448	\$ 10,308	\$ 148,007	\$ 804,141
Deferred Revenue	68,465	-	-	-	592,987	661,452
Due to Other Funds	-	-	-	-	740,956	740,956
Other	-	23,200	-	-	2,405	25,605
TOTAL LIABILITIES	448,403	189,640	99,448	10,308	1,484,355	2,232,154
FUND BALANCES:						
Reserved	-	494,290	990	2,217,071	1,030,131	3,742,482
Unreserved	1,811,354	-	-	-	-	1,811,354
TOTAL FUND BALANCES	1,811,354	494,290	990	2,217,071	1,030,131	5,553,836
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,259,757	\$ 683,930	\$ 100,438	\$ 2,227,379	\$ 2,514,486	\$ 7,785,990

The Accompanying Notes are an Integral Part of the Financial Statements

CITY OF REXBURG, IDAHO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
YEAR ENDED SEPTEMBER 30, 2006

Amounts reported for governmental activities in the statement of net assets are different because

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS	\$ 5,553,836
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$20,810,688 and the accumulated depreciation is \$5,997,061.	14,813,627
Certain receivables are not financial resources and are reported as deferred revenues	
Property tax deferred revenue	85,081
Special Assessment deferred revenue	576,371
Receivable in Revolving Loan Fund that is receivable from the Business Park Operations Fund	(137,583)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	
Long-term debt	(983,693)
Accrued compensated absences	(272,984)
Accrued interest payable	(30,159)
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	\$ 19,604,496

The Accompanying Notes are an Integral Part of the Financial Statements.

CITY OF REXBURG, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2006

	General Fund	Street Fund	Emergency Service Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Property Taxes	\$ 1,836,581	\$ -	\$ -	\$ -	\$ 397,140	\$ 2,233,721
Other County Revenues	-	444,750	572,860	-	155,147	1,172,757
State Liquor Fund	68,921	-	-	-	-	68,921
State Sales Tax	1,052,305	-	-	-	-	1,052,305
State Highway Users Fund	-	970,654	-	-	-	970,654
Other State Revenue	440	-	-	-	68,271	68,711
Federal Revenue	-	-	-	-	56,012	56,012
Other Grants and Donations	-	1,189,680	13,030	-	935,027	2,137,737
Licenses, Permits and Franchise Tax	417,480	349,324	-	-	775,720	1,542,524
Charges for Services	1,661,728	254,978	-	-	218,600	2,135,306
Interest Earned	101,508	-	-	78,666	68,784	248,958
Fines, Rent and other Assessments	138,260	117,386	-	-	117,142	372,788
LID Assessments	-	-	-	-	175,524	175,524
Miscellaneous	37,096	55,000	8,798	-	249,735	350,629
TOTAL REVENUES	5,314,319	3,381,772	594,688	78,666	3,217,102	12,586,547
EXPENDITURES:						
General and Administrative	1,837,219	-	-	6,442	759,350	2,603,011
Public Safety	2,013,427	-	1,102,170	-	314,078	3,429,675
Parks and Recreation	308,277	-	-	-	257,250	565,527
Streets	-	956,316	-	-	-	956,316
Interest on Bonds and Other Debt	-	-	-	-	68,055	68,055
Principal on Bonds and Other Debt	-	-	-	-	171,631	171,631
Capital Improvements	294,882	2,051,217	35,604	-	2,230,239	4,611,942
TOTAL EXPENDITURES	4,453,805	3,007,533	1,137,774	6,442	3,800,603	12,406,157
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	860,514	374,239	(543,086)	72,224	(583,501)	180,390
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	-	-	544,076	-	989,077	1,533,153
Operating Transfers Out	(885,136)	(169,730)	-	-	(478,287)	(1,533,153)
TOTAL OTHER FINANCING SOURCES (USES)	(885,136)	(169,730)	544,076	-	510,790	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(24,622)	204,509	990	72,224	(72,711)	180,390
FUND BALANCE AT BEGINNING OF YEAR	1,835,976	289,781	-	2,144,847	1,102,842	5,373,446
FUND BALANCE AT END OF YEAR	\$ 1,811,354	\$ 494,290	\$ 990	\$ 2,217,071	\$ 1,030,131	\$ 5,553,836

The Accompanying Notes are an Integral Part of the Financial Statements

CITY OF REXBURG, IDAHO
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2006

Amounts reported for governmental activities in the statement of activities are different because:

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 180,390
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$1,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays are reduced by depreciation in the current period:</p>	
Capital expenditures capitalized as fixed assets	4,611,942
Depreciation expense	(819,991)
Basis in Assets disposed of	(541,371)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>	
Special assessments	(191,942)
Property taxes	1,478
Expenditures reporting additional wage related expenses	(2,525)
<p>Governmental funds report principal repayment on debt as an expenditure. However, in the statement of activities debt payment are not an expense:</p>	
Principal payments on long-term liabilities	171,631
Changes in accrued interest	4,498
	176,129
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 3,414,110

The Accompanying Notes are an Integral Part of the Financial Statements.

CITY OF REXBURG, IDAHO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2006

	Business-type Activities - Proprietary Funds		
	Utility	Golf Course	Total
ASSETS			
Current Assets:			
Cash and Short-term Investments	\$ 2,031,110	\$ 165,739	\$ 2,196,849
Receivables	565,835	8,058	573,893
Due From Component Unit	204,867	-	204,867
Total Current Assets	2,801,812	173,797	2,975,609
Noncurrent Assets:			
Capital Assets:			
Capital Assets	27,447,450	1,295,171	28,742,621
Accumulated Depreciation	(8,483,313)	(637,846)	(9,121,159)
Total Noncurrent Assets	18,964,137	657,325	19,621,462
TOTAL ASSETS	21,765,949	831,122	22,597,071
LIABILITIES:			
Current Liabilities:			
Accounts Payable	153,307	32,702	186,009
Accrued Compensated Absences	28,876	-	28,876
Accrued Interest Payable	24,393	-	24,393
Other	60,383	-	60,383
Current Portion of Long-term Obligations	682,505	-	682,505
Total Current Liabilities	949,464	32,702	982,166
Noncurrent Liabilities:			
Noncurrent Portion of Long-term Obligations	1,059,532	-	1,059,532
TOTAL LIABILITIES	2,008,996	32,702	2,041,698
NET ASSETS:			
Invested In Capital Assets, Net of Related Debt	17,904,605	657,325	18,561,930
Unrestricted	1,852,348	141,095	1,993,443
TOTAL NET ASSETS	\$ 19,756,953	\$ 798,420	\$ 20,555,373

The Accompanying Notes are an Integral Part of the Financial Statements.

