



RUDD & COMPANY PLLC
certified public accountants | *business consultants*

CITY OF REXBURG, IDAHO

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITORS' REPORT
YEAR ENDED SEPTEMBER 30, 2009

giving direction to your future

CITY OF REXBURG, IDAHO

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CITY OF REXBURG, IDAHO

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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, 2009, 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.

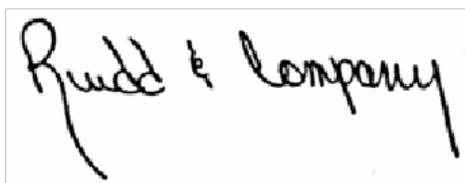
Management has not included the Police Impact Fees Fund as a major fund in the City's financial statements. Accounting principles generally accepted in the United States of America require the Police Impact Fees Fund to be presented as a major governmental fund in the governmental funds statements. It 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 Police Impact Fees 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, 2009, 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 29, 2010, 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.

A rectangular box containing a handwritten signature in black ink. The signature appears to read "Rudd & Company" in a cursive, slightly slanted script.

January 29, 2010



Management's Discussion and Analysis
Richard R. Horner, Chief Financial Officer
Matthew Nielson, Deputy 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, 2009. Please read this in conjunction with the City's financial statements, which begin on page 17.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at September 30, 2009 by \$64,378,875.

- Of this amount, \$6,188,344 of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net assets increased \$5,565,721 as a result of this year's operations. The governmental net assets increased by \$3,141,251 and the business-type net assets increased by \$2,424,470.
- At fiscal year end, the City's governmental funds reported combined ending fund balances of \$3,962,083, a decrease of \$854,102 from last year, largely due to the investment in a new city hall, which is not a part of governmental fund balances.
- The General Fund unreserved fund balance was \$1,860,147 or 28% of the total General Fund Expenditures and Fund Transfers. Of this balance, none was appropriated in the budget of the following fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Government-wide Financial Statements are presented in a new format 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 48 to 55 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) rather than on long term effects on net assets, such as depreciation might have, which is included in the Government-wide Statements. The City maintains 49 individual governmental funds which include all funds except eight 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, 2009 and September 30, 2008, Net Assets changed as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Assets 9/30/08	\$ 33,099,384	\$ 25,713,770	\$ 58,813,154
Increase in Net Assets	\$ 3,141,251	\$ 2,424,470	\$ 5,565,721
Net Assets 9/30/08	\$ 36,240,635	\$ 28,138,240	\$ 64,378,875
Percent Increase	9.5%	9.4%	9.5%

Large item increases came from:

Investment in a new city hall	\$ 2,523,252
Interoperability grant for radios, etc.	\$ 143,053
New Pioneer Road Intersection	\$ 410,657
7 th Sound widening	\$ 404,612
Donated Streets including cash donations	\$ 1,586,653
Donated Street Sweeper	\$ 181,258
Barney Dairy Road Bridge	\$ 183,957
Paramedic Care Unit	\$ 138,150
Police cars and related equipment	\$ 147,906
LID Improvements	\$ 134,391
Golf Course Construction	\$ 798,840
Street Repairs Contacted	\$ 548,946
Utility lines & related assets contributed by developers	\$ 839,074
Wastewater Plant Improvements	\$ 338,613

Also, see Note #3 on page 31 to 32.

Statement of Net Assets Comparison (2009 vs. 2008)								
	Governmental		Business-type		Total		Favorable	
	Activities		Activities		Activities		(Unfavorable)	Percent
	2009	2008	2009	2008	2009	2008	Change	Change
Current Assets	\$ 6,252,097	\$ 7,028,228	\$ 4,815,788	\$ 3,385,133	\$ 11,067,885	\$ 10,413,361	\$ 654,524	6%
Capital and Other								
Non-current	33,240,884	29,510,546	23,840,357	23,684,563	57,081,241	53,195,109	3,886,132	7% (1)
Total Assets	39,492,981	36,538,774	28,656,145	27,069,696	68,149,126	63,608,470	4,540,656	7%
Current Liabilities:	2,404,933	2,689,705	510,627	1,129,922	2,915,560	3,819,627	904,067	24%
Noncurrent								
Liabilities	847,413	749,686	7,278	226,004	854,691	975,690	120,999	12% (2)
Total liabilities	3,252,346	3,439,391	517,905	1,355,926	3,770,251	4,795,317	1,025,066	21%
Net Assets:								
Capital Assets, Net of								
Related Debt	32,460,502	28,399,301	23,614,207	24,335,521	56,074,709	52,734,822	3,339,887	6% (3)
Restricted	(441,853)	603,695	2,557,675	3,363,576	2,115,822	3,967,271	(1,851,449)	-47%
Unrestricted	4,221,986	4,096,387	1,966,358	(1,985,327)	6,188,344	2,111,060	4,077,284	193%
Total								
Net Assets	\$ 36,240,635	\$ 33,099,383	\$ 28,138,240	\$ 25,713,770	\$ 64,378,875	\$ 58,813,153	\$ 5,565,722	9%

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, 2009, is as follows:

	Long-Term Obligations September 30, 2008	Obligations Incurred	Obligations Paid	Long-Term Obligations September 30, 2009
Accrued Compensated Absences (Note 6)	\$ 324,653	\$ 10,966	\$	\$ 335,619
Local Improvement District Warrants Payable (Note 9)	797,000	275,000	(186,000)	886,000
Wastewater Revenue Bonds Payable (Note 10)	650,958	--	(424,808)	226,150
Obligations Under Capital Leases (Note 11)	128,442	--	(29,755)	98,687
	<u>\$ 1,901,053</u>	<u>\$ 285,966</u>	<u>\$ (640,563)</u>	<u>\$ 1,901,056</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 at least 25% of actual expenditures for the necessary cash flow and unforeseen emergencies.

General and Administrative

(Mayor & City Council, Community Affairs, 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 \$8,600 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, the Westwood (Romance) Theater, the Rexburg Orchestra and the Rexburg Arts Council.

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 (2009 vs. 2008)

	Governmental		Business-type		Total		Favorable	Percent
	Activities		Activities				(Unfavorable)	Change
	2009	2008	2009	2008	2009	2008	Change	Change
Revenues:								
Program Revenues:								
Charges for Services & Taxes								
General &								
Administrative	2,917,849	3,366,555			2,917,849	3,366,555	(448,706)	-13% (1)
Public Safety	862,866	820,450			862,866	820,450	42,416	5%
Parks, Rec. &								
Cultural Arts	381,042	339,893			381,042	339,893	41,149	12%
Streets	2,478,139	2,374,873			2,478,139	2,374,873	103,266	4%
Water			1,947,822	1,709,007	1,947,822	1,709,007	238,815	14%
Waste Water			2,844,964	2,552,840	2,844,964	2,552,840	292,124	11%
Sanitation			1,562,235	1,468,294	1,562,235	1,468,294	93,941	6%
Golf Courses			499,937	1,194,423	499,937	1,194,423	(694,486)	-58% (2)
Total	6,639,896	6,901,771	6,854,958	6,924,564	13,494,854	13,826,335	(331,481)	-2%
Operating Grants and Contributions								
General &								
Administrative	333,966	338,732			333,966	338,732	(4,766)	-1%
Public Safety	1,501,857	923,250			1,501,857	923,250	578,607	63% (3)
Parks, Rec. &								
Cultural Arts	68,363	73,985			68,363	73,985	(5,622)	-8%
Streets								
Total	1,904,186	1,335,967			1,904,186	1,335,967	568,219	43%
Capital Grants & Contributions								
General &								
Administrative	1,055,644	330,766			1,055,644	330,766	724,878	219% (4)
Public Safety	387,747	1,004,436			387,747	1,004,436	(616,689)	-61% (5)
Parks, Rec. &								
Cultural Arts	378,825	206,993			378,825	206,993	171,832	83% (6)
Streets	2,092,128	6,885,961	-	-	2,092,128	6,885,961	(4,793,833)	-70% (7)
Water			457,150	438,108	457,150	438,108	19,042	4% (8)
Waste Water			1,119,907	1,557,818	1,119,907	1,557,818	(437,911)	-28% (8)
Total	3,914,344	8,428,156	1,577,057	1,995,926	5,491,401	10,424,082	(4,932,681)	-47%
General Revenues:								
Property Taxes	2,452,623	2,278,619			2,452,623	2,278,619	174,004	8%
Franchise Fees	454,969	436,827			454,969	436,827	18,142	4%
State Taxes	964,108	1,233,668			964,108	1,233,668	(269,560)	-22% (9)
Investment								
Earnings	113,929	155,342	59,787	100,319	173,716	255,661	(81,945)	-32% (10)
Miscellaneous	27,497	26,069			27,497	26,069	1,428	5%
Total	4,013,126	4,130,525	59,787	100,319	4,072,913	4,230,844	(157,931)	-4%
Total Revenues	16,471,552	20,796,419	8,491,802	9,020,809	24,963,354	29,817,228	(4,853,874)	-16%

Statement of Changes in Net Assets (2009 vs. 2008) (Continued)

	Governmental		Business-type		Total		Favorable	Percent
	Activities		Activities				(Unfavorable)	Change
	2009	2008	2009	2008	2009	2008	Change	Change
Expenses:								
General &								
Administrative	4,498,784	3,844,206	-	-	4,498,784	3,844,206	(654,578)	-17% (11)
Public Safety	5,262,026	4,564,133	-	-	5,262,026	4,564,133	(697,893)	-15% (11)
Parks, Rec. & Arts	921,998	894,781	-	-	921,998	894,781	(27,217)	-3% (11)
Streets	2,647,493	2,712,348	-	-	2,647,493	2,712,348	64,855	2% (11)
Water			1,553,588	1,353,009	1,553,588	1,353,009	(200,579)	-15% (11)
Waste Water			2,599,218	2,960,871	2,599,218	2,960,871	361,653	12% (11)
Sanitation			1,416,202	1,302,611	1,416,202	1,302,611	(113,591)	-9% (11)
Golf Course	-	-	498,324	1,183,900	498,324	1,183,900	685,576	58% (2)
Total Expenses	13,330,301	12,015,468	6,067,332	6,800,391	19,397,633	18,815,859	(581,774)	-3%
Increase in								
Net Assets	3,141,251	8,780,951	2,424,470	2,220,418	5,565,721	11,001,369	(5,435,648)	-49% (12)
Net Assets -Beginning	33,099,384	24,318,433	25,713,770	23,493,352	58,813,154	47,811,785	11,001,369	23%
Net Assets -Ending	36,240,635	33,099,384	28,138,240	25,713,770	64,378,875	58,813,154	5,565,721	9%

Notes to Statement of Changes in Net Assets

- (1) Building Permits have decreased.
- (2) Golf Courses are constructing a new 9-holes with loan from City and County and transfers from operations.
- (3) BYUI police services contribution started in 2009
- (4) Sale of old city hall, the Community Development building and 2 lots in the business park.
- (5) A large Interoperability Grant was obtained in 2008.
- (6) Madison Trails Fund received State Grants (Federal passthrough) and Rexburg Urban Renewal reimbursement.
- (7) University Blvd. Contributed Capital received in 2008.
- (8) Less Contributed Capital was received in Utility Fund in 2009.
- (9) Less Sales and Gas taxes received
- (10) Lower investment interest rates in 2009
- (11) Due to holdback of some capital purchases, travel expenses and fuel cost reductions.
- (12) Decrease in Contributed Capital and Grants compared to last 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 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, sanitation and water usage rates were last increased on October 1, 2009.

