



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

**REXBURG URBAN RENEWAL AGENCY
(A Component Unit of the City of Rexburg, Idaho)**

**Financial Statements
and
Supplementary Information
with
Independent Auditors' Report**

September 30, 2012

giving direction to your future

REXBURG URBAN RENEWAL AGENCY

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September 30, 2012

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**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*** 22-23



INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Rexburg Urban Renewal Agency
Rexburg, Idaho

We have audited the accompanying financial statements of the governmental activities and each major fund of Rexburg Urban Renewal Agency (the Agency), a component unit of the City of Rexburg, Idaho, as of and for the year ended September 30, 2012, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Rexburg Urban Renewal Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

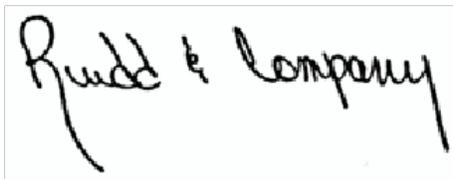
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Rexburg Urban Renewal Agency, as of September 30, 2012, and the respective changes in financial position 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 February 26, 2013, on our consideration of the Rexburg Urban Renewal Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 16 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

A handwritten signature in black ink that reads "Rudd & Company". The signature is written in a cursive style and is contained within a thin black rectangular border.

February 26, 2013

REXBURG URBAN RENEWAL AGENCY
Statement of Net Assets
September 30, 2012

	Governmental Activities
Assets	
Cash and investments	\$ 2,235,193
Bond issuance costs	32,574
Net property, plant and equipment	<u>830,872</u>
 Total Assets	 <u>3,098,639</u>
 Liabilities	
Long-term liabilities	
Due within one year	306,000
Due after one year	<u>3,820,000</u>
 Total Liabilities	 <u>4,126,000</u>
 Net Assets	
Invested in capital assets, net of related debt	830,872
Unrestricted	<u>(1,858,233)</u>
 Total Net Assets	 <u>\$ (1,027,361)</u>

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

REXBURG URBAN RENEWAL AGENCY
Statement of Activities
Year Ended September 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for services</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
			<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	
					<u>Total Governmental activities</u>
Governmental Activities					
Construction	\$ 248,676	\$ -	\$ -	\$ -	\$ (248,676)
Bond interest	191,936	-	-	-	(191,936)
Tax reimbursement	93,373	-	-	-	(93,373)
Professional fees	7,400	-	-	-	(7,400)
Administrative	3,686	-	-	-	(3,686)
Office and other	2,734	-	-	-	(2,734)
	<u>547,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(547,805)</u>
General revenues					
Property taxes					1,496,632
Interest on investments					<u>3,093</u>
					<u>1,499,725</u>
Change in net assets					951,920
Net assets beginning of year					<u>(1,979,281)</u>
Net assets end of year					<u>\$ (1,027,361)</u>

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

REXBURG URBAN RENEWAL AGENCY
Balance Sheet
Year Ended September 30, 2012

	University Boulevard Fund	North Highway Fund	Washington School Fund	Downtown Fund	Yellowstone Trejo Fund	North Interchange Fund	Debt Service Reserve Fund	Total
Assets								
Cash and investments	\$ 463,469	\$ 234,648	\$ 465,389	\$ 799,829	\$ -	\$ -	\$ 271,858	\$ 2,235,193
Property	-	830,872	-	-	-	-	-	830,872
Total Assets	\$ 463,469	\$ 1,065,520	\$ 465,389	\$ 799,829	\$ -	\$ -	\$ 271,858	\$ 3,066,065
Liabilities								
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances								
Restricted	463,469	1,065,520	465,389	799,829	-	-	271,858	3,066,065
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	463,469	1,065,520	465,389	799,829	-	-	271,858	3,066,065
Total Liabilities and Fund Balances	\$ 463,469	\$ 1,065,520	\$ 465,389	\$ 799,829	\$ -	\$ -	\$ 271,858	\$ 3,066,065
Total Governmental Funds								\$ 3,066,065
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds								
Bonds payable								(4,126,000)
Bond issuance costs								32,574
Net assets of governmental activities								\$ (1,027,361)

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

REXBURG URBAN RENEWAL AGENCY
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2012