CITY OF REXBURG, IDAHO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2006

	Business-type Activities - Enterprise Funds		
	Utility	Golf Course	Totals
OPERATING REVENUES:			
Monthly Utility Services	\$ 4,515,051	\$ -	\$ 4,515,051
One Time Fees	1,376,150	-	1,376,150
Golf Course Fees	-	376,081	376,081
Miscellaneous	88,726	3,559	92,285
TOTAL OPERATING REVENUES	5,979,927	379,640	6,359,567
OPERATING EXPENSES:			
Utility Expenses	3,404,321	-	3,404,321
Clubhouse Management	-	56,263	56,263
Greens Maintenance	-	251,509	251,509
Depreciation and Amortization	742,595	31,643	774,238
TOTAL OPERATING EXPENSES	4,146,916	339,415	4,486,331
OPERATING INCOME	1,833,011	40,225	1,873,236
NON-OPERATING REVENUES / EXPENSES:			
Contributed Capital	442,931	-	442,931
Disposal of Capital Assets	(31,408)	-	(31,408)
Interest Income	87,696	1,505	89,201
Interest Expense	(123,910)	-	(123,910)
TOTAL NON-OPERATING REVENUES / EXPENSES	375,309	1,505	376,814
NET INCOME	2,208,320	41,730	2,250,050
TOTAL NET ASSETS - BEGINNING	17,548,633	756,690	18,305,323
TOTAL NET ASSETS - ENDING	\$ 19,756,953	\$ 798,420	\$ 20,555,373

The Accompanying Notes are an Integral Part of the Financial Statements.

CITY OF REXBURG
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2006

	Business-type Activities - Enterprise Funds		
	Utility	Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 5,802,259	\$ 373,010	\$ 6,175,269
Payments to Suppliers	(1,420,463)	(94,998)	(1,515,461)
Payments to Employees	(881,992)	-	(881,992)
Payments for Labor Contracts		(174,451)	(174,451)
Internal Activity - Payments to Other Funds for Services	(1,254,849)	(19,500)	(1,274,349)
Other Receipts (Payments)	88,726	3,559	92,285
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,333,681	87,620	2,421,301
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisitions of Property, Plant and Equipment	(1,207,645)	(44,068)	(1,251,713)
Proceeds from sale of Assets	24,976	-	24,976
Interest Income	87,696	1,505	89,201
Principal Payments on Revenue Bonds	(370,093)	-	(370,093)
Interest Payments on Bonds and Leases	(140,415)	-	(140,415)
Decrease on Capitalized Leases	(352,345)	-	(352,345)
Reduction of Loan from General Fund	(486,005)	-	(486,005)
Contributed Capital	442,931	-	442,931
Transfer to Golf Course Capital Fund	-	-	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,000,900)	(42,563)	(2,043,463)
NET INCREASE IN CASH AND INVESTMENTS	332,781	45,057	377,838
CASH AND INVESTMENTS AT BEGINNING OF YEAR	1,698,329	120,682	1,819,011
CASH AND INVESTMENTS AT END OF THE YEAR	\$ 2,031,110	\$ 165,739	\$ 2,196,849
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income	\$ 1,833,011	\$ 40,225	\$ 1,873,236
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	742,595	31,643	774,238
(Gain)Loss on Disposal of Assets	-	-	-
Changes in Assets and Liabilities:			
(Increase)Decrease in accounts receivable	(88,942)	(3,071)	(92,013)
Increase in other receivables	-	-	-
Increase(Decrease) in accounts payable	(154,627)	18,823	(135,804)
Increase in accrued compensated absences	261	-	261
Increase in other current liabilities	1,383	-	1,383
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,333,681	\$ 87,620	\$ 2,421,301

The Accompanying Notes are an Integral Part of the Financial Statements.

CITY OF REXBURG, IDAHO
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rexburg, Idaho (the City) was incorporated in 1883 under the provisions of the State of Idaho. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, general administrative, utilities, and airport operations. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

The financial statements of the City of Rexburg, Idaho have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Primary Government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be accrued as revenue of the current period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It is used for all financial resources of the general government, except those required to be accounted for in another fund.
- The Street Fund accounts for the resources accumulated and payments made for street and bridge maintenance, street lighting, traffic engineering, snow removal, street sweeping and storm sewer maintenance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The Emergency Services Fund accounts for the operations of the fire and ambulance service in the City and surrounding the City.
- The Revolving Loan Fund accounts for lending and repayments of low interest loans the City offers to small businesses in the community.

The City reports the following major enterprise fund:

- The utility fund is the fund that accounts for the activities provided to the residents of the City for its utilities. These utilities include water, wastewater and sanitation.

Property, Plant and Equipment

Property, plant and equipment used in governmental fund type operations (those items which relate to the general activities and services of the City) are accounted for in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$1,000, with an estimated useful life in excess of two years. Property, plant and equipment used in proprietary fund type operations (i.e., the Utility and the Golf Course Funds) is accounted for within the proprietary funds and on the government-wide financial statements. Depreciation is provided on property, plant and equipment using the straight-line method over the estimated useful lives of the related assets:

Computers	5 years
Office Equipment	10 years
Furniture	20 years
Vehicles	7 years
Light Equipment.....	15 years
Heavy Equipment	20 years
Buildings	40 years
Water and Wastewater Systems.....	20-100 years

Budgetary Policy

The City prepares one combined budget which includes the operations of all funds. The combined statement of revenues and expenditures budget and actual--all budgetary funds presents comparisons of legally adopted budgets with actual data on a budgetary basis. Under Idaho Code, the City's budget establishes maximum legal authorization for expenditures during the fiscal year. Expenditures are not to exceed the budgeted amounts, except as allowed by the Code for certain events. During the fiscal year ended September 30, 2006 the City amended the budget for several of the funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City because it is not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

Cash Equivalents

For the purpose of the statement of cash flows for the proprietary funds, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Funds invested with the State Treasurer's Pool are classified as investments on the combined balance sheet and are considered to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND SHORT-TERM INVESTMENTS

The City is authorized under Idaho Code to invest in cash, certificates of deposit, U.S. Government securities, commercial paper and repurchase agreements. All investments must be held by or registered in the name of the City.

Cash balances of most of the City's funds are pooled and invested. Interest earned from investments purchased with pooled cash is allocated to each of the funds based on the fund's cash balance. The City maintains two primary checking accounts and other miscellaneous accounts with local banks where a minimum balance is maintained. All excess funds are then invested with the State Treasurer's pooled cash investment account and the State's Diversified Bond Funds. These accounts invest in time certificates of deposit, local government tax anticipation notes, federal loans, U.S. treasury notes and other U.S. governmental securities. Information regarding insurance or collateralization of amounts invested in the pooled accounts is not available.

2. CASH AND INVESTMENTS (Continued)

The City has adopted the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This statement establishes and modifies disclosure requirements related to investment and deposit risk; accordingly, the note disclosures on cash and investments are in conformity with the provisions of GASB Statement No. 40.

- Deposits – At September 30, 2006, the carrying amount of the City’s deposits were \$788,522 and the respective bank balances totaled \$708,626. Of the bank balances \$200,000 were insured. The remaining balances were collateralized through repurchase agreements.
- Custodial Credit Risk, Deposits – Custodial credit risk is the risk that, in the event of a bank failure, the government’s deposits may not be returned. As of September 30, 2006, \$508,626 of the City’s total deposits of \$708,626 was not covered by federal depository insurance, and thus was exposed to custodial credit risk. These balances were collateralized through repurchase agreements.
- Investments – As of September 30, 2006, the City invested \$2,986,416 in the State Treasurer’s pooled cash investment account and \$2,102,283 in the State’s diversified bond funds. Fair market was equal to the carrying amount and the investments have a maturity of less than one year.
- Custodial Credit Risk, Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of the investments. The State diversifies these funds to reduce this risk.
- Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from changes in interest rates, the City structures its portfolio so that securities mature to meet cash requirements for ongoing operations. Because the State Investment Pool as of September 30, 2006, had a weighted average maturity of less than one year, it was presented as an investment with a maturity of less than one year and included with cash and short-term investments.