Golf Fund

The golf courses, Teton Lakes of 27 (operation of additional 9 holes opened to public September 2009) 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, together, the Golf Fund and Golf Construction Fund had a cash deficit of \$570,419, which was covered by a loan from the City and County. An additional \$64,000 was transferred to the Golf Course Construction Fund at the end of the fiscal year from the Golf Operations Fund. 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.

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 44) increased by \$149,903 during the year, mainly due to budgeted use of prior year fund balance on current expenditures.

The Street Funds' Balances (see page 45) increased by \$634,436, leaving a fund balance carryover of \$328,999. That fund balance is reserved for street expenditures and is already allocated to ongoing street projects.

The Emergency Services Fund (see page 46) 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 by each. The fund balance is always zero because the three entities reimburse all expenditures.

The Business Park Fund will be closed out after the final sale of the one remaining lot.

Police, Fire, Parks and Street Development Impact Fees were collected in the amounts of \$36,407, \$30,920, \$80,509, and \$243,113 respectively, totaling \$390,949 for capital improvements for those departments.

The Joint Fire Equipment Fund has a fund deficit of \$20,285, which will be brought to a positive balance in 2010 by contributions by the City and the Madison County Fire Protection District.

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 Operations Fund includes the Sanitation, Water and Wastewater Departments. This fund ended the year with net income of \$1,634,949, of which \$839,074 was due to contributed assets. The Utility Operations Fund increased in cash by \$1,158,069, ending the year with a balance of \$4,216,867 in cash and investments.

The Golf Course Fund also had net income for the year of \$18,422 after transferring \$64,000 to the Golf Course Construction Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues

Total Budget of Revenues	\$ 7,045,600
Budgeted Cash Carryover	\$ 150,000
Budgeted Revenues Expected Net of Carryover	\$ 6,895,600
Actual Revenues received	\$ 6,801,945
Surplus (Deficit) of Revenues vs. Budget	\$ (93,655)

Expenditures

Total Budget of Expenditures	\$ 7,045,600
Actual Expenditures	\$ 6,652,042
Under (Over) Budget	\$ 393,558
Net Revenues over Expenditures	\$ 149,903

However, some individual accounts showed variations that are notable:

Revenues Overage (Shortage)

Property Tax	\$ 67,552
Sales & Liquor Taxes	\$ (265,092)
Contributions of Police equipment	\$ 60,000
Engineering Fees	\$ 79,031

Expenditures (Over Budget) Under Budget

Customer Service	\$ 17,102
Emergency Services Subsidy	\$ 39,371
Police Administration & Drug Enforcement Fund	\$ (24,627)
Police Community Policing , DARE, Animal Control	\$ 19,468
Police Detectives	\$ (18,388)
Police Impact Fee Subsidy	\$ (50,000)
Romance Theater Subsidy	\$ (14,886)
Shop	\$ 10,216

Note: Police & Tabernacle expenditure budget overages were actually covered by grants that were not amended in the budget.

STREET FUND BUDGETARY HIGHLIGHTS

Revenues

Total Budget of Revenues	\$ 5,357,900
Budgeted Cash Carryover	\$ (104,300)
Budgeted Transfers between Street Funds	\$ (577,900)
Net Budgeted Revenues	\$ 4,675,700

Actual Revenues received	\$ 4,241,484
Transfers In from other funds	\$ 624,650
Total Actual Revenues & Transfers	\$ 4,866,134
Surplus (Deficit) of Revenues vs. Budget	\$ 190,434

Expenditures

Total Budget of Expenditures	\$ 5,357,900
Transfers between Street Funds	\$ (577,900)
Net Budgeted Expenditures	\$ 4,780,000

Actual Expenditures	\$ 4,175,610
Transfers between Street Funds	\$ 56,088
Net Actual Expenditures	\$ 4,231,698

Actual Net Revenues over Expenditures	\$ 634,446
---------------------------------------	------------

Beginning Fund Balance	\$ (305,437)
Ending Fund Balance	\$ 328,999

However, some individual accounts showed variations that are notable:

Notable overages of revenue compared to budget were:

Contributed Capital (new finished streets)	\$ (1,094,395)
Developer Cash Contributions	\$ 681,048
Development Impact Fee Fund Transfers In	\$ 624,650
State Highway Users Distributions (Gas Tax)	\$ (89,417)
Madison County Road & Bridge Property Tax Allocation	\$ 41,996
Franchise & Right of Way Fees	\$ (17,785)

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.

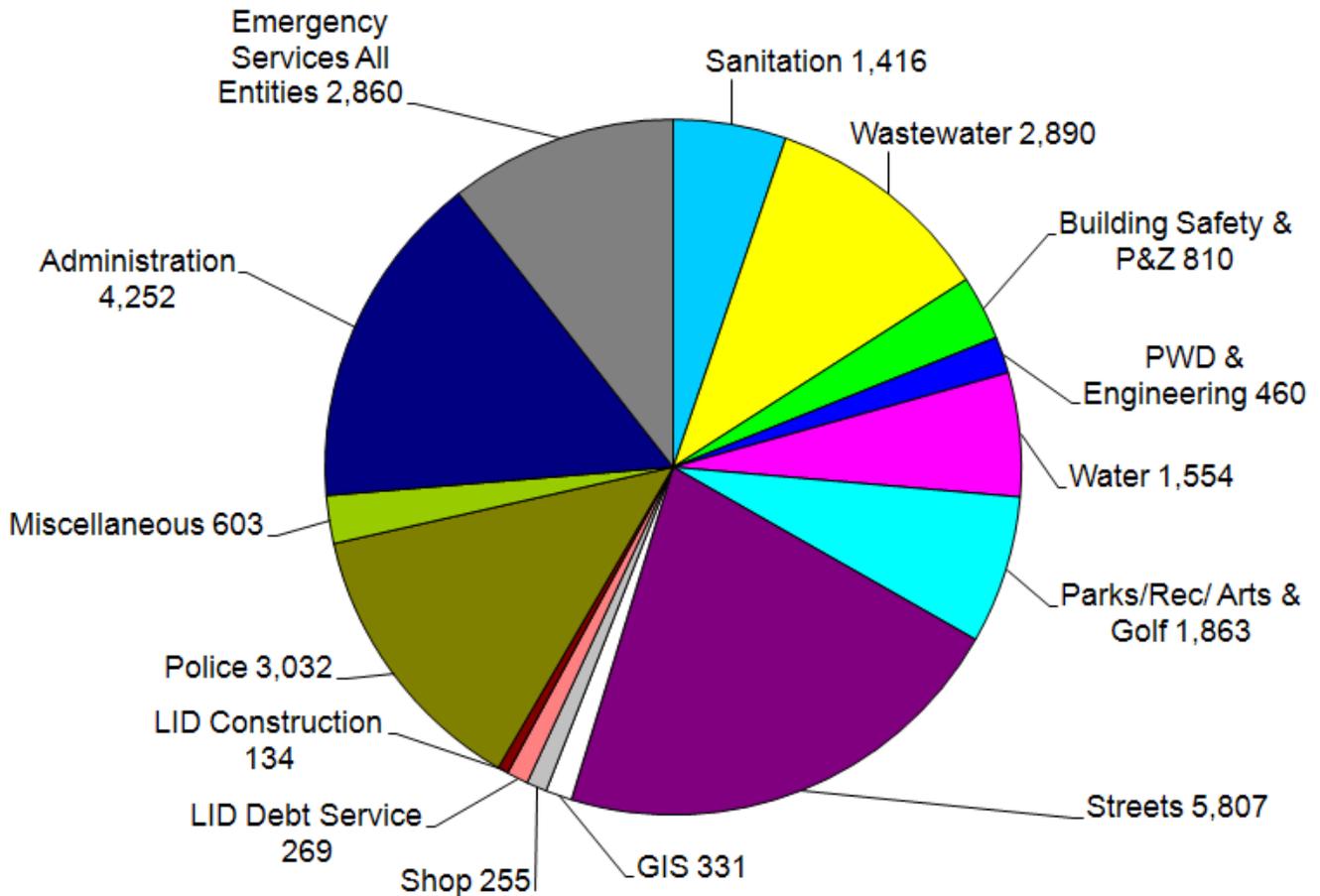
ESD Fund Revenues are almost all provided by the sharing of costs by three entities: the City of Rexburg and the Madison Fire Protection District through an Operating Transfer In, and the Madison Ambulance District through warrants paid to the City. Costs are reimbursed based on benefits received by 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 \$241,909 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 City's share of expenses was \$441,029 of a \$480,400 budget, or \$39,371 under budget.

Total Actual Expenses

FY 2009 (Chart is in thousands) Total: \$27,041,558

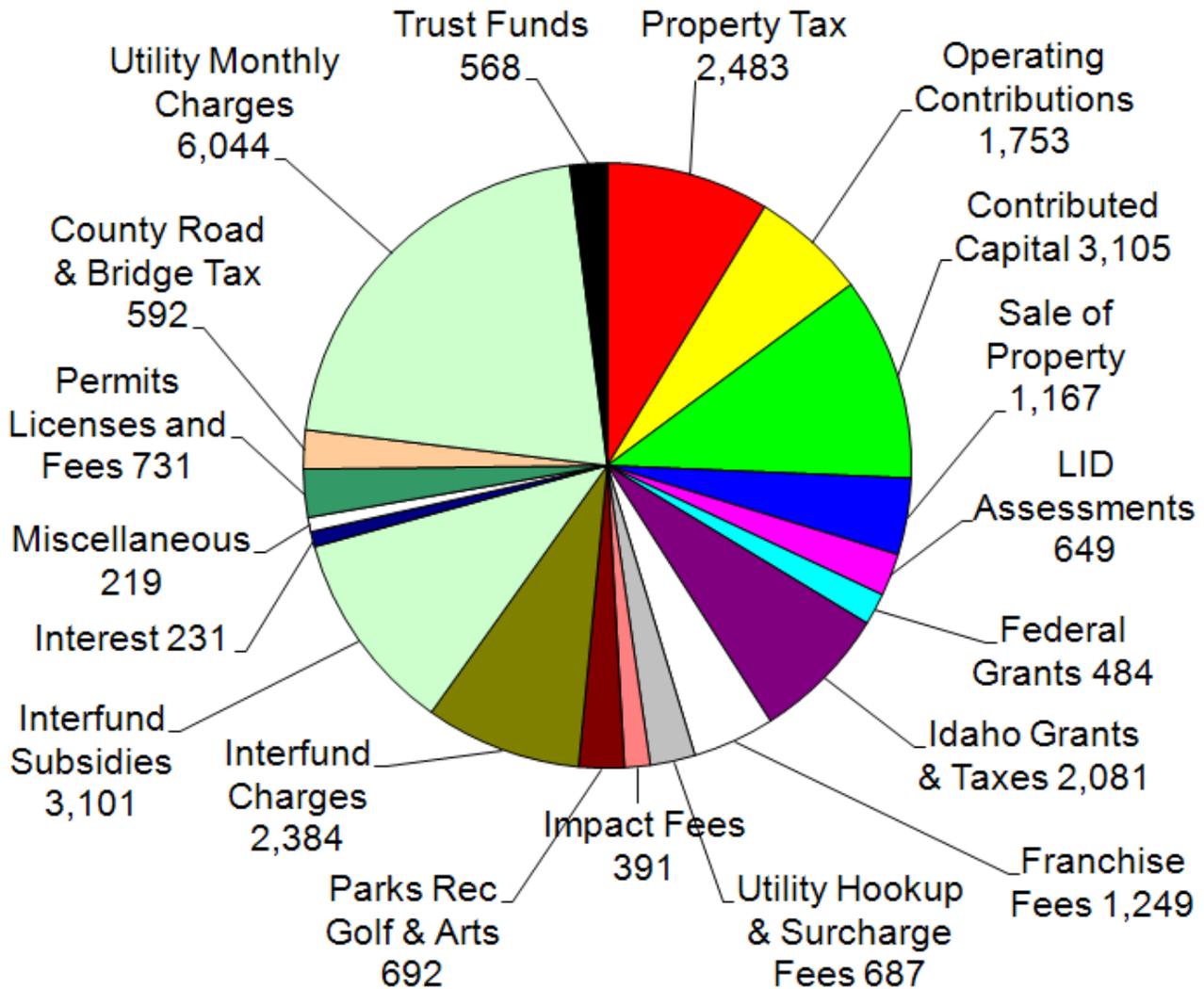


The Total Expense Budget pie chart shows the relative size of the departments or categories of expense budgets. Each Total Expense category includes both operating expense and capital purchase expense. Operating Expense does not include capital expense and is the amount needed to fund the day to day 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 funds with a transfer from the General Fund.