	University Boulevard Fund	North Highway Fund	Washington School Fund	Downtown Fund	Yellowstone Trejo Fund	North Interchange Fund	Debt Service Reserve Fund	Total
Revenues								
Property taxes	\$ 231,150	\$ 768,784	\$ 145,606	\$ 351,092	\$ -	\$ -	\$ -	\$ 1,496,632
Interest income	916	839	(681)	2,019	-	-	-	3,093
Total Revenues	232,066	769,623	144,925	353,111	-	-	-	1,499,725
Expenditures								
Administrative	3,641	3,661	3,641	3,641	(4,479)	(6,419)	-	3,686
Professional services	1,192	1,125	1,218	3,865	-	-	-	7,400
Office and other	135	2,168	242	189	-	-	-	2,734
Property tax reimbursement	45,035	-	-	48,338	-	-	-	93,373
Cost of construction	-	-	-	248,676	-	-	-	248,676
Bond principle	-	288,000	-	-	-	-	-	288,000
Bond interest	-	188,676	-	-	-	-	-	188,676
Total Expenditures	50,003	483,630	5,101	304,709	(4,479)	(6,419)	-	832,545
Net Change in Fund Balances	182,063	285,993	139,824	48,402	4,479	6,419	-	667,180
Fund Balance October 1, 2011	281,406	779,527	325,565	751,427	(4,479)	(6,419)	271,858	2,398,885
Fund Balance September 30, 2012	\$ 463,469	\$ 1,065,520	\$ 465,389	\$ 799,829	\$ -	\$ -	\$ 271,858	\$ 3,066,065

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

REXBURG URBAN RENEWAL AGENCY
Reconciliation of the Governmental Funds
Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities
Year Ended September 30, 2012

Net change in fund balances - total governmental funds	\$ 667,180
Long-term debt payments are recorded as expenditures on the statements of revenues, expenditures and changes in fund balances, but not in the statement of net assets	288,000
Issuance of long-term debt bond costs is amortized over the life of the bond as interest expense in the statement of net activities	<u>(3,260)</u>
Change in net assets of governmental activities	<u>\$ 951,920</u>

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

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2012

1. Summary of Significant Accounting Policies

The Reporting Entity

The Rexburg Urban Renewal Agency (the Agency) was created for the purpose of making improvements to infrastructure in specific areas of the City. It derives its revenues from the incremental tax increase that all taxing districts forfeit from increase in value of the land and buildings in the new construction areas.

The Agency is a component unit, as defined by generally accepted accounting principles, of the City of Rexburg, Idaho, because of its operational or financial relationship with the City. The City appoints the governing body of the Agency.

The Agency's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for the state and local governments through its pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Agency are discussed below.

Government-Wide and Fund Financial Statements

The Agency's basic financial statements include both government-wide (reporting the Agency as a whole) and fund financial statements (reporting the Agency's major funds) in combined statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Agency's activities and general administrative services are classified as governmental activities. The Agency has no business-type activities.

The financial transactions of the Agency are reported in individual funds in the combined financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following governmental fund types are used by the Agency:

- The Special Revenue Funds consists of the University Boulevard Fund, the North Highway Fund, The Washington School Fund, the Downtown Fund, The Yellowstone Trejo Fund and the North Interchange Fund used to account for the property taxes received by the Agency and to disburse payments on the obligations of the Agency.

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2012

1. Summary of Significant Accounting Policies (continued)

- The Debt Service Reserve Fund is used to account for the funds placed in reserve to make payments of long-term debt.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual. Governmental activities in the combined government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual. The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on long-term debt, if any, is recognized when due.

Budget

Budgets for the Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. The budgets were not amended during the year. The Agency did not adopt budgets for the North Exchange Fund nor the Debt Service Reserve Fund during the fiscal year.

Cash and Investments

Cash includes amounts in demand deposit accounts as well as short-term investments with a maturity date within three months of the date acquired by the Agency. Under state law, the Agency may deposit funds in demand deposits, interest-bearing demand deposits or time deposits with state banks organized under Idaho law and national banks having their principle offices in Idaho. State statutes authorize the Agency to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2012

1. Summary of Significant Accounting Policies (continued)

The Agency has elected to deposit cash in excess of immediate needs into the State of Idaho Local Government Investment Pool (LGIP). The LGIP was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The LGIP is managed by the State of Idaho Treasurer's office. An annual audit of LGIP is conducted by the State Legislative Auditors Office. The Legislative Auditor of the State of Idaho has full access to the records of the LGIP. All other cash is deposited with local banks in checking or savings accounts.

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. The Agency does not have a policy for custodial credit risk outside of the deposit and investment agreements. The Agency is authorized to invest in the LGIP. This pooling is intended to improve administrative efficiency and increase investment yield.

Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation and is commonly expressed in terms of the credit quality rating issued by nationally recognized statistical rating organizations such as Moody's, Standard & Poor's, and Fitch's. The investments of the Agency held in the LGIP have been assigned an AAA fund credit quality rating and an S1+ volatility rating by Standard & Poor's Rating Services.

Investments are stated at cost which approximates fair value. Contractual provision requires that monies in the Debt Service Reserve Fund be invested in certain direct, guaranteed or insured obligations of the United States of America.