The following is a reconciliation of the City’s deposit and investment balance as of September 30, 2006:

Petty Cash	\$ 634
Bank Deposit	788,522
State Treasurers Pool	2,986,416
State Bond Fund	2,102,283
Other Investments	<u>64,615</u>
Total	<u>\$ 5,942,470</u>

3. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2006 was as follows:

	September 30, 2005	Increases	Decreases	September 30, 2006
PRIMARY GOVERNMENT:				
GOVERNMENTAL ACTIVITIES:				
Capital Assets, not being depreciated:				
Land	\$ 796,884	\$ --	\$ (185,397)	\$ 611,487
Total Capital Assets, not being depreciated	796,884	--	(185,397)	611,487
Capital Assets, being depreciated:				
Office	478,386	28,428	--	506,814
Legal	6,778	--	--	6,778
Archer Station	523,123	--	--	523,123
Police	1,666,726	615,441	(16,015)	2,266,152
Dare	32,698	--	--	32,698
Fire	2,158,880	179,029	(84,451)	2,253,458
Inspection	560,502	13,873	--	574,375
GIS	80,794	7,246	--	88,040
Community Development	15,717	1,768	--	17,485
Streets	7,201,951	2,323,005	(206,395)	9,318,561
Shop	274,192	9,651	--	283,843
Parks	947,446	622,619	--	1,570,065
Merry-Go-Round	128,949	--	--	128,949
Ball Diamond	20,516	--	--	20,516
Airport	1,282,168	750	--	1,282,918
Recreation	91,751	1,994	--	93,745
Theatre	80,826	--	--	80,826
Legacy of Flight Museum	--	802,717	--	802,717
Industrial Park	408,121	--	(408,121)	--
Tabernacle	342,717	5,421	--	348,138
Total Capital Assets, being depreciated	16,302,241	4,611,942	(714,982)	20,199,201
Less Accumulated Depreciation	(5,536,078)	(819,991)	359,008	(5,997,061)
Total Capital Assets, being depreciated, net	10,766,163	3,791,951	(355,974)	14,202,140
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET				
	\$ 11,563,047	\$ 3,791,951	\$ (541,371)	\$ 14,813,627

Depreciation expense was charged to the government activities as follows:

General and Administrative	\$ 135,143
Public Safety	246,589
Parks and Recreation	76,741
Street and Highway	<u>361,518</u>
Total	\$ <u>819,991</u>

3. CAPITAL ASSETS (Continued)

	September 30, 2005	Increases	Decreases	September 30, 2006
PRIMARY GOVERNMENT:				
BUSINESS-TYPE ACTIVITIES:				
Capital Assets, not being depreciated:				
Land	\$ 352,811	\$ --	\$ --	\$ 352,811
Total Capital Assets, not being depreciated	352,811	--	--	352,811
Capital Assets, being depreciated:				
Sanitation	1,335,327	71,380	(101,728)	1,304,979
Water	8,673,672	452,747	--	9,126,419
Wastewater	16,468,391	683,517	(135,855)	17,016,053
Golf Course	898,291	44,068	--	942,359
Total Capital Assets, being depreciated	27,375,681	1,251,712	(237,584)	28,389,810
Less Accumulated Depreciation:				
Sanitation	(639,833)	(61,767)	81,382	(620,218)
Water	(2,269,806)	(230,533)	--	(2,500,339)
Wastewater	(5,012,277)	(450,295)	99,818	(5,362,754)
Golf Course	(606,205)	(31,643)	--	(637,848)
Total Accumulated Depreciation	(8,528,121)	(774,239)	181,200	(9,121,159)
Total Capital Assets, being depreciated, net	18,847,560	477,473	(56,384)	19,268,651
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET				
	\$ 19,200,371	\$ 477,473	\$ (56,384)	\$ 19,621,462

4. REVOLVING LOANS RECEIVABLE

The City received a grant from the United States Department of Housing and Urban Development, the proceeds of which have been designated to be used as a revolving loan fund for small businesses within the community. Repayments on the initial loan have been used to finance other projects at the discretion of the City. The East Central Idaho Development Company (ECIDC) is currently administering these funds for the City. The balances of outstanding loans at September 30, 2006 are as follows:

4. REVOLVING LOANS RECEIVABLE (Continued)

Recipient	Repayment Terms	Amount
Madison Senior Citizen Center	Receivable in monthly installments of \$1,280 including interest at 4.0% through 2017	\$ 49,703
East Central Idaho Planning and Development	Terms of repayment not finalized	30,500
AMET, Inc.	Receivable in monthly installments of \$4,652 including interest at 7.0% through 2008	453,363
Pro-Fusion Technologies	Receivable in monthly installments of \$1,673 including interest at 6% through 2008	50,596
Thane Siddoway	Receivable in yearly installments of \$4,039 including interest at 5.5% through 2018	37,569
Robert Jones	Receivable in monthly installments of \$1,226 including interest at 5.5% through 2018	129,132
David and Tarri Leonardson	Receivable in monthly installments of \$998 including interest at 5.5% through 2024	134,495
Smith Family Properties	Receivable in monthly installments of \$422 including interest at 6% through 2019	45,644
East Central Idaho Planning and Development	Terms of repayment not finalized	<u>125,000</u>
		<u>\$ 1,056,002</u>

4. REVOLVING LOANS RECEIVABLE (Continued)

Recipient	Repayment Terms	Amount
Rexburg Redevelopment Agency	8% interest with no set repayment terms	<u>\$ 330,000</u>
Business Park Fund	6% interest with no set repayment terms	<u>\$ 137,583</u>

The terms of the East Central Idaho Planning and Development and redevelopment agency were not finalized at September 30, 2006, and are shown in the financial statements as an interfund receivables/payables. ECIPDA is holding \$249,402 in an interest bearing account for the City, which is available for future revolving loan projects.

5. PROPERTY TAXES

Property taxes of the City are based on the assessments against property owners as of the first Monday in January of the calendar year in which the fiscal year commences. Tax levies on such assessed values are certified to the County prior to the commencement of the fiscal year.

Taxes are collected by Madison County and remitted to the City primarily in January and July of the fiscal year. Accordingly, the tax revenues for the fiscal year ended September 30, 2006, are based on the assessed values and tax revenues established in 2005.

The City defers recognition of property taxes assessed but not collected within 60 days of the fiscal year-end. Such amounts will be recognized as revenues in the fiscal year they become available.

6. LOCAL IMPROVEMENT ASSESSMENTS

Assessments are made against property owners within the City for each owner's pro-rata share of the costs of Local Improvement District construction. Such assessments represent a lien against the related property and are generally payable in ten equal payments of principal and interest.

Special assessments are recognized as revenue only to the extent that individual installments are currently due. The balance of such assessments is shown as deferred revenue. The collection of revenues for special assessments and the payment of special assessment bonds are accounted for in the Debt Service Fund.

Liabilities for special assessment bonds payable are accounted for in the General Long-term Debt Account Group.