Total Actual Revenues

FY 2009 (Chart is in thousands) Total: \$28,611,930

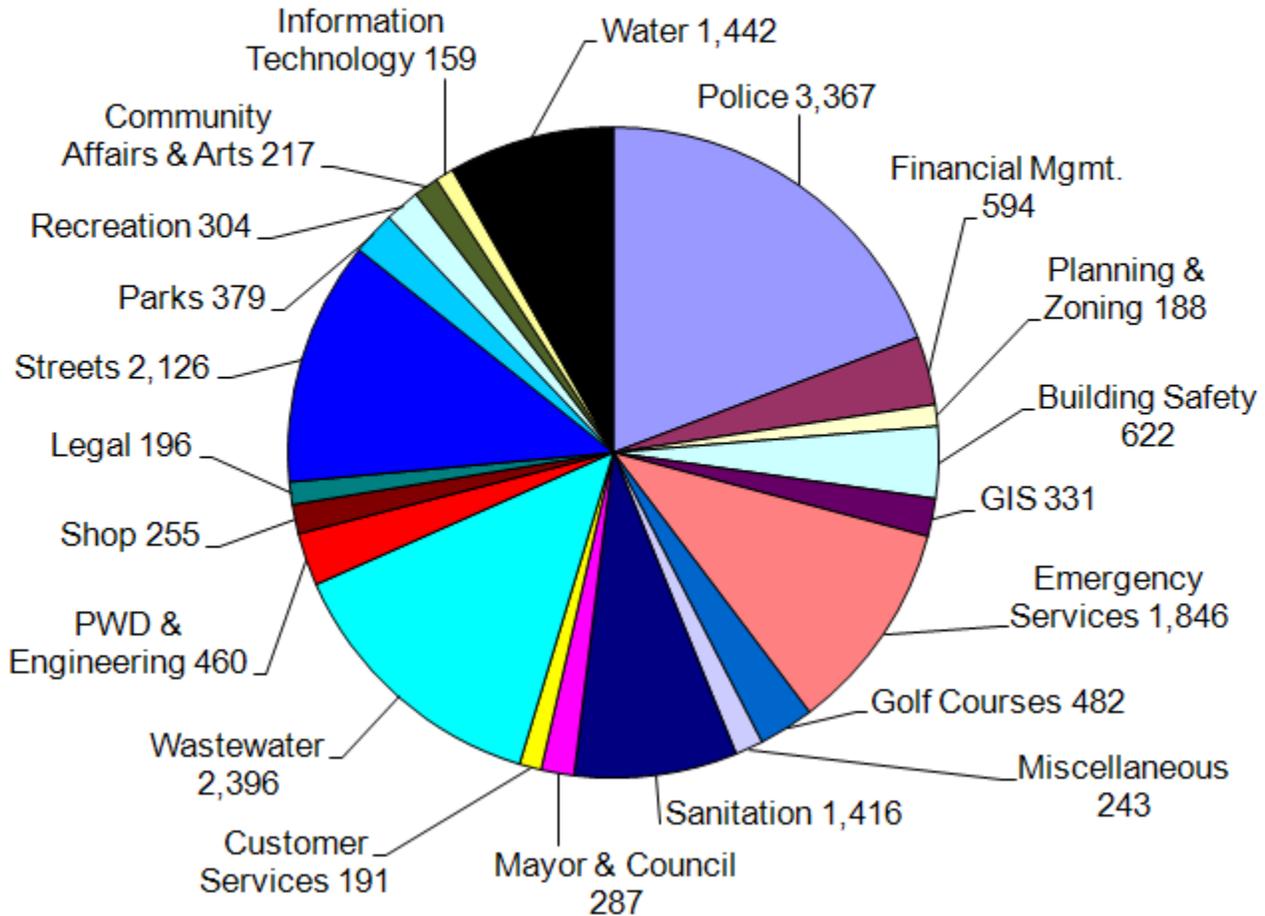


The Total Revenue Budget pie chart shows the relative size of the categories of revenue budget by source. Total Revenue categories include both operating revenue and revenue that is restricted to capital purchases. Operating Revenue does not include revenue reserved for capital purchases and is the amount 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 funds 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. 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.

Actual Operating Expenses

FY 2009 (Chart is in thousands) Total \$17,499,412

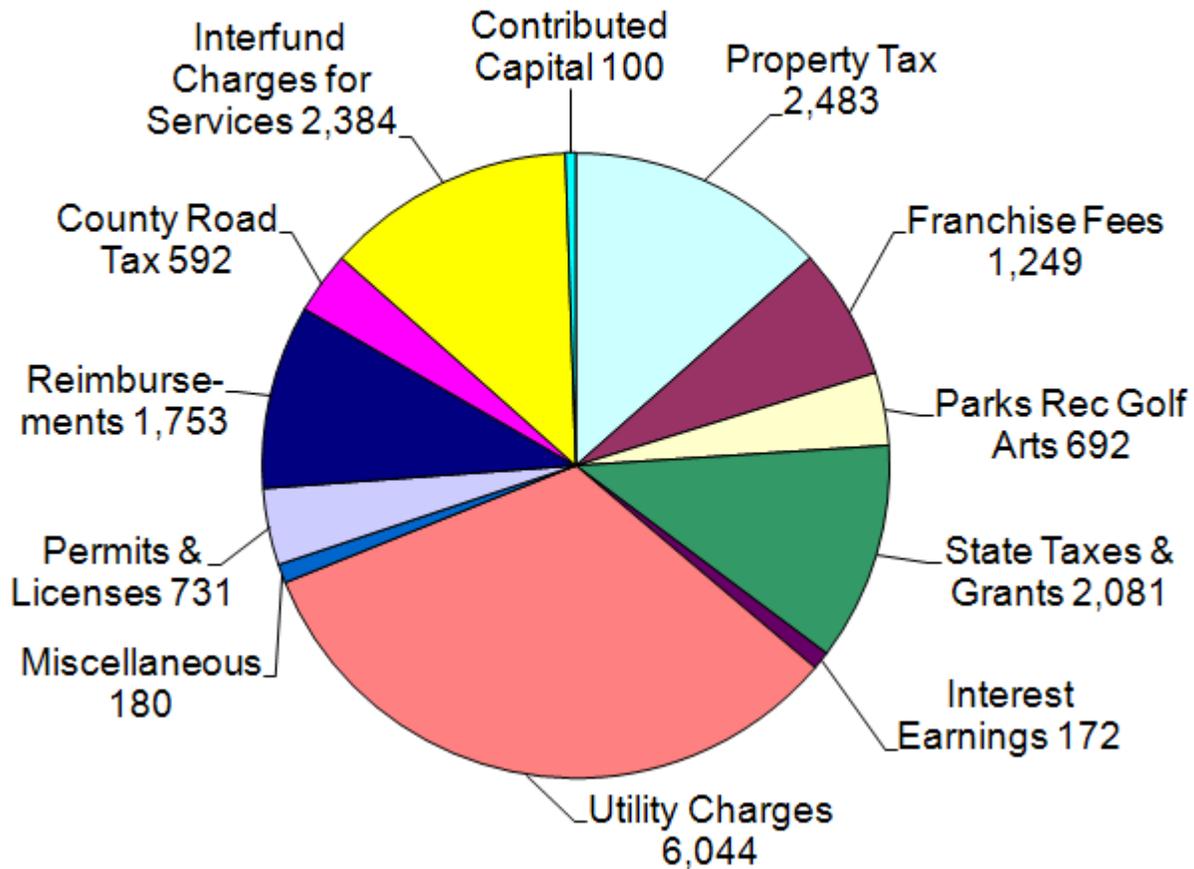


The Operating Expense Budget pie chart shows the relative size of the departments or categories of operating expense budgets. Operating Expense does not include capital expense and is the amount needed to fund the day to day operations of the City.

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.

Actual Operating Revenues

FY 2009 (Chart is in thousands) \$18,459,505



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, 2009

	Primary Government			Component Unit (Rexburg Urban Renewal Agency)
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and Short-term Investments	\$ 2,808,016	\$ 4,216,867	\$ 7,024,883	\$ 845,882
Receivables	2,853,883	1,169,340	4,023,223	
Supplies	19,779	-	19,779	-
Due from Other Funds	570,419	(570,419)	-	
Total Current Assets	6,252,097	4,815,788	11,067,885	845,882
Noncurrent Assets:				
Revolving Loan Receivable	681,695	-	681,695	-
Capital Assets:				
Capital Assets	42,296,401	35,224,765	77,521,166	830,872
Accumulated Depreciation	(9,737,212)	(11,384,408)	(21,121,620)	-
Net Capital Assets	32,559,189	23,840,357	56,399,546	830,872
Total Noncurrent Assets	33,240,884	23,840,357	57,081,241	830,872
TOTAL ASSETS	39,492,981	28,656,145	68,149,126	1,676,754
LIABILITIES:				
Current Liabilities:				
Accounts Payable	1,907,104	192,169	2,099,273	-
Accrued Compensated Absences	302,146	33,473	335,619	-
Accrued Interest Payable	22,705	1,967	24,672	-
Other	35,705	64,146	99,851	-
Current Portion of Long-term Obligations	137,273	218,872	356,145	-
Total Current Liabilities	2,404,933	510,627	2,915,560	-
Noncurrent Liabilities:				
Noncurrent Portion of Long-term Obligations	847,413	7,278	854,691	-
TOTAL LIABILITIES	3,252,346	517,905	3,770,251	-
NET ASSETS (DEFICIT):				
Invested In Capital Assets, Net of Related Debt	32,460,502	23,614,207	56,074,709	830,872
Restricted for:				
Capital projects	(1,651,438)	2,557,675	906,237	-
Debt service	(108,496)	-	(108,496)	-
Intergovernmental Agreement	956,386	-	956,386	-
Other purposes	361,695	-	361,695	-
Unrestricted	4,221,986	1,966,358	6,188,344	845,882
TOTAL NET ASSETS	\$ 36,240,635	\$ 28,138,240	\$ 64,378,875	\$ 1,676,754