7. ACCRUED COMPENSATED ABSENCES

The City has elected to show their normal sick leave benefits as compensated absences. In 1990, the City established individual sick leave banks whereby an employee may contribute any days accumulated over the 60 day maximum at the end of the calendar year. In 1995, the City adjusted the allowable contribution to the sick bank to include any sick days accumulated at the end of the calendar year. Upon retirement, the employee will be paid one quarter of the remaining balance in his bank at his normal hourly rate.

8. SUPPLEMENTAL PROPRIETARY FUND CASH FLOW INFORMATION

Interest Paid During Year

The City paid cash interest of \$140,415 in the Proprietary Funds for the year ended September 30, 2006.

9. LID GUARANTEE FUND

The City maintains an LID Guarantee Fund (with a balance of \$24,795 as of September 30, 2006) to provide a reserve for potential unpaid assessments. Under the terms of the City ordinances and Idaho law, the Fund is funded by an annual one mill property tax levy; however, the annual levy may not exceed five percent of total LID obligations, nor may there be a levy when the fund balance equals or exceeds ten percent of such obligations. The fund is restricted to use until all LID Bonds and Warrants guaranteed by it are paid in full, all of which were paid as of September 30, 2006.

10. LOCAL IMPROVEMENT DISTRICT WARRANTS PAYABLE

Each year, as needed the City authorizes warrants to finance the improvements of certain streets along with constructing or reconstructing sidewalks, curbs, gutters, drainage facilities and other work incidental to improvements along streets and issues warrants to finance the construction.

The balance of warrants outstanding at September 30, 2006, was as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Fiscal Years</u>	<u>Balance</u>
Local Improvement District No. 30 1999 Issue (original amount – \$400,000)	5.5%	2007 to 2009	\$ 120,000
Local Improvement District No. 31 2001 Issue (original amount – \$560,000)	6.0%	2007 to 2011	280,000
Promissory Note (LID No. 32) 2004 Issue (original amount – \$200,000)	5.0%	2007 to 2014	160,000
Promissory Note (LID No. 33) 2004 Issue (original amount – \$300,000)	5.0%	2007 to 2014	<u>240,000</u>
Totals			<u>\$ 800,000</u>

11. WASTEWATER REVENUE BONDS PAYABLE

Wastewater Revenue Bonds outstanding at September 30, 2006, were as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Fiscal Years</u>	<u>Balance</u>
Wastewater Revenue Bonds – Series 1995 (Original amount \$5,000,000)	4.00%	2007 to 2010	<u>\$ 1,452,123</u>

The bond ordinance for the revenue bonds provides for the establishment of certain accounts and reserves, and further provides that all revenues of the Wastewater system are to be used initially for payment of operation and maintenance costs of the system, principal and interest on the bonds, and establishment of certain defined debt repayment reserves.

12. OBLIGATIONS UNDER CAPITAL LEASES

The City has entered into agreements to purchase equipment, street lights, vehicles and their police building through capital lease agreements. Assets acquired and liabilities incurred through such agreements for governmental funds are accounted for in the General Fixed Assets and General Long-term Debt Account Groups. Assets and liabilities related to proprietary funds are accounted for within the proprietary funds.

The following is a schedule of fixed assets and outstanding liabilities relating to capital lease agreements:

	<u>FIXED ASSETS</u>	<u>CAPITAL LEASES PAYABLE</u>	
	All Funds	Governmental Funds	Proprietary Funds
Equipment	\$ 3,589,733	\$ --	\$ 289,914
Building	450,503	183,693	--
	<u>\$ 4,040,236</u>	<u>\$ 183,693</u>	<u>\$ 289,914</u>

The following is a schedule by year of future lease payments with the present value of the net minimum lease payments as of September 30, 2006.

Year Ending September 30,	Governmental Funds	Proprietary Funds
2007	\$ 36,307	\$ 306,527
2008	36,307	--
2009	36,307	--
2010	36,307	--
2011	36,307	--
2012	36,307	--
Total Minimum Lease Payments	217,842	306,527
<u>Less Amount Representing Interest</u>	<u>(34,149)</u>	<u>(16,613)</u>
Present Value of Minimum Lease Payments	183,693	289,914
<u>Current Portion of Present Value</u>	<u>(26,938)</u>	<u>(289,914)</u>
Long-Term Portion of Present Value	<u>\$ 156,755</u>	<u>\$ --</u>

13. CHANGES IN LONG-TERM OBLIGATIONS

A summary of long-term transactions of the City for the year ended September 30, 2006, is as follows:

	Long-Term Obligations September 30, 2005	Obligations Incurred	Obligations Paid	Long-Term Obligations September 30, 2006
Accrued Compensated Absences (Note 7)	\$ 299,073	\$ 2,787	\$ --	\$ 301,860
Local Improvement District Warrants Payable (Note 10)	946,000	--	146,000	800,000
Wastewater Revenue Bonds Payable (Note 11)	1,822,216	--	370,093	1,452,123
Obligations Under Capital Leases (Note 12)	851,583	--	377,976	473,607
	<u>\$ 3,918,872</u>	<u>\$ 2,787</u>	<u>\$ 894,069</u>	<u>\$ 3,027,590</u>

14. BONDED DEBT REPAYMENT REQUIREMENTS

The annual requirements to amortize all bonded debt outstanding as of September 30, 2006, including interest, are as follows:

Year Ending September 30,	Local Improvement Warrants	Wastewater Revenue Bonds	Total
2007	\$ 189,400	\$ 448,506	\$ 637,906
2008	181,340	448,507	629,847
2009	173,280	448,509	621,789
2010	125,220	225,259	350,479
2011	119,360	--	119,360
2012	57,500	--	57,500
2013	55,000	--	55,000
2014	52,500	--	52,500
<u>Total Commitment</u>	<u>\$ 953,600</u>	<u>\$ 1,570,781</u>	<u>\$ 2,524,381</u>
<u>Interest Portion</u>	<u>\$ 153,600</u>	<u>\$ 118,658</u>	<u>\$ 272,258</u>

15. RETIREMENT PLANS

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 members' 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 Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided 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 services, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the 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.

The contribution requirements for the City of Rexburg and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended September 30, 2006, the required contribution rate as a percentage of covered payroll for members was 6.23% for general employees and 7.65% for police/firefighters. The employer rate as a percent of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. The City of Rexburg contributions required and paid were \$471,205, \$473,947, and \$433,426 for the three years ended September 30, 2006, 2005, and 2004 respectively.

401(k) Plan

The City has a single employer defined contribution 401(k) pension plan (the Plan), established by ordinance and in compliance with Internal Revenue Service Regulations. The Plan covers substantially all city employees who meet defined age and service requirements. The Plan is a salary reduction contribution plan with employees contributing up to 15% of their salary and the employer matching 50% of the first four percent of the employee's contribution. Employees are 100% vested immediately on their salary reduction amounts and become 100% vested after five years of service with the City on the employer's contribution portion.

15. RETIREMENT PLANS (Continued)

The City's total 2006 fiscal year payroll for all employees was \$4,488,131 of which \$2,910,213 was for covered payroll for employees who were members of the Plan. Employer and employee contributions to the Plan were 1.86% and 4.63% respectively, of covered payroll. Total contributions to the Plan for the fiscal year by the City and the employees were \$56,106 and \$138,410 respectively. The Plan had \$2,259,322 in net assets at September 30, 2006.

16. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

The City expenditures exceeded the budgeted amounts in the following funds during the year ended September 30, 2006:

Fund	Amount Exceeded
Upper Valley Arts Council Fund	\$ 362
COPS Grant Fund.....	9,892
State Grants Fund.....	1,276
Police Impact Fee Fund	319
Millennial Monument Fund	166
Animal Control Fund	9,314
Porter Spray Park.....	113,601
Beautification Committee Fund	1,027
Arts Promulgation Fund	35,000

The following individual funds had fund deficits on September 30, 2006:

Recreation Fund--There is a fund deficit of \$13,331. The City expects to eliminate this deficit as revenues are received.

Police Impact Fee Fund --There is a fund deficit of \$99,265. The City expects to eliminate this deficit as police impact fees are received.

Parks Impact Fee Fund -- There is a fund deficit of \$47,271. The City expects to eliminate this deficit as parks impact fees are received.

Trails of Madison County Fund-- There is a fund deficit of \$90,990. The City expects to eliminate this deficit as donations are received.

Airport Operation Fund-- There is a fund deficit of \$33,420. The City expects to eliminate this deficit as grants are received.

16. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (Continued)

Romance Theatre Fund-- There is a fund deficit of \$3,577. The City expects to eliminate this deficit as funds are received.

Animal Control Fund-- There is a fund deficit of \$357,115. The City expects to eliminate this deficit with transfers from the Police Impact Fee Fund.

Arts Promulgation Fund-- There is a fund deficit of \$9,489. The City expects to eliminate this deficit when the Arts Promulgation fees are received.

LID Construction Fund-- There is a fund deficit of \$14,115. The City expects to eliminate this deficit the projects are completed and debt is issued to cover the construction.

17. COMPONENT UNIT – REXBURG URBAN RENEWAL AGENCY

Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Generally Accepted Accounting Principles. The basic, but not the only, criterion for including a potential component within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of the component unit addressed in defining the government's reporting entity.

Included with the reporting entity:

Rexburg Urban Renewal Agency. This component unit was organized to make improvements to infrastructure on Second East, First West and the downtown area. It derives its revenues from the incremental tax increases that all taxing districts give up from increase in value of the land and buildings in the new construction areas.

17.COMPONENT UNIT – REXBURG URBAN RENEWAL AGENCY (Continued)

Revenue Allocation (Tax Increment) Bonds, Series 1992

This Bond does not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and does not constitute a general obligation or debt of the City of Rexburg, Idaho, or of any municipality, the State of Idaho, or any of its political subdivisions. In no event does this Bond give rise to a general obligation or liability of the Agency, any municipality, the State of Idaho, or any of its political subdivisions, or give rise to a charge against their general credit or taxing powers, or be payable out of any funds or properties other than those of the Agency specifically pledged therefore.

Revenue Bonds outstanding at September 30, 2006, were as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Fiscal Years</u>	<u>Balance</u>
Revenue Allocation Bonds, Series 1992, dated December 15, 1992, (original amount – \$1,200,000)	4.250% to 7.125%	2007 to 2008	\$ 235,000

Bonded Debt Repayment Requirements

The annual requirements to amortize the bonded debt of the Rexburg Urban Renewal Agency as of September 30, 2006, including interest, is as follows:

<u>Year Ending September 30,</u>	<u>Revenue Bond</u>
2007	\$ 131,744
2008	<u>128,550</u>
Total Commitment	<u>\$ 260,294</u>
Interest Portion	<u>\$ 25,294</u>

17.COMPONENT UNIT – REXBURG URBAN RENEWAL AGENCY (Continued)

Note Payable

The Agency purchased property during the year for \$800,000. The Agency paid \$400,000 down and is liable for a note for the remaining \$400,000. The note is payable to an individual and carries an interest rate of 9 percent per annum and is payable at \$200,000 per year plus interest for two years. It is secured by the property. When the note is paid the property will be donated to the City of Rexburg. The annual requirements for the note, is as follows:

Year Ending September 30,	Note	Interest
2007	\$ 200,000	\$ 36,000
2008	200,000	18,000
Total Commitment	<u>\$ 400,000</u>	<u>\$ 54,000</u>

18. INTERFUND TRANSACTIONS

Transfers between funds during the year were as follows:

Governmental:	Operating Transfers In	Operating Transfers Out
General Fund	\$ --	\$ 885,136
Street Fund	--	169,730
Tabernacle Fund	25,725	--
Rexburg Arts Council Fund	3,000	--
Police Impact Fee Fund	--	20,000
Cops Grant Fund	164,080	--
Animal Control Fund	72,274	--
Millennial Monument Fund	--	12,066
Emergency Services Fund	544,076	--
Joint Fire Equipment Fund	170,000	--
Madison County Fire District Fund	--	313,562
Fire Impact Fee Capital Fund	--	85,000
Porter Spray Park Fund	340,815	--
Legacy Flight Museum Fund	12,727	--
Beautification Committee Fund	10,000	--
Arts Promulgation Fund	12,066	--
Parks Impact Fee Fund	--	29,000
LID Construction Fund	178,390	--
Bond Fund	--	18,659
	<u>\$ 1,533,153</u>	<u>\$ 1,533,153</u>

18. INTERFUND TRANSACTIONS (Continued)

The General Fund transfers funds to the Legacy Flight Museum Fund, Porter Park Fund, Romance Theatre Fund, Tabernacle Fund, Animal Control Fund and Rexburg Arts Fund to help those funds meet revenue shortfalls. The General Fund transferred funds to the Porter Spray Park Fund for construction of the spray park as approved by the City Council. The General fund also transferred funds to the COPS Grant as part of its obligation to that fund. The City works jointly with Madison County in providing funding for the Emergency Services Fund and that transfer is the City's share of expenditures in that fund. The Police Impact Fee Fund transferred funds to the Animal Control Fund to assist in those expenses. Madison County Fire District Fund transfers funds to the Emergency Services Fund and Joint Fire Equipment Fund annually to help fund those funds. The Fire Impact Fee Capital Fund also transfers funds to the Fire Equipment Fund as that fund requires money for capital equipment. The Parks Impact Fee Fund transferred funds to the Porter Spray Park Fund to help with that construction project. The Millennial Monument Fund closed out its accounts and transferred its balances to the Arts Promulgation Fund.

The following is a schedule of interfund receivables and payables:

	Due From Other Funds	Due To Other Funds
Primary Government:		
General Fund	\$ 740,956	\$ --
Recreation Fund	--	13,635
COPS Grant Fund	--	14,246
State Grant Fund	--	7,227
Police Impact Fee Fund	--	99,279
GIS Fund	--	70,103
Parks Impact Fee Fund	--	47,618
Trails of Madison County Fund	--	90,243
Airport Operation Fund	--	32,791
Romance Theatre Fund	--	3,546
Animal Control Fund	--	347,993
LID Construction Fund	--	14,275
	<u>\$ 740,956</u>	<u>\$ 740,956</u>

These occurred as funds were loaned from the General Fund to the various other funds to cover cash deficits.

18. INTERFUND TRANSACTIONS (Continued)

Component Unit Interfund Receivables and Payables:

Governmental Funds:			
Revolving Loan Fund	\$ 330,000	\$	--
Business-Type Funds:			
Utility Fund	204,867		--
	<u>\$ 534,867</u>	<u>\$</u>	<u>--</u>
Component Unit:			
General Long-Term Debt	\$	--	\$ 534,867

The City loaned the Component Unit funds to assist with various projects that affected the City directly and will be paid off as taxes are collected.