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

CITY OF REXBURG, IDAHO
STATEMENT OF ACTIVITIES
 GOVERNMENT WIDE
 Year Ended September 30, 2009

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Total
		Charges for Services and Taxes	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
General and Administrative	\$ 4,498,784	\$ 2,917,849	\$ 333,966	\$ 1,055,644	\$ (191,325)
Public Safety	5,262,026	862,866	1,501,857	387,747	(2,509,556)
Parks, Recreation and Arts	921,998	381,042	68,363	378,825	(93,768)
Streets	2,647,493	2,478,139	-	2,092,128	1,922,774
Total Governmental Activities	\$ 13,330,301	\$ 6,639,896	\$ 1,904,186	\$ 3,914,344	(871,875)
GENERAL REVENUES:					
Property Taxes Levied for General Purposes					2,452,623
Franchise Fees					454,969
State Taxes					964,108
Investment Earnings					113,929
Miscellaneous					27,497
Total General Revenue					4,013,126
Total Governmental Activities					3,141,251
NET GOVERNMENTAL ASSETS - BEGINNING BALANCE					33,099,384
NET GOVERNMENTAL ASSETS - ENDING BALANCE					\$ 36,240,635
BUSINESS-TYPE ACTIVITIES					
Water	\$ 1,553,588	\$ 1,947,822	\$ -	\$ 457,150	\$ 851,384
Waste Water	2,599,218	2,844,964	-	1,119,907	1,365,653
Sanitation	1,416,202	1,562,235	-	-	146,033
Golf Course	498,324	499,937	-	-	1,613
Total Business-type Activities	\$ 6,067,332	\$ 6,854,958	\$ -	\$ 1,577,057	2,364,683
GENERAL REVENUES:					
Investment Earnings					59,787
Total Business Type Activities					2,424,470
NET BUSINESS-TYPE ASSETS - BEGINNING BALANCE					25,713,770
NET BUSINESS-TYPE ASSETS - ENDING BALANCE					\$ 28,138,240
TOTAL PRIMARY GOVERNMENT					
	\$ 19,397,633	\$ 13,494,854	\$ 1,904,186	\$ 5,491,401	\$ 5,565,721
TOTAL PRIMARY GOVERNMENT NET ASSETS - BEGINNING BALANCE					58,813,154
TOTAL PRIMARY GOVERNMENT NET ASSETS - ENDING BALANCE					\$ 64,378,875
COMPONENT UNIT (REXBURG URBAN RENEWAL AGENCY):					
General and Administrative	\$ 116,184	\$ -	\$ -	\$ -	\$ (116,184)
Interest on Long-term Debt	2,191				(2,191)
Total Component Units		\$ -	\$ -	\$ -	(118,375)
GENERAL REVENUES:					
Property taxes levied for general purposes					904,257
Investment Earnings					3,028
Total General Revenue					907,285
TOTAL COMPONENT UNIT ACTIVITIES					788,910
TOTAL COMPONENT UNIT - BEGINNING BALANCE					887,844
TOTAL COMPONENT UNIT - ENDING BALANCE					\$ 1,676,754

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

CITY OF REXBURG, IDAHO
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2009

	General Fund	Street Fund	Emergency Service Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Short Term Investments	\$ -	\$ -	\$ -	\$ 405,202	\$ 2,402,814	\$ 2,808,016
Receivables	621,798	942,285	292,554	681,695	997,241	3,535,573
Inventory	19,779	-	-	-	-	19,779
Due from Other Funds	1,995,279	-	-	1,043,673	-	3,038,952
TOTAL ASSETS	\$ 2,636,856	\$ 942,285	\$ 292,554	\$ 2,130,570	\$ 3,400,055	\$ 9,402,320
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts Payable	\$ 631,734	\$ 522,932	\$ 62,893	\$ -	\$ 689,539	\$ 1,907,098
Deferred Revenue	144,975	-	-	-	883,925	1,028,900
Due to Other Funds	-	62,054	229,661	-	2,176,818	2,468,533
Other	-	28,300	-	-	7,406	35,706
TOTAL LIABILITIES	776,709	613,286	292,554	-	3,757,688	5,440,237
FUND BALANCES:						
Reserved	-	328,999	-	2,130,570	(357,633)	2,101,936
Unreserved	1,860,147	-	-	-	-	1,860,147
TOTAL FUND BALANCES	1,860,147	328,999	-	2,130,570	(357,633)	3,962,083
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,636,856	\$ 942,285	\$ 292,554	\$ 2,130,570	\$ 3,400,055	\$ 9,402,320

CITY OF REXBURG, IDAHO
**RECONCILIATION OF THE
BALANCE SHEET OF GOVERNMENTAL FUNDS**
to the
TO THE STATEMENT OF NET ASSETS
Year Ended September 30, 2009

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

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS	\$ 3,962,083
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of Assets	\$ 42,296,401
Accumulated Depreciation	<u>(9,737,212)</u>
Net Cost of Assets	32,559,189
Certain receivables are not financial resources and are reported as deferred revenues	
Property tax deferred revenue	171,190
Special Assessment deferred revenue	840,744
Deferred recreation revenues	6,569
Deferred capital project grants and contributions	10,397
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	(984,686)
Accrued compensated absences	(302,146)
Accrued interest payable	<u>(22,705)</u>
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	<u>\$ 36,240,635</u>

CITY OF REXBURG, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended September 30, 2009

	General Fund	Street Fund	Emergency Service Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Property Taxes	\$ 2,482,652	\$ -	\$ -	\$ -	\$ 491,343	\$ 2,973,995
Other County Revenues	-	591,996	846,491	-	170,872	1,609,359
State Liquor Tax	74,914	-	-	-	-	74,914
State Sales Tax	889,047	-	-	-	27,837	916,884
State Highway Users Fund	-	950,583	-	-	-	950,583
Other State Revenue	146	171,984	-	-	19,277	191,407
Federal Revenue	866	-	108,833	-	374,547	484,246
Other Grants and Donations	560,367	1,645,238	-	-	282,999	2,488,604
Licenses, Permits and Franchise Tax	480,984	443,644	-	-	644,933	1,569,561
Charges for Services	2,024,001	347,771	1,000	-	518,702	2,891,474
Interest Earned	80,408	-	-	61,839	67,097	209,344
Fines, Rent and Other Assessments	163,457	896	-	-	460,702	625,055
LID Assessments	-	-	-	-	312,738	312,738
Sale of Property and Equipment	6,927	89,372	-	-	989,422	1,085,721
Miscellaneous	38,176	-	6,216	-	13,974	58,366
TOTAL REVENUES	6,801,945	4,241,484	962,540	61,839	4,374,443	16,442,251
EXPENDITURES:						
General and Administrative	2,241,753	-	-	10,071	1,255,439	3,507,263
Public Safety	2,969,586	-	1,601,589	-	142,986	4,714,161
Parks and Recreation	446,969	-	-	-	313,193	760,162
Streets	-	1,744,297	-	-	21,947	1,766,244
Interest on Bonds and Other Debt	-	-	-	-	68,027	68,027
Principal on Bonds and Other Debt	29,756	-	-	-	186,000	215,756
Capital Improvements	298,747	2,431,313	93,402	-	3,716,278	6,539,740
TOTAL EXPENDITURES	5,986,811	4,175,610	1,694,991	10,071	5,703,870	17,571,353
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	815,134	65,874	(732,451)	51,768	(1,329,427)	(1,129,102)
OTHER FINANCING SOURCES (USES):						
Proceeds from Borrowing	-	-	-	-	275,000	275,000
Operating Transfers In	-	624,650	732,451	-	766,025	2,123,126
Operating Transfers Out	(665,231)	(56,088)	-	(396,067)	(1,005,740)	(2,123,126)
TOTAL OTHER FINANCING SOURCES (USES)	(665,231)	568,562	732,451	(396,067)	35,285	275,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	149,903	634,436	-	(344,299)	(1,294,142)	(854,102)
FUND BALANCE AT BEGINNING OF YEAR	1,710,244	(305,437)	-	2,474,869	936,509	4,816,185
FUND BALANCE AT END OF YEAR	\$ 1,860,147	\$ 328,999	\$ -	\$ 2,130,570	\$ (357,633)	\$ 3,962,083

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
to the
STATEMENT OF ACTIVITIES
Year Ended September 30, 2009

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

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (854,102)
<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	6,652,847
Depreciation expense	(2,012,279)
Basis in Assets disposed of	(609,123)
<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 levied	569,502
Property tax deferrals	(32,583)
Recreation revenue deverral	11,927
<p>Deferred Revenue not in Statement of Net Assets:</p>	
Special assesement deferred revenue	(519,571)
Compensated absences accrual adjustment	(5,066)
<p>Governmental funds report principal repayment on debt as an expenditure. However, in the statement of activities debt payment are not an expense:</p>	
Proceeds from borrowing	(275,000)
Principal payments on long-term liabilities	215,756
Changes in accrued interest	<u>(1,057)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 3,141,251</u></u>

CITY OF REXBURG, IDAHO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2009

	Business-type Activities - Proprietary Funds		
	Utility	Golf Course	Total
ASSETS			
Current Assets:			
Cash and Short-term Investments	\$ 4,216,867	\$ -	\$ 4,216,867
Receivables	1,169,340	-	1,169,340
Total Current Assets	5,386,207	-	5,386,207
Noncurrent Assets:			
Capital Assets:			
Capital Assets	33,148,268	2,076,497	35,224,765
Accumulated Depreciation	(10,773,871)	(610,537)	(11,384,408)
Total Noncurrent Assets	22,374,397	1,465,960	23,840,357
TOTAL ASSETS	27,760,604	1,465,960	29,226,564
LIABILITIES:			
Current Liabilities:			
Accounts Payable	172,180	19,989	192,169
Accrued Compensated Absences	33,473	-	33,473
Accrued Interest Payable	1,967	-	1,967
Due to Other Funds	-	570,419	570,419
Other	64,146	-	64,146
Current Portion of Long-term Obligations	218,872	-	218,872
Total Current Liabilities	490,638	590,408	1,081,046
Noncurrent Liabilities:			
Noncurrent Portion of Long-term Obligations	7,278	-	7,278
TOTAL LIABILITIES	497,916	590,408	1,088,324
NET ASSETS:			
Invested in Capital Assets Net of Related Debt	22,146,280	1,465,960	23,612,240
Restricted for:			
Capital Projects	3,241,827	(684,152)	2,557,675
Unrestricted	1,874,581	93,744	1,968,325
TOTAL NET ASSETS	\$ 27,262,688	\$ 875,552	\$ 28,138,240

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, 2009

	Business-type Activities - Enterprise Funds		
	Utility	Golf Course	Totals
OPERATING REVENUES:			
Monthly Utility Services	\$ 5,923,146	\$ -	\$ 5,923,146
One Time Fees	92,054	-	92,054
Golf Course Fees		434,603	434,603
Miscellaneous	(10,635)	360	(10,275)
TOTAL OPERATING REVENUES	6,004,565	434,963	6,439,528
OPERATING EXPENSES:			
Utility Expenses	4,241,458	-	4,241,458
Greens Maintenance	-	369,125	369,125
Depreciation and Amortization	971,543	48,389	1,019,932
TOTAL OPERATING EXPENSES	5,213,001	417,514	5,630,515
OPERATING INCOME	791,564	17,449	809,013
NON-OPERATING REVENUES / EXPENSES:			
Contributed Capital	527,556	-	527,556
Sale of Capacity and Contributions	1,049,501	-	1,049,501
Disposal of Assets	(23,046)	-	(23,046)
Interest Income	98,727	-	98,727
Interest Expense	(21,446)	(15,835)	(37,281)
TOTAL NON-OPERATING REVENUES / EXPENSES	1,631,292	(15,835)	1,615,457
CHANGE IN NET ASSETS	2,422,856	1,614	2,424,470
TOTAL NET ASSETS - BEGINNING BALANCE	24,839,832	873,938	25,713,770
TOTAL NET ASSETS - ENDING BALANCE	\$ 27,262,688	\$ 875,552	\$ 28,138,240

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

CITY OF REXBURG
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended September 30, 2009

	Business-type Activities - Enterprise Funds		
	Utility	Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 5,957,506	\$ 434,603	\$ 6,392,109
Payments to Suppliers	(1,573,819)	(124,198)	(1,698,017)
Payments to Employees	(1,092,893)	-	(1,092,893)
Payments for Labor Contracts	-	(216,419)	(216,419)
Internal Activity - Payments to Other Funds for Services	(1,572,165)	(21,600)	(1,593,765)
Other Payments	(10,635)	-	(10,635)
Other Receipts	-	360	360
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,707,994	72,746	1,780,740
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Loan from Other Funds	-	253,576	253,576
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisitions of Property, Plant and Equipment	(1,133,798)	(64,973)	(1,198,771)
Sale of Capacity and Contributions	1,049,501	-	1,049,501
Increase (Decrease) in Accounts Payable on Capital	(175,079)	(245,514)	(420,593)
(Increase) Decrease in Accounts Receivable for Capital	(468,466)	-	(468,466)
Interest Income	98,727	-	98,727
Principal Payments on Revenue Bonds	(424,953)	-	(424,953)
Interest Payments on Bonds and Leases	(23,413)	(15,835)	(39,248)
Contributed Capital	527,556	-	527,556
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(549,925)	(326,322)	(876,247)
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	1,158,069	-	1,158,069
CASH AND INVESTMENTS AT BEGINNING OF YEAR	3,058,798	-	3,058,798
CASH AND INVESTMENTS AT END OF THE YEAR	\$ 4,216,867	\$ -	\$ 4,216,867
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income	\$ 791,564	\$ 17,449	\$ 809,013
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	971,543	48,389	1,019,932
Changes in Assets and Liabilities:			
(Increase)Decrease in accounts receivable	(57,694)	-	(57,694)
Increase(Decrease) in accounts payable	(3,318)	6,908	3,590
Increase in accrued compensated absences	5,899	-	5,899
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,707,994	\$ 72,746	\$ 1,780,740

CITY OF REXBURG, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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 expenses 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 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 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. Street Fund resources are restricted by law to be used only to benefit city streets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The Emergency Services Fund accounts for the operations of the fire and ambulance service in 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.

Component Unit

Component units are organizations which are legally separated from the City, which are financially accountable to the City, or their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. Discretely presented component units are reported in a separate column to emphasize that they are legally separate from the primary government and are governed by separate boards. The City has one discretely presented component unit. A brief description of the discretely presented component unit follows:

Rexburg Urban Renewal Agency – was organized to make improvements to infrastructure in specific areas the City. It derives its revenues from the incremental tax increases that all taxing districts forfeit from increase in value of the land and buildings in the new construction areas.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The City has elected to not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on going operations. The principle operating revenues of water, wastewater, sanitation and golf course services enterprise funds are charges to customers and users for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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, 2009 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 requires 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, 2009, the carrying amount of the City's deposits was \$564,388 and the respective bank balances totaled \$595,400. The bank balances of \$502,210 were insured.
- 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, 2009, \$57,178 of the City's total deposits of \$559,388 was not covered by federal depository insurance, and thus was exposed to custodial credit risk.
- Investments – As of September 30, 2009, the City had the following investments:

Investment Type	S&P Rating	Fair Value	Investment Maturity (in Years)			
			Less Than 1	1-5	6-10	More Than 10
State Diversified Bond Fund	AAAf	\$ 3,094,705	\$ -	\$ 3,094,705	\$ -	\$ -
State Investment Pool	AAAf	41,542	41,542	-	-	-
Certificates of Deposit	N/A	500,000	500,000	-	-	-
Zion's Collateralized Municipal MM Collateralized Funds	N/A	1,556,245	1,556,245	-	-	-
American Century Investments: US Treasury Bills and Notes	A1+	1,202,936	1,202,936	-	-	-
		\$ 6,395,428	\$ 3,300,723	\$ 3,094,705	\$ -	\$ -

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. The State investment pool is a short-term investment fund. Participants have overnight availability to their funds and the weighted average maturity of investments at September 30, 2009 was 50 days.

2. CASH AND INVESTMENTS (Continued)

- The following is a reconciliation of the City's deposit and investment balance as of September 30, 2009:

Petty Cash	\$ 650
Bank Deposits	564,388
State Investments	6,395,428
Other Investments	<u>64,417</u>
Total	<u><u>\$ 7,024,883</u></u>

3. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2009, was as follows:

	September 30, 2008	Increases	Decreases	September 30, 2009
PRIMARY GOVERNMENT:				
GOVERNMENTAL ACTIVITIES:				
Capital assets, not being depreciated:				
Land	\$ 1,011,487	\$ -	\$ -	\$ 1,011,487
Total capital assets, not being depreciated	1,011,487	-	-	1,011,487
Capital assets, being depreciated				
Office	568,838	2,602,735	(432,768)	2,738,805
Legal	6,321	1,615	-	7,936
Archer station	771,242	38,016	-	809,258
Police	2,290,721	246,104	(115,282)	2,421,543
Dare	32,698	-	(15,800)	16,898
Fire	3,820,058	374,606	-	4,194,664
Inspection	701,776	3,150	(265,323)	439,603
GIS	112,129	1,972	-	114,101
Community development	26,393	8,931	(6,007)	29,317
Streets	21,549,508	2,894,948	(79,265)	24,365,191
Shop	259,774	2,515	-	262,289
Parks	2,094,600	347,795	(9,104)	2,433,291
Merry-go-round	139,032	-	-	139,032
Ball diamond	29,994	-	(5,684)	24,310
Airport	1,554,509	4,823	-	1,559,332
Recreation	123,322	625	(26,418)	97,529
Theatre	122,136	6,744	-	128,880
Legacy of Flight Museum	970,416	109,590	-	1,080,006
Tabernacle	414,250	8,679	-	422,929
Total capital assets, being depreciated	35,587,717	6,652,848	(955,651)	41,284,914
Less accumulated depreciation	(8,071,460)	(2,012,279)	346,527	(9,737,212)
Total capital assets, being depreciated, net	27,516,257	4,640,569	(609,124)	31,547,702
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET				
	<u>\$ 28,527,744</u>	<u>\$ 4,640,569</u>	<u>\$ (609,124)</u>	<u>\$ 32,559,189</u>

3. CAPITAL ASSETS (Continued)

The City sold two buildings and a lot during the current fiscal year for a total price of \$1,010,000. The sale of the properties were recorded under general and administrative activities in the statement of activities.

Depreciation expense was charged to the government activities as follows:

General and Administrative	\$ 238,082
Public Safety	472,909
Parks and Recreation	154,626
Street	<u>1,146,662</u>
Total	<u><u>\$ 2,012,279</u></u>

	September 30, 2008	Increases	Decreases	September 30, 2009
PRIMARY GOVERNMENT:				
BUSINESS-TYPE ACTIVITIES:				
Capital assets, not being depreciated:				
Land	\$ 352,811	\$ -	\$ -	\$ 352,811
Total capital assets, not being depreciated	<u>352,811</u>	<u>-</u>	<u>-</u>	<u>352,811</u>
Capital assets, being depreciated:				
Sanitation	1,580,773	37,255	-	1,618,028
Water	10,199,668	422,713	(63,352)	10,559,029
Wastewater	20,301,768	691,374	(21,929)	20,971,213
Golf Course	1,658,711	64,973	-	1,723,684
Total capital assets, being depreciated	<u>33,740,920</u>	<u>1,216,315</u>	<u>(85,281)</u>	<u>34,871,954</u>
Less accumulated depreciation:				
Sanitation	(789,614)	(74,842)		(864,456)
Water	(2,965,880)	(280,404)	40,306	(3,205,978)
Wastewater	(6,091,525)	(616,297)	4,386	(6,703,436)
Golf Course	(562,150)	(48,389)		(610,539)
Total accumulated depreciation	<u>(10,409,169)</u>	<u>(1,019,932)</u>	<u>44,692</u>	<u>(11,384,409)</u>
Total capital assets, being depreciated, net	<u>23,331,751</u>	<u>196,383</u>	<u>(40,589)</u>	<u>23,487,545</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u><u>\$ 23,684,562</u></u>	<u><u>\$ 196,383</u></u>	<u><u>\$ (40,589)</u></u>	<u><u>\$ 23,840,356</u></u>

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, 2009 are as follows:

Recipient	Repayment Terms	Amount
Madison Senior Citizen Center	Receivable in monthly installments of \$1,280 including interest at 4.0% through 2017.	\$ 6,942
East Central Idaho Planning and Development	Terms of repayment not finalized.	30,500
Pro-Fusion Technologies	Receivable in monthly installments of \$1,673 including interest at 6.0% through 2008.	21,580
Thane Siddoway	Receivable in monthly installments of \$4,039 including interest at 5.5% through 2018.	31,347
David and Tarri Leonardson	Receivable in monthly installments of \$998 including interest at 5.5% through 2024.	119,084
Smith Family Properties	Receivable in monthly installments of \$422 including interest at 6.0% through 2019.	38,240
Eagle Vision Center	Receivable in monthly installments of \$557 including interest at 6.5% through 2027.	41,918
Robertson Taylor, LLC	Receivable in monthly installments of \$1,111 including interest at 7.0% through 2028.	139,806
Smakelijk, Inc. dba Great Harvest Bread	Receivable in monthly installments of \$1,190 including interest at 6.5% through 2024.	125,752
Smakelijk, Inc. dba Great Harvest Bread	Terms of repayment not finalized.	1,526
East Central Idaho Planning and Development	Terms of repayment not finalized.	<u>125,000</u>
		<u><u>\$ 681,695</u></u>

ECIPDA is holding \$57,178 in an interest bearing account for the City, which is available for future revolving loan projects. The City guaranteed a Regional Development Alliance (RDA) Revolving Loan for \$149,500 to FFF, Inc., who borrowed this money for remodeling expenses at Ferrin Square at 30 College Avenue in Rexburg. The guarantee will reduce proportionately as the \$299,000 loan from RDA is paid off.

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, 2009, are based on the assessed values and tax revenues established in 2008.

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. ACCRUED COMPENSATED ABSENCES

The City has elected to show its 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.

7. 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.