19. CONSOLIDATION OF FUNDS

The City consolidated the Water Capital Fund, the Sewer Capital fund and the Sewer/Water Line Extension Fund into the Utility Fund. It consolidated the Golf Course Construction Fund into the Golf Course Fund. The funds are all capital project funds, which are used to track construction projects for the funds into which they are consolidated. When the projects are completed the assets are transferred to those funds. These funds were consolidated as of the beginning of the September 30, 2006 fiscal year.

The following is a schedule of assets, liabilities and fund balances transferred:

Fund Name:	Assets	Liabilities	Net Assets
Water Capital	\$ 674,915	\$ --	\$ 674,915
Sewer Capital	1,027,359	--	1,027,359
Sewer/Water Line Extension	24,129	24,129	--
Total Transferred to Utility Fund	<u>\$ 1,726,403</u>	<u>\$ 24,129</u>	<u>\$ 1,702,274</u>

Fund Name:	Assets	Liabilities	Net Assets
Golf Course Construction	\$ 40,000	\$ --	\$ 40,000
Total Transferred to Golf Course Fund	<u>\$ 40,000</u>	<u>\$ --</u>	<u>\$ 40,000</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF REXBURG, IDAHO
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED SEPTEMBER 30, 2006

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:			
Property Taxes	\$ 1,792,050	\$ 1,836,581	\$ 44,531
State Liquor Fund	74,900	68,921	(5,979)
State Sales Tax	805,300	1,052,305	247,005
Other State Funds	500	440	(60)
Licenses, Permits and Franchise Tax	816,900	417,480	(399,420)
Charges for Services	1,761,450	1,661,728	(99,722)
Interest Earned	55,000	101,508	46,508
Fines, Rent and other Assessments	131,100	138,260	7,160
Miscellaneous	28,000	37,096	9,096
TOTAL REVENUES	5,465,200	5,314,319	(150,881)
EXPENDITURES:			
General and Administrative Operations	2,338,400	1,837,219	501,181
Public Safety Operations	2,220,400	2,013,427	206,973
Park Operations	290,400	308,277	(17,877)
Capital Improvements	-	294,882	(294,882)
Transfers	616,000	885,136	(269,136)
TOTAL EXPENDITURES	5,465,200	5,338,941	126,259
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	(24,622)	(24,622)
FUND BALANCE AT BEGINNING OF YEAR		1,835,976	1,835,976
FUND BALANCE AT END OF YEAR	\$ -	\$ 1,811,354	\$ 1,811,354

See Independent Auditors' Report.

CITY OF REXBURG, IDAHO
 BUDGETARY COMPARISON SCHEDULE
 STREET FUND
 YEAR ENDED SEPTEMBER 30, 2006

	Original Budget Amount	Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:				
County Road Funds	\$ 310,000	\$ 310,000	\$ 444,750	\$ 134,750
State Highway Users Fund	820,500	820,500	970,654	150,154
Other Grants and Donations	500,000	1,000,000	1,189,680	189,680
Licenses, Permits and Franchise Tax	320,000	320,000	349,324	29,324
Charges for Services	245,400	245,400	254,978	9,578
Fines, Rent and other Assessments	5,800	5,800	117,386	111,586
Miscellaneous	90,000	90,000	55,000	(35,000)
Contingency Carryover	500,000	500,000	-	(500,000)
TOTAL REVENUES	2,791,700	3,291,700	3,381,772	590,072
EXPENDITURES:				
Streets Maintenance	1,350,000	1,350,000	956,316	393,684
Capital Improvements	1,303,400	2,093,200	2,051,217	41,983
Transfers to Other Street Projects	138,300	138,300	169,730	(31,430)
TOTAL EXPENDITURES	2,791,700	3,581,500	3,177,263	404,237
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	(289,800)	204,509	185,835
FUND BALANCE AT BEGINNING OF YEAR	-	289,800	289,781	(19)
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 494,290	\$ 185,816

See Independent Auditors' Report.

CITY OF REXBURG, IDAHO
 BUDGETARY COMPARISON SCHEDULE
 EMERGENCY SERVICES FUND
 YEAR ENDED SEPTEMBER 30, 2006

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:			
Other County Revenues	\$ 727,000	\$ 572,860	\$ (154,140)
Other Grants and Donations	44,000	13,030	(30,970)
Miscellaneous	-	8,798	8,798
Transfers	713,400	544,076	(169,324)
TOTAL REVENUES	1,484,400	1,138,764	(345,636)
EXPENDITURES:			
Public Safety Operations	1,370,900	1,102,170	268,730
Capital Improvements	113,500	35,604	77,896
TOTAL EXPENDITURES	1,484,400	1,137,774	346,626
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	990	990
FUND BALANCE AT BEGINNING OF YEAR		-	-
FUND BALANCE AT END OF YEAR	\$ -	\$ 990	\$ 990

See Independent Auditors' Report.

CITY OF REXBURG, IDAHO
 BUDGETARY COMPARISON SCHEDULE
 REVOLVING LOAN FUND
 YEAR ENDED SEPTEMBER 30, 2006

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:			
Interest Earned	\$ 97,000	\$ 78,666	\$ (18,334)
Miscellaneous	2,000	-	(2,000)
TOTAL REVENUES	99,000	78,666	(20,334)
EXPENDITURES:			
General and Administrative	8,000	6,442	1,558
Contingency	91,000	-	91,000
TOTAL EXPENDITURES	99,000	6,442	92,558
EXCESS OF REVENUES OVER EXPENDITURES	-	72,224	72,224
FUND BALANCE AT BEGINNING OF YEAR	-	2,144,847	2,144,847
FUND BALANCE AT END OF YEAR	\$ -	\$ 2,217,071	\$ 2,217,071

See Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF REXBURG, IDAHO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2006

	Special Revenue Funds				
	Recreation Fund	Tabernacle Fund	Upper Valley Arts Council Fund	Drug Enforcement Fund	Dare Grant Fund
ASSETS					
CASH AND SHORT TERM INVESTMENTS	\$ -	\$ 3,882	\$ 1,192	\$ 1,124	\$ 15,784
RECEIVABLES	2,986	-	-	-	-
TOTAL ASSETS	\$ 2,986	\$ 3,882	\$ 1,192	\$ 1,124	\$ 15,784
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts Payable	\$ 2,682	\$ 1,477	\$ -	\$ -	\$ 528
Deferred Revenue	-	-	-	-	-
Due to Other Funds	13,635	-	-	-	-
Other	-	2,405	-	-	-
TOTAL LIABILITIES	16,317	3,882	-	-	528
FUND BALANCES (DEFICIT):					
Reserved Fund Balances	(13,331)	-	1,192	1,124	15,256
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,986	\$ 3,882	\$ 1,192	\$ 1,124	\$ 15,784