8. 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, 2009, was as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Fiscal Years</u>	<u>Balance</u>
Local Improvement District No. 31 2001 Issue (original amount - \$560,000)	6.0%	2009 to 2011	\$ 56,000
Promissory Note (LID No. 32) 2004 Issue (original amount - \$200,000)	5.0%	2009 to 2014	80,000
Promissory Note (LID No. 33) 2004 Issue (original amount - \$300,000)	5.0%	2009 to 2014	90,000
Promissory Note (LID No. 35) 2008 Issue (original amount - \$350,000)	5.5%	2009 to 2018	315,000
Promissory Note (LID No. 36) 2009 Issue (original amount - \$275,000)	4.5%	2009 to 2019	275,000
Promissory Note (LID No. 38) 2008 Issue (original amount - \$75,000)	5.5%	2009 to 2023	<u>70,000</u>
			<u><u>\$ 886,000</u></u>

9. WASTEWATER REVENUE BONDS PAYABLE

Wastewater Revenue Bonds outstanding at September 30, 2009, 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)	4.0%	2009 to 2010	<u><u>\$ 226,150</u></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.

10. 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:

	Fixed Assets	Capital Leases Payable
Building	\$ 450,503	\$ 98,687
	\$ 450,503	\$ 98,687

The following is a schedule by year of future lease payments the present value of the net minimum lease payments as of September 30, 2009.

Year Ending September 30,	Governmental Funds
2010	36,307
2011	36,307
2012	36,307
Total Minimum Lease Payments	108,921
Less Amount Representing Interest	(10,234)
Present Value of Minimum Lease Paymer	98,687
Current Portion of Present Value	(31,273)
Long-Term Portion of Present Value	\$ 67,414

Interest expense of \$6,551 on this lease is expended in the public safety activity in the statement of activities and the statement of revenues, expenditures and changes in fund balances.

11. CHANGES IN LONG-TERM OBLIGATIONS

A summary of long-term transactions of the City for the year ended September 30, 2009, is as follows:

	Long-Term Obligations September 30, 2008	Obligations Incurred	Obligations Paid	Long-Term Obligations September 30, 2009
Accrued compensated absences (Note 7)	\$ 324,653	\$ 10,966	\$ -	\$ 335,619
Local improvement district warrants payable (Note 10)	797,000	275,000	(186,000)	886,000
Wastewater revenue bonds payable (Note 11)	650,958		(424,808)	226,150
Obligations under capital leases (Note 12)	128,442		(29,755)	98,687
	<u>\$ 1,901,053</u>	<u>\$ 285,966</u>	<u>\$ (640,563)</u>	<u>\$ 1,546,456</u>

12. BONDED DEBT REPAYMENT REQUIREMENTS

The annual requirements to amortize all bonded debt outstanding as of September 30, 2009, including interest, are as follows:

Year Ending September 30,	Local Improvement Warrants	Wastewater Revenue Bonds	Total
2010	\$ 219,910	\$ 233,609	\$ 453,519
2011	153,613		153,613
2012	147,675		147,675
2013	111,738		111,738
2014	87,300		87,300
Thereafter	372,687		372,687
<u>Total Commitment</u>	<u>\$ 1,092,923</u>	<u>\$ 233,609</u>	<u>\$ 1,326,532</u>
<u>Interest Portion</u>	<u>\$ 206,923</u>	<u>\$ 7,459</u>	<u>\$ 214,382</u>

The local improvement warrant interest expenditures are recorded in the LID Debt Service Funds.

13. RETIREMENT PLANS

Public Employee Retirement System of Idaho

The Public Employee Retirement System of Idaho (PERSI) – the PERSI Base Plan, 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 provided 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. After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of 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.

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

The actuarially determined contribution requirements for the City of Rexburg, Idaho and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended September 30, 2009, 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 \$638,027, \$570,976, and \$597,394 for the three years ended September 30, 2009, 2008, and 2007 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.

13. RETIREMENT PLANS (Continued)

The City's total 2008 fiscal year payroll for all employees was \$6,142,596 of which \$3,780,488 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 \$66,857 and \$63,679 respectively. The Plan had \$2,287,841 in net assets at September 30, 2009.

14. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

The City expenditures exceeded the budgeted amounts in the following funds during the year ended September 30, 2009:

Fund	Amount Exceeded
Police Small Grants Fund	\$ 21,241
City Hall Construction Fund	56,697
Street Impact Fee Fund	224,650
Parks Impact Fee Fund	7,091
Inoperability Grant Fund	143,053
LID 35 Debt Service Fund	4,250
Veterans Memorial Fund	28,928

The following individual funds had fund deficits on September 30, 2009:

Business Park Operation Fund--There is a fund deficit of \$101,290. The City expects to eliminate this deficit with sales of the remaining lots.

Police Impact Fee Fund --There is a fund deficit of \$544,675. The City expects to eliminate this deficit as police impact fees are received and with transfers from the general fund.

Police Small Grants Fund—There is a fund deficit of \$3,032. The City expects to eliminate this deficit as grants come in for this fund.

Joint Fire Equipment Fund --There is a fund deficit of \$20,285.

City Hall Construction Fund-- There is a fund deficit of \$1,327,208. The City expects to eliminate this deficit as the City Hall construction is completed.

ESD Paramedic Care Unit Fund -- There is a fund deficit of \$150,589.

14. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (Continued)

Parks Impact Fee Fund -- There is a fund deficit of \$5,175. The City expects to eliminate this deficit by the end of 2008 as parks impact fees are received.

Riverside Park Construction Fund-- There is a fund deficit of \$48,760. The City expects to eliminate this deficit as grants are received.

Airport Operation Fund-- There is a fund deficit of \$11,764. The City expects to eliminate this deficit as grants and fees are received.

LID Construction Fund-- There is a fund deficit of \$23,453. The City expects to eliminate this deficit as the projects are completed.

LID Debt Service Fund-- There is a fund deficit of \$63,239. The City expects to eliminate this deficit as assessments are collected on the LID projects.

15. 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 criteria used to evaluate potential component units for inclusion or exclusion from the reporting entity include 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 units 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 forfeit from increase in value of the land and buildings in the new construction areas.

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

Cash and Investments – The component unit had deposits with a book balance of \$18,089 and a bank balance of \$46,525, which was all covered by FDIC. The remainder of its funds of \$827,793 were invested in the Idaho State Investment Pool.

16. INTERFUND TRANSACTIONS

Transfers between funds during the year were as follows:

	Operating Transfers In	Operating Transfers Out
Governmental:		
General Fund	\$ -	\$ 665,231
Street Fund	624,650	56,088
Emergency Services Fund	732,451	-
Revolving Loan Fund	-	396,067
Tabernacle Fund	34,698	-
Orchestra Fund	3,500	-
Police Impact Fee Fund	50,000	-
Police Animal Control Fund	70,104	-
Joint Fire Equipment Fund	90,000	-
Madison County Fire District Fund	-	336,421
Legacy Flight Museum Fund	6,212	-
Beautification Committee Fund	10,000	-
City Hall Construction Fund	396,067	-
Street Impact Fee Fund	-	624,650
Parks Impact Fee Fund	-	9,946
Trails of Madison County Fund	9,946	-
Romance Theatre Fund	14,686	-
LID Construction Funds	80,812	-
LID Debt Service Funds	-	34,723
	<u>\$ 2,123,126</u>	<u>\$ 2,123,126</u>

The General Fund transfers cash to cover deficits in the Tabernacle Fund, Rexburg Orchestra Fund, Police Grant Fund, Police Impact Fee Fund, Animal Control Fund, and Romance Theatre Fund. The General Fund also transfers cash to Legacy Flight Museum Fund for half the insurance cost, the Joint Fire Equipment for its assessment for new fire equipment, the Rexburg Orchestra Fund for a fixed contribution to its operations and the Emergency Services Operations Fund for its allocation of costs for the year.

Street Fund transfers cash to cover street expenses in the LID funds and a fixed contribution to the Beautification Fund.

The Revolving Loan Fund transferred the equivalent of the loan receivable due from AMET to the New City Hall Construction Fund.

16. INTERFUND TRANSACTIONS (Continued)

Madison County Fire District Fund transfers cash to the Emergency Services Operations Fund to cover its allocation of costs for the year.

The Street Impact Fee Fund transfers cash to the New Street Construction Fund to help cover the costs of new streets that added capacity to the city's circulation system.

The Parks Impact Fee Fund transfers cash to the Madison Trails Committee Fund to cover additions to capacity in parks and pathways.

The LID Debt Service Funds transfer cash to the LID Construction Funds to provide for local property owners share of the construction within the LIDs.

The following is a schedule of interfund receivables and payables as of September 30, 2009:

	<u>Due From</u> <u>Other Funds</u>	<u>Due To</u> <u>Other Funds</u>
Primary Government:		
General Fund*	\$ 1,995,279	\$ -
Street Fund	-	62,054
Emergency Service Fund	-	229,661
Revolving Loan Fund	473,254	-
Business Park Fund	-	101,290
Police Impact Fee Fund	-	544,675
Police Small Grants Fund	-	8,934
Joint Fire Equipment Fund	-	65,285
Geographic Information Systems Fund	-	37,873
City Hall Construction Fund	-	1,155,048
ESD Paramedic Care Unit Fund	-	149,902
Parks Impact Fee Fund	-	4,753
Romance Theatre Fund	-	2,580
Riverside Park Fund	-	48,760
Airport Operation Fund	-	10,023
LID Debt Service Funds	-	47,695
	<u>\$ 2,468,533</u>	<u>\$ 2,468,533</u>

*The above amounts were loaned from the General Fund to the various other funds to cover cash deficits.

17. SEGMENT INFORMATION

The City issues separate revenue bonds to finance its water, wastewater and sanitation departments. The three departments are accounted for in a single fund, but investors in those bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for each department is presented below. The Water Department operates the City's water supply system. The Wastewater Department operates the City's sewage treatment plant, sewage pumping stations, and collection systems. The Sanitation Department operates the garbage collection services for the City.

	Sanitation Department	Water Department	Wastewater Department	Shared
CONDENSED STATEMENT OF NET ASSETS				
Assets:				
Current assets	\$ -	\$ -	\$ -	\$ 5,386,207
Capital assets	753,573	7,353,055	14,267,769	-
Total assets	<u>753,573</u>	<u>7,353,055</u>	<u>14,267,769</u>	<u>5,386,207</u>
Liabilities:				
Current liabilities	-	-	220,839	269,799
Noncurrent liabilities	-	-	7,278	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>228,117</u>	<u>269,799</u>
Net assets:				
Invested in capital assets, net of related debt	753,573	7,353,055	14,039,652	-
Unrestricted	-	-	-	5,116,408
Total net assets	<u>\$ 753,573</u>	<u>\$ 7,353,055</u>	<u>\$ 14,039,652</u>	<u>\$ 5,116,408</u>
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS				
Operating revenues	\$ 1,562,236	\$ 1,824,718	\$ 2,617,611	\$ -
Depreciation expense	(74,842)	(280,404)	(616,297)	-
Other operating expenses	(1,341,361)	(1,138,628)	(1,761,469)	-
Operating income	<u>146,033</u>	<u>405,686</u>	<u>239,845</u>	<u>-</u>
Nonoperating revenues (expenses):				
Sale of Capacity and Contributions	-	223,246	826,255	-
Investment income	-	43,158	55,569	-
Interest expense	-	-	(21,446)	-
Disposal of assets	-	(23,046)	-	-
Capital contributions	-	233,904	293,652	-
Change in net assets	<u>146,033</u>	<u>882,948</u>	<u>1,393,875</u>	<u>-</u>
Beginning Net Assets	<u>607,540</u>	<u>6,470,107</u>	<u>12,645,777</u>	<u>5,116,408</u>
Ending Net Assets	<u>\$ 753,573</u>	<u>\$ 7,353,055</u>	<u>\$ 14,039,652</u>	<u>\$ 5,116,408</u>
CONDENSED STATEMENT OF CASH FLOWS				
Net cash provided (used) by:				
Operating activities	\$ 220,874	\$ 686,090	\$ 854,435	\$ (53,405)
Noncapital financing activities	-	-	-	-
Capital and related financing activities	(37,255)	13,646	(491,321)	(133,721)
Investing activities	-	43,158	55,568	-
Net increase (decrease) in Cash	<u>\$ 183,619</u>	<u>\$ 742,894</u>	<u>\$ 418,682</u>	<u>\$ (187,126)</u>

14 POST EMPLOYMENT HEALTH PLAN (PEHP)

The City maintains a PEHP where certain amounts of accumulated sick leave above a minimum will be converted to cash at a rate of 35% of the employee's current hourly rate and deposited in the City's Post Employment Health Plan (PEHP) in that employee's name. This amount is available to the employees after they terminate employment with the City to offset eligible medical expenses. The City contributes the amount of this liability every year to an account in the employee's name in the custody of a third party administrator so that there is no outstanding unfunded liability.

15 HEALTH REIMBURSEMENT ACCOUNT PLAN (HRA)

The City contributes to an HRA for each eligible employee a certain amount in order to offset the employee's share of costs related to a high deductible health insurance plan. This amount is available to the employees at the start of each calendar year and can be carried over to future years to offset eligible medical expenses. The City contributes the amount of this liability every year to an account in the employee's name in the custody of a third party administrator so that there is no outstanding unfunded liability.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF REXBURG, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended September 30, 2009

	Original Budget Amount	Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:				
Property Taxes	\$ 2,415,100	\$ 2,415,100	\$ 2,482,652	\$ 67,552
State Liquor Fund	68,900	68,900	74,914	6,014
State Sales Tax	1,159,800	1,159,800	889,047	(270,753)
Other State Funds	500	500	146	(354)
Federal Revenue	-	-	866	866
Other Grants and Donations	142,400	627,100	560,367	(66,733)
Licenses, Permits and Franchise Tax	496,800	496,800	480,984	(15,816)
Charges for Services	2,011,300	2,011,300	2,024,001	12,701
Interest Earned	105,000	105,000	80,408	(24,592)
Fines, Rent and Other Assessments	-	-	163,457	163,457
Sale of Property and Equipment	11,100	11,100	6,927	(4,173)
Miscellaneous	-	-	38,176	38,176
TOTAL REVENUES	6,410,900	6,895,600	6,801,945	(93,655)
EXPENDITURES:				
General and Administrative Operations	2,668,000	2,668,000	2,241,753	426,247
Public Safety Operations	2,568,900	3,053,600	2,969,586	84,014
Parks and Recreation	435,100	435,100	446,969	(11,869)
Principal on Bonds and Other Debt	-	-	29,756	(29,756)
Capital Improvements	240,500	240,500	298,747	(58,247)
Transfers	648,400	648,400	665,231	(16,831)
TOTAL EXPENDITURES	6,560,900	7,045,600	6,652,042	393,558
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(150,000)	(150,000)	149,903	299,903
FUND BALANCE AT BEGINNING OF YEAR	150,000	150,000	1,710,244	1,560,244
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 1,860,147	\$ 1,860,147

See Independent Auditors' Report.

CITY OF REXBURG, IDAHO
BUDGETARY COMPARISON SCHEDULE
STREET FUND
Year Ended September 30, 2009

	Original Budget Amount	Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:				
County Road Funds	\$ 550,000	\$ 550,000	\$ 591,996	\$ 41,996
State Highway Users Fund	1,040,000	1,040,000	950,583	(89,417)
Other State Revenue	162,000	162,000	171,984	9,984
Other Grants and Donations	2,000,000	2,000,000	1,645,238	(354,762)
Licenses, Permits and Franchise Tax	470,000	470,000	443,644	(26,356)
Charges for Services	341,800	341,800	347,771	5,971
Fines, Rent and other Assessments	-	-	896	896
Sale of Property and Equipment	-	7,500	89,372	81,872
Transfers	-	-	624,650	624,650
TOTAL REVENUES	4,563,800	4,571,300	4,866,134	294,834
EXPENDITURES:				
Streets Maintenance	1,630,900	1,638,400	1,744,297	(105,897)
Capital Improvements	2,700,000	2,700,000	2,431,313	268,687
Contingency	81,600	81,600	-	81,600
Transfers to Other Street Projects	255,600	255,600	56,088	199,512
TOTAL EXPENDITURES	4,668,100	4,675,600	4,231,698	443,902
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(104,300)	(104,300)	634,436	(149,068)
FUND BALANCE AT BEGINNING OF YEAR	104,300	104,300	(305,437)	(409,737)
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 328,999	\$ (558,805)

CITY OF REXBURG, IDAHO
BUDGETARY COMPARISON SCHEDULE
EMERGENCY SERVICES FUND
Year Ended September 30, 2009

	Original Budget Amount	Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:				
Other County Revenues	\$ 1,035,000	\$ 1,035,000	\$ 846,491	\$ (188,509)
Federal Revenue	100,000	100,000	108,833	8,833
Charges for Services	-	-	1,000	1,000
Miscellaneous	-	-	6,216	6,216
Transfers	869,400	801,900	732,451	(69,449)
TOTAL REVENUES	2,004,400	1,936,900	1,694,991	(241,909)
EXPENDITURES:				
Public Safety Operations	1,824,500	1,757,000	1,601,589	155,411
Capital Improvements	179,900	179,900	93,402	86,498
TOTAL EXPENDITURES	2,004,400	1,936,900	1,694,991	241,909
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	-	-
FUND BALANCE AT BEGINNING OF YEAR			-	-
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF REXBURG, IDAHO
BUDGETARY COMPARISON SCHEDULE
REVOLVING LOAN FUND
Year Ended September 30, 2009

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:			
Interest Earned	\$ 95,000	\$ 61,839	\$ (33,161)
Miscellaneous	2,000	-	(2,000)
TOTAL REVENUES	97,000	61,839	(35,161)
EXPENDITURES:			
General and Administrative	8,000	10,071	(2,071)
Contingency	620,000	-	620,000
Transfers	89,000	396,067	(307,067)
TOTAL EXPENDITURES	717,000	406,138	310,862
EXCESS OF REVENUES OVER EXPENDITURES	(620,000)	(344,299)	275,701
FUND BALANCE AT BEGINNING OF YEAR	620,000	2,474,869	1,854,869
FUND BALANCE AT END OF YEAR	\$ -	\$ 2,130,570	\$ 2,130,570

OTHER SUPPLEMENTARY INFORMATION

CITY OF REXBURG, IDAHO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009

Fund Number	03	04	05	06	07	08	09
	Recreation Fund	Tabernacle Fund	Orchestra Fund	Business Park Fund	Police Impact Fee Fund	DARE Fund	Police Drug Enforcement Fund
ASSETS							
Cash and Short Term Investments	\$ 41,824	\$ 13,941	\$ 8,113	\$ -	\$ -	\$ 2,745	\$ 13,971
Receivables	2,333	-	-	-	-	-	-
TOTAL ASSETS	\$ 44,157	\$ 13,941	\$ 8,113	\$ -	\$ -	\$ 2,745	\$ 13,971
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts Payable	\$ 19,480	\$ 3,929	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	6,569	9,062	-	-	-	-	-
Due to Other Funds	-	-	-	101,290	544,675	-	-
Other	-	950	-	-	-	-	-
TOTAL LIABILITIES	26,049	13,941	-	101,290	544,675	-	-
FUND BALANCES (DEFICIT):							
Reserved Fund Balances	18,108	-	8,113	(101,290)	(544,675)	2,745	13,971
TOTAL LIABILITIES AND FUND BALANCES	\$ 44,157	\$ 13,941	\$ 8,113	\$ -	\$ -	\$ 2,745	\$ 13,971

13	14	18	19	20	21	24	28	29	30	31
Police Small Grants Fund	Police Animal Control Fund	Joint Fire Equipment Fund	Madison County Fire Protection District Fund	Fire Impact Fee Fund	ESD Paid Call Fund	Legacy Flight Museum Fund	Community Development Fund	Geographic Information Systems Fund	Downtown Revitalization Fund	Beautification Committee Fund
\$ -	\$ 1,158	\$ -	\$ 1,345,686	\$ 1,083	\$ 29,598	\$ 72,515	\$ 345,061	\$ -	\$ 350,034	\$ 21,062
9,468	-	45,000	26,215	-	-	5,366	(767)	40,406	-	-
\$ 9,468	\$ 1,158	\$ 45,000	\$ 1,371,901	\$ 1,083	\$ 29,598	\$ 77,881	\$ 344,294	\$ 40,406	\$ 350,034	\$ 21,062
\$ 3,566	\$ 1,158	\$ -	\$ 335,588	\$ -	\$ 637	\$ 947	\$ 7,864	\$ 2,533	\$ -	\$ -
-	-	-	26,215	-	-	-	-	-	-	-
8,934	-	65,285	-	-	-	-	-	37,873	-	-
-	-	-	-	-	-	-	4,861	-	-	-
12,500	1,158	65,285	361,803	-	637	947	12,725	40,406	-	-
(3,032)	-	(20,285)	1,010,098	1,083	28,961	76,934	331,569	-	350,034	21,062
\$ 9,468	\$ 1,158	\$ 45,000	\$ 1,371,901	\$ 1,083	\$ 29,598	\$ 77,881	\$ 344,294	\$ 40,406	\$ 350,034	\$ 21,062

(Continued)

CITY OF REXBURG, IDAHO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009

Fund Number	32	33	36	37	38	39	40
	City Hall Construction Fund	Street Impact Fee Fund	Arts Promulgation Fund	ESD Paramedic Care Unit Fund	Parks Impact Fee Fund	Trails of Madison County Fund	Romance Theatre Fund
ASSETS							
Cash and Short Term Investments	\$ -	\$ -	\$ 27,426	\$ -	\$ -	\$ 850	\$ -
Receivables	-	-	-	-	-	-	6,540
TOTAL ASSETS	\$ -	\$ -	\$ 27,426	\$ -	\$ -	\$ 850	\$ 6,540
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts Payable	\$ 172,160	\$ -	\$ -	\$ 687	\$ 422	\$ 850	\$ 1,030
Deferred Revenue	-	-	-	-	-	-	1,335
Due to Other Funds	1,155,048	-	-	149,902	4,753	-	2,580
Other	-	-	-	-	-	-	1,595
TOTAL LIABILITIES	1,327,208	-	-	150,589	5,175	850	6,540
FUND BALANCES (DEFICIT):							
Reserved Fund Balances	(1,327,208)	-	27,426	(150,589)	(5,175)	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ -	\$ 27,426	\$ -	\$ -	\$ 850	\$ 6,540