Special Revenue Funds

COPS Grant Fund	Legacy Flight Museum Fund	State Grants Fund	Business Park Operation Fund	Police Impact Fee Fund	Joint Fire Equipment Fund	Madison County Fire District Fund	ESD Impact Fee Fund	ESD Paid Call Fund
\$ -	\$ 26,119	\$ -	\$ 12,865	\$ -	\$ 342,125	\$ 697,820	\$ 6,496	\$ 36,593
14,246	-	7,227	-	14	-	99,680	70	-
<u>\$ 14,246</u>	<u>\$ 26,119</u>	<u>\$ 7,227</u>	<u>\$ 12,865</u>	<u>\$ 14</u>	<u>\$ 342,125</u>	<u>\$ 797,500</u>	<u>\$ 6,566</u>	<u>\$ 36,593</u>
<hr/>								
\$ -	\$ 845	\$ -	\$ 176	\$ -	\$ 98	\$ -	\$ -	\$ 216
-	-	-	-	-	-	16,616	-	-
14,246	-	7,227	-	99,279	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>14,246</u>	<u>845</u>	<u>7,227</u>	<u>176</u>	<u>99,279</u>	<u>98</u>	<u>16,616</u>	<u>-</u>	<u>216</u>
<hr/>								
	25,274	-	12,689	(99,265)	342,027	780,884	6,566	36,377
<u>\$ 14,246</u>	<u>\$ 26,119</u>	<u>\$ 7,227</u>	<u>\$ 12,865</u>	<u>\$ 14</u>	<u>\$ 342,125</u>	<u>\$ 797,500</u>	<u>\$ 6,566</u>	<u>\$ 36,593</u>

(Continued)

CITY OF REXBURG, IDAHO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2006

	Special Revenue Funds					
ASSETS	GIS Fund	Parks Impact Fee Fund	Trails of Madison County Fund	Airport Operation Fund	Building Safety and P & Z Fund	
CASH AND SHORT TERM INVESTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,453
RECEIVABLES:	71,121	347	-	(448)	2,311	
TOTAL ASSETS	\$ 71,121	\$ 347	\$ -	\$ (448)	\$ 211,764	
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts Payable	\$ 1,018	\$ -	\$ 747	\$ 181	\$ 12,708	
Deferred Revenue	-	-	-	-	-	
Due to Other Funds	70,103	47,618	90,243	32,791	-	
Other	-	-	-	-	-	
TOTAL LIABILITIES	71,121	47,618	90,990	32,972	12,708	
FUND BALANCES (DEFICIT):						
Reserved Fund Balances	-	(47,271)	(90,990)	(33,420)	199,056	
TOTAL LIABILITIES AND FUND BALANCES	\$ 71,121	\$ 347	\$ -	\$ (448)	\$ 211,764	

Special Revenue Funds

Millennial Monument Fund	Romance Theatre Fund	LID Guarantee Fund	Animal Control Fund	Porter Spray Park Fund	Beautification Committee Fund	Street Impact Fee Fund	Arts Promulgation Fund	Veterans Memorial Fund
\$ -	\$ -	\$ 24,795	\$ -	\$ 30,367	\$ 1,279	\$ 14,244	\$ 43,511	\$ 43,057
-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 24,795	\$ -	\$ 30,367	\$ 1,279	\$ 14,244	\$ 43,511	\$ 43,057
<hr/>								
\$ -	\$ 31	\$ -	\$ 9,122	\$ 30,367	\$ -	\$ -	\$ 53,000	\$ -
-	-	-	-	-	-	-	-	-
-	3,546	-	347,993	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	3,577	-	357,115	30,367	-	-	53,000	-
-	(3,577)	24,795	(357,115)	-	1,279	14,244	(9,489)	43,057
\$ -	\$ -	\$ 24,795	\$ -	\$ 30,367	\$ 1,279	\$ 14,244	\$ 43,511	\$ 43,057

(Continued)

CITY OF REXBURG, IDAHO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2006

	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	LID Debt Service Funds	LID Construction Funds	
ASSETS			
CASH AND SHORT TERM INVESTMENTS	\$ 206,989	\$ -	\$ 1,717,695
RECEIVABLES:	599,237	-	796,791
TOTAL ASSETS	\$ 806,226	\$ -	\$ 2,514,486
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts Payable	\$ 34,341	\$ 470	\$ 148,007
Deferred Revenue	576,371	-	592,987
Due to Other Funds	-	14,275	740,956
Other	-	-	2,405
TOTAL LIABILITIES	610,712	14,745	1,481,950
FUND BALANCES (DEFICIT):			
Reserved Fund Balances	195,514	(14,745)	1,030,131
TOTAL LIABILITIES AND FUND BALANCES	\$ 806,226	\$ -	\$ 2,512,081

CITY OF REXBURG, IDAHO
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2006

	Special Revenue Funds				
	Recreation Fund	Tabernacle Fund	Upper Valley Arts Council Fund	Drug Enforcement Fund	Dare Grant Fund
REVENUES:					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other County Revenues	-	-	-	6,491	7,500
Other State Revenue	-	-	-	-	-
Federal Revenue	-	-	-	-	-
Other Grants and Donations	250	471	2,354	5,950	6,842
Licenses, Permits and Franchise Tax	-	-	-	-	-
Recreation	-	-	-	-	-
Charges for Services	154,274	14,085	-	-	-
Interest Earned	-	-	-	-	-
Fines, Rent and other Assessments	-	-	-	-	-
LID Assessments	-	-	-	-	-
Miscellaneous	-	-	-	775	-
TOTAL REVENUES	154,524	14,556	2,354	13,216	14,342
EXPENDITURES:					
General and Administrative	-	-	-	-	-
Public Safety	-	-	-	8,308	13,924
Parks and Recreation	167,855	34,860	4,162	-	-
Interest on Bonds and Other Debt	-	-	-	-	-
Principal on Bonds and Other Debt	-	-	-	-	-
Capital Improvements	-	5,421	-	-	-
TOTAL EXPENDITURES	167,855	40,281	4,162	8,308	13,924
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(13,331)	(25,725)	(1,808)	4,908	418
OTHER FINANCING SOURCES (USES):					
Transfers In	-	25,725	3,000	-	-
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	25,725	3,000	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(13,331)	-	1,192	4,908	418
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	-	-	-	(3,784)	14,838
FUND BALANCES (DEFICITS) AT END OF YEAR	\$ (13,331)	\$ -	\$ 1,192	\$ 1,124	\$ 15,256

Special Revenue Funds

COPS Grant Fund	Legacy Flight Museum Fund	State Grants Fund	Business Park Operation Fund	Police Impact Fee Fund	Joint Fire Equipment Fund	Madison County Fire District Fund	ESD Impact Fee Fund	ESD Paid Call Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 394,194	\$ -	\$ -
-	4,000	-	-	-	-	3,683	-	-
-	-	11,776	-	-	-	54,419	-	-
56,012	-	-	-	-	-	-	-	-
-	812,113	-	-	-	30,199	-	-	693
-	-	-	-	-	-	1,389	-	-
-	-	-	-	-	-	-	-	-
-	36,358	-	-	-	-	-	-	-
-	-	-	-	-	9,722	15,745	185	1,150
-	-	-	-	44,073	-	-	34,275	8,190
-	-	-	-	-	-	-	-	-
-	-	-	109,450	-	-	100	-	-
56,012	852,471	11,776	109,450	44,073	39,921	469,530	34,460	10,033
-	-	-	2,492	-	-	-	-	-
220,092	-	11,776	-	2,557	-	-	-	4,722
-	37,207	-	-	-	-	-	-	-
-	-	-	-	13,431	-	-	-	-
-	-	-	-	25,631	-	-	-	-
-	802,717	-	78,652	-	128,142	15,283	-	-
220,092	839,924	11,776	81,144	41,619	128,142	15,283	-	4,722
(164,080)	12,547	-	28,306	2,454	(88,221)	454,247	34,460	5,311
164,080	12,727	-	-	-	170,000	-	-	-
-	-	-	-	(20,000)	-	(313,562)	(85,000)	-
164,080	12,727	-	-	(20,000)	170,000	(313,562)	(85,000)	-
-	25,274	-	28,306	(17,546)	81,779	140,685	(50,540)	5,311
-	-	-	(15,617)	(81,719)	260,248	640,199	57,106	31,066
\$ -	\$ 25,274	\$ -	\$ 12,689	\$ (99,265)	\$ 342,027	\$ 780,884	\$ 6,566	\$ 36,377