41	45	47	49	53-58	59-79	80	81	85	90	91	Total
Riverside Park Fund	Mayor's Youth Advisory Board Fund	Airport Operation Fund	Inoperability Grant Fund	LID Construction Funds	LID Debt Service Funds	Farmer's Market Fund	Rexburg Arts Council Fund	Community Safety Lighting Fund	Veterans Memorial Fund	Clark Family Benefit Fund	Nonmajor Governmental Funds
\$ -	\$ 3,648	\$ -	\$ -	\$ 51,206	\$ -	\$ 2,487	\$ 409	\$ 44,732	\$ 25,265	\$ -	\$ 2,402,814
-	-	-	-	-	862,680	-	-	-	-	-	997,241
\$ -	\$ 3,648	\$ -	\$ -	\$ 51,206	\$ 862,680	\$ 2,487	\$ 409	\$ 44,732	\$ 25,265	\$ -	\$ 3,400,055
\$ -	\$ -	\$ 1,741	\$ -	\$ 74,659	\$ 37,480	\$ 619	\$ 185	\$ 12,456	\$ 11,548	\$ -	\$ 689,539
-	-	-	-	-	840,744	-	-	-	-	-	883,925
48,760	-	10,023	-	-	47,695	-	-	-	-	-	2,176,818
-	-	-	-	-	-	-	-	-	-	-	7,406
48,760	-	11,764	-	74,659	925,919	619	185	12,456	11,548	-	3,757,688
(48,760)	3,648	(11,764)	-	(23,453)	(63,239)	1,868	224	32,276	13,717	-	(357,633)
\$ -	\$ 3,648	\$ -	\$ -	\$ 51,206	\$ 862,680	\$ 2,487	\$ 409	\$ 44,732	\$ 25,265	\$ -	\$ 3,400,055

See Independent Auditors' Report

CITY OF REXBURG, IDAHO
**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2009

	03	04	05	06	07	08	09
	Recreation Fund	Tabernacle Fund	Orchestra Fund	Business Park Fund	Police Impact Fee Fund	DARE Fund	Police Drug Enforcement Fund
REVENUES:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and Contributions	2,171	825	1,674	-	-	7,447	6,000
Fees and Charges	195,937	13,990	-	-	36,407	-	-
Interest Earned	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	8,160
TOTAL REVENUES	198,108	14,815	1,674	-	36,407	7,447	14,160
EXPENDITURES:							
General and Administrative	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	12,489	2,658
Parks and Recreation	178,584	44,873	1,849	-	-	-	-
Streets	-	-	-	-	-	-	-
Interest on Debt	-	-	-	-	12,778	-	-
Principal on Debt	-	-	-	-	-	-	-
Capital Improvements	4,200	4,640	-	-	36,306	-	11,521
TOTAL EXPENDITURES	182,784	49,513	1,849	-	49,084	12,489	14,179
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15,324	(34,698)	(175)	-	(12,677)	(5,042)	(19)
OTHER FINANCING SOURCES (USES):							
Proceeds from Borrowing	-	-	-	-	-	-	-
Transfers In	-	34,698	3,500	-	50,000	-	-
Transfers Out	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	34,698	3,500	-	50,000	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	15,324	-	3,325	-	37,323	(5,042)	(19)
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	2,784	-	4,788	(101,290)	(581,998)	7,787	13,990
FUND BALANCES (DEFICITS) AT END OF YEAR	\$ 18,108	\$ -	\$ 8,113	\$ (101,290)	\$ (544,675)	\$ 2,745	\$ 13,971

13	14	18	19	20	21	24	28	29	30	31
Police Small Grants Fund	Police Animal Control Fund	Joint Fire Equipment Fund	Madison County Fire Protection District Fund	Fire Impact Fee Fund	ESD Paid Call Fund	Legacy Flight Museum Fund	Community Development Fund	Geographic Information Systems Fund	Downtown Revitalization Fund	Beautification Committee Fund
\$ -	\$ -	\$ -	\$ 541,276	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
39,608	75	-	-	-	-	96,232	-	331,010	-	1,250
-	9,420	-	-	30,920	1,610	16,881	641,937	138	-	-
-	-	-	4,908	-	706	86	-	-	-	-
-	-	-	5,823	-	-	75,700	-	-	-	-
39,608	9,495	-	552,007	30,920	2,316	188,899	641,937	331,148	-	1,250
-	-	-	-	-	-	-	801,228	328,468	-	-
28,897	79,599	-	1,373	-	6,908	-	-	-	-	-
-	-	-	-	-	-	41,762	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	2,839	-	-	-	-	-	-	-	-
13,743	-	-	38,015	-	-	162,090	8,931	2,680	-	4,409
42,640	79,599	2,839	39,388	-	6,908	203,852	810,159	331,148	-	4,409
(3,032)	(70,104)	(2,839)	512,619	30,920	(4,592)	(14,953)	(168,222)	-	-	(3,159)
-	70,104	90,000	-	-	-	6,212	-	-	-	10,000
-	-	-	(336,421)	-	-	-	-	-	-	-
-	70,104	90,000	(336,421)	-	-	6,212	-	-	-	10,000
(3,032)	-	87,161	176,198	30,920	(4,592)	(8,741)	(168,222)	-	-	6,841
-	-	(107,446)	833,900	(29,837)	33,553	85,675	499,791	-	350,034	14,221
\$ (3,032)	\$ -	\$ (20,285)	\$ 1,010,098	\$ 1,083	\$ 28,961	\$ 76,934	\$ 331,569	\$ -	\$ 350,034	\$ 21,062

(Continued)

CITY OF REXBURG, IDAHO
**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2009

	32	33	36	37	38	39	40
	City Hall Construction Fund	Street Impact Fee Fund	Arts Promulgation Fund	ESD Paramedic Care Unit Fund	Parks Impact Fee Fund	Trails of Madison County Fund	Romance Theatre Fund
REVENUES:							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and Contributions	-	-	-	-	-	149,088	5,406
Fees and Charges	989,422	243,112	4,622	-	80,509	-	17,017
Interest Earned	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
TOTAL REVENUES	989,422	243,112	4,622	-	80,509	149,088	22,423
EXPENDITURES:							
General and Administrative	-	-	-	-	-	-	-
Public Safety	-	-	-	11,062	-	-	-
Parks and Recreation	-	-	-	-	-	-	30,365
Streets	-	-	-	-	-	-	-
Interest on Bonds and Other Debt	-	-	-	1,377	-	-	-
Principal on Bonds and Other Debt	-	-	-	-	-	-	-
Capital Improvements	2,712,697	-	-	138,150	27,245	70,671	6,744
TOTAL EXPENDITURES	2,712,697	-	-	150,589	27,245	70,671	37,109
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,723,275)	243,112	4,622	(150,589)	53,264	78,417	(14,686)
OTHER FINANCING SOURCES (USES):							
Proceeds from Borrowing	-	-	-	-	-	-	-
Transfers In	396,067	-	-	-	-	9,946	14,686
Transfers Out	-	(624,650)	-	-	(9,946)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	396,067	(624,650)	-	-	(9,946)	9,946	14,686
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(1,327,208)	(381,538)	4,622	(150,589)	43,318	88,363	-
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	-	381,538	22,804	-	(48,493)	(88,363)	-
FUND BALANCES (DEFICITS) AT END OF YEAR	\$ (1,327,208)	\$ -	\$ 27,426	\$ (150,589)	\$ (5,175)	\$ -	\$ -

41	45	47	49	53-58	59-79	80	81	85	90	91	Total
Riverside Park Fund	Mayor's Youth Advisory Board Fund	Airport Operation Fund	Inoperability Grant Fund	LID Construction Funds	LID Debt Service Funds	Farmer's Market Fund	Rexburg Arts Council Fund	Community Safety Lighting Fund	Veterans Memorial Fund	Clark Family Benefit Fund	Nonmajor Governmental Funds
\$ -	\$ -	\$ 2,956	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 544,232
99,200	-	52,847	143,052	30,192	-	-	7,635	-	13,000	-	986,712
-	5,199	22,422	-	-	312,738	7,665	2,552	54,223	-	-	2,686,721
-	-	-	-	-	61,020	-	-	-	375	-	67,095
-	-	-	-	-	-	-	-	-	-	-	89,683
99,200	5,199	78,225	143,052	30,192	373,758	7,665	10,187	54,223	13,375	-	4,374,443
-	3,180	18,449	-	-	-	-	-	-	-	104,114	1,255,439
-	-	-	-	-	-	-	-	-	-	-	142,986
-	-	-	-	-	-	5,797	9,963	-	-	-	313,193
-	-	-	-	-	-	-	-	21,947	-	-	21,947
-	-	2,921	-	-	48,112	-	-	-	-	-	68,027
-	-	-	-	-	186,000	-	-	-	-	-	186,000
142,761	-	5,103	143,053	134,391	-	-	-	-	48,928	-	3,716,278
142,761	3,180	26,473	143,053	134,391	234,112	5,797	9,963	21,947	48,928	104,114	5,703,870
(43,561)	2,019	51,752	(1)	(104,199)	139,646	1,868	224	32,276	(35,553)	(104,114)	(1,329,427)
-	-	-	-	-	275,000	-	-	-	-	-	275,000
-	-	-	-	80,812	-	-	-	-	-	-	766,025
-	-	-	-	-	(34,723)	-	-	-	-	-	(1,005,740)
-	-	-	-	80,812	240,277	-	-	-	-	-	35,285
(43,561)	2,019	51,752	(1)	(23,387)	379,923	1,868	224	32,276	(35,553)	(104,114)	(1,294,142)
(5,199)	1,629	(63,516)	1	(66)	(443,162)	-	-	-	49,270	104,114	936,509
\$ (48,760)	\$ 3,648	\$ (11,764)	\$ -	\$ (23,453)	\$ (63,239)	\$ 1,868	\$ 224	\$ 32,276	\$ 13,717	\$ -	\$ (357,633)

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, 2009, which collectively comprise the City of Rexburg Idaho's basic financial statements and have issued our report thereon dated January 29, 2010. 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 City of Rexburg, Idaho's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Rexburg, Idaho's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Rexburg, Idaho's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Rexburg, Idaho's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Rexburg, Idaho's financial statements that is more than inconsequential will not be prevented or detected by the City of Rexburg, Idaho's internal control.

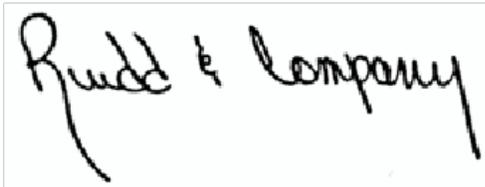
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Rexburg, Idaho's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 style and is contained within a rectangular box.

January 29, 2010

CITY OF REXBURG, IDAHO
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2009

MILITARY DIVISION

2008-1 Assistance to Firefighters Grant Program – Operations and Safety – CFDA No. 97.044; Grant Period: Year Ended September 30, 2008

Condition: The City did not meet the cash management requirements for federal programs due to receiving an approved grant disbursement on June 9, 2008 and not paying the vender until October 15, 2008. The total amount of the expenditure was \$340,041.

Recommendation: Department heads should be made aware of importance of following City policies and procedures and follow up should be done in regards to significant transactions, especially those involving federal funding.

Current Status: The recommendation was adopted for the year ended September 30, 2009. No similar findings were noted in the 2009 audit.