(Continued)

CITY OF REXBURG, IDAHO
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2006

	Special Revenue Funds				
	GIS Fund	Parks Impact Fee Fund	Trails of Madison County Fund	Airport Operation Fund	Building Safety and P & Z Fund
REVENUES:					
Property Taxes	\$ -	\$ -	\$ -	\$ 2,946	\$ -
Other County Revenues	133,473	-	-	-	-
Other State Revenue	-	-	-	2,076	-
Federal Revenue	-	-	-	-	-
Other Grants and Donations	-	-	390	-	1,471
Licenses, Permits and Franchise Tax	-	81,778	-	-	692,553
Recreation	-	-	-	-	-
Charges for Services	-	-	-	10,451	-
Interest Earned	-	2,945	-	-	-
Fines, Rent and other Assessments	-	-	-	-	-
LID Assessments	-	-	-	-	-
Miscellaneous	139,260	-	-	-	-
TOTAL REVENUES	272,733	84,723	390	15,473	694,024
EXPENDITURES:					
General and Administrative	265,487	-	-	11,645	479,327
Public Safety	-	-	-	-	-
Parks and Recreation	-	-	947	-	-
Interest on Bonds and Other Debt	-	-	-	1,498	-
Principal on Bonds and Other Debt	-	-	-	-	-
Capital Improvements	7,246	91,820	91,234	750	15,641
TOTAL EXPENDITURES	272,733	91,820	92,181	13,893	494,968
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(7,097)	(91,791)	1,580	199,056
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-	-	-	-
Transfers Out	-	(29,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(29,000)	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	(36,097)	(91,791)	1,580	199,056
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	-	(11,174)	801	(35,000)	-
FUND BALANCES (DEFICITS) AT END OF YEAR	\$ -	\$ (47,271)	\$ (90,990)	\$ (33,420)	\$ 199,056

Special Revenue Funds

Millennial Monument Fund	Romance Theatre Fund	LID Guarantee Fund	Animal Control Fund	Porter Spray Park Fund	Beautification Committee Fund	Street Impact Fee Fund	Arts Promulgation Fund	Veterans Memorial Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(3,550)	829	-	-	13,657	2,000	-	19,008	42,350
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	3,007	-	425	-	-	-	-	-
-	-	-	-	-	-	-	-	50
-	2,261	-	-	-	-	28,343	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	150	-	-	-
(3,550)	6,097	-	425	13,657	2,150	28,343	19,008	42,400
-	-	-	-	-	-	-	-	-
-	-	-	52,699	-	-	-	-	-
-	9,674	-	-	66	2,479	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	377,115	358,535	11,548	-	53,000	-
-	9,674	-	429,814	358,601	14,027	-	53,000	-
(3,550)	(3,577)	-	(429,389)	(344,944)	(11,877)	28,343	(33,992)	42,400
-	-	-	-	-	-	-	-	-
-	-	-	72,274	340,815	10,000	-	12,066	-
(12,066)	-	-	-	-	-	-	-	-
(12,066)	-	-	72,274	340,815	10,000	-	12,066	-
(15,616)	(3,577)	-	(357,115)	(4,129)	(1,877)	28,343	(21,926)	42,400
15,616	-	24,795	-	4,129	3,156	(14,099)	12,437	657
\$ -	\$ (3,577)	\$ 24,795	\$ (357,115)	\$ -	\$ 1,279	\$ 14,244	\$ (9,489)	\$ 43,057

(Continued)

CITY OF REXBURG, IDAHO
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2006

	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	LID Debt Service Funds	LID Construction Funds	
REVENUES:			
Property Taxes	\$ -	\$ -	\$ 397,140
Other County Revenues	-	-	155,147
Other State Revenue	-	-	68,271
Federal Revenue	-	-	56,012
Other Grants and Donations	-	-	935,027
Licenses, Permits and Franchise Tax	-	-	775,720
Recreation	-	-	-
Charges for Services	-	-	218,600
Interest Earned	38,987	-	68,784
Fines, Rent and other Assessments	-	-	117,142
LID Assessments	175,524	-	175,524
Miscellaneous	-	-	249,735
TOTAL REVENUES	214,511	-	3,217,102
EXPENDITURES:			
General and Administrative	399	-	759,350
Public Safety	-	-	314,078
Parks and Recreation	-	-	257,250
Interest on Bonds and Other Debt	53,126	-	68,055
Principal on Bonds and Other Debt	146,000	-	171,631
Capital Improvements	-	193,135	2,230,239
TOTAL EXPENDITURES	199,525	193,135	3,800,603
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	14,986	(193,135)	(583,501)
OTHER FINANCING SOURCES (USES):			
Proceeds from Capital Leases	-	-	-
Transfers In	-	178,390	989,077
Transfers Out	(18,659)	-	(478,287)
TOTAL OTHER FINANCING SOURCES (USES)	(18,659)	178,390	510,790
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(3,673)	(14,745)	(72,711)
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	199,187	-	1,102,842
FUND BALANCES (DEFICITS) AT END OF YEAR	\$ 195,514	\$ (14,745)	\$ 1,030,131

See Independent Auditors' Report.



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

Honorable Mayor and City Council
City of Rexburg, Idaho

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Rexburg, Idaho, as of and for the year ended September 30, 2006, which collectively comprise the City of Rexburg Idaho's basic financial statements and have issued our report thereon dated January 17, 2007. 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.

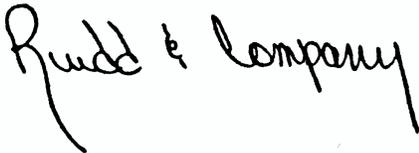
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Rexburg, Idaho's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Rexburg, Idaho'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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management and City Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Rudd & Company". The signature is written in a cursive, flowing style.

January 17, 2007



RUDD&COMPANY.SM

certified public accountants | business consultants

REXBURG URBAN RENEWAL AGENCY

Board of Trustees
Rexburg Urban Renewal Agency
City of Rexburg, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the general purpose financial statements of the City of Rexburg, Idaho, as of and for the year ended September 30, 2006, and have issued our report thereon dated January 17, 2007.

As part of our audit we reviewed the bond covenants, agreements and conditions of the bond resolution of the Rexburg Urban Renewal Agency's Revenue Allocation (Tax Investment) Bonds, Series 1992. To our knowledge the Agency is not in default with respect to any of the covenants, agreements, or conditions of the bond resolution.

January 17, 2007