Revenues and Property Taxes

Substantially all governmental fund revenues come from property taxes. Property taxes are billed and collected within the same period in which the taxes are levied. The Agency does not levy property taxes.

In accordance with Idaho State law, property taxes are levied in September for each calendar year. All of the personal taxes and half of the real property taxes are due by December 20. The second half of the real property taxes is due by June 20. Property taxes attach as an enforceable lien as of January 1 of the following year. Notice of foreclosure is filed by the county clerk three years from the date of delinquency.

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2012

1. Summary of Significant Accounting Policies (continued)

Expenditures

Expenditures are recognized when the related fund liability is incurred. Administrative expenses reflect amounts paid or payable to the City of Rexburg. The Agency's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Capital Assets

Capital assets such as streets, street improvements, water, sewer and other capital improvements, which the Agency pays for, are donated to the City of Rexburg, Idaho.

Insurance

The Agency is exposed to certain risk of loss due to general liability, wrongful acts, faithful performance and crime. The Agency has elected to transfer these risks through the purchase of insurance from a commercial enterprise. There have been no claims on insurance coverage for the past three years.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Agency 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 amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. Cash and Investments

Deposits

At September 30, 2012, the carrying amount of the Agency's deposits was \$816,387 and the respective bank balances totaled \$816,387. Of the bank balances, \$816,387 was insured or collateralized with pooled securities held by the pledging financial institutions in the name of the Agency.

Custodial Credit Risk, Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned. As of September 30, 2012, none of the Agency's total deposits of \$816,387 were not covered by the Federal deposit insurance or the Securities Investor Protection Corporation, and thus were not exposed to custodial credit risk.

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2012

2. Cash and Investments (continued)

Investments

As of September 30, 2012, the Agency had the following investments:

	<u>Fair Value</u>	<u>Investment Maturities in Years</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
State Investment					
Pool - AAAF	\$ 1,418,806	\$ 1,418,806	\$ -	\$ -	\$ -
	<u>\$ 1,418,806</u>	<u>\$ 1,418,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Custodial Credit Risk Investments

As of September 30, 2012, the Agency's investments were covered by collateral held by the pledging financial institution's trust department or agent in the name of the Agency, and thus had no investments that were exposed to custodial credit risk.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from changes in interest rates, the agency structures its portfolio so that securities mature to meet cash requirements for ongoing operations. The state investment pool is a short-term investment fund in which participants have overnight availability to their funds.

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. It is the Agency's policy to limit investments to the safest types and to diversify the Agency's investment portfolio so that potential losses on securities will be minimized. The Agency follows Idaho statute that outlines qualifying investment options.

Summarized cash balances:

Cash Deposits	\$ 816,387
State Investment Pool	<u>1,418,806</u>
Total Cash and Investments	<u>\$ 2,235,193</u>

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2012

3. Long-term Liabilities

Governmental long-term liability activity for the year ended September 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Revenue allocation				
tax incement bond 2010	\$ 4,414,000	\$ -	\$ (288,000)	\$ 4,126,000

The Agency sold revenue allocation (tax increment) bond, Series 2010, in the principle amount of \$4,656,000 on July 6, 2010. The notes mature on September 1, 2022, and the interest rate averages 4.12%. The current portion of principal is \$306,000 and the long-term portion is \$3,820,000.

Scheduled principal repayments on long-term obligations for the next five years are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	306,000	179,354	485,354
2014	328,000	168,521	496,521
2015	354,000	155,992	509,992
2016	384,000	141,619	525,619
2017	392,000	125,261	517,261
Thereafter	2,362,000	263,550	2,625,550
	<u>\$ 4,126,000</u>	<u>\$ 1,034,297</u>	<u>\$ 5,160,297</u>

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2012

4. Commitments

There are a few projects where developers incurred extra costs on behalf of the Agency in which the Agency has committed to pay a portion back over time out of future incremental taxes that it receives from the specific taxing area where the project is located. The future amounts collected and to paid back are not determined until the taxes for that area are collected.

5. Fund Balances

Fund balance is classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used as follows:

Restricted fund balance – amounts constrained to specific purposes externally imposed by creditors (such as through debt covenants), grantor and contributors, or laws, or regulations of other governments, or through constitutional provisions, or by enabling legislation.

Unassigned fund balance – amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other governmental funds, it may be necessary to report a negative residual balance as unassigned.

Details of constraints on fund balances of governmental funds on the following page:

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2012

5. Fund Balances (continued)

	University Boulevard Fund	North Highway Fund	Washington School Fund	Downtown Fund	Yellowstone Trejo Fund	North Interchange Fund	Debt Service Reserve Fund	Total Governmental Funds
Fund Balances:								
Restricted for:								
University Boulevard area capital improvements	\$ 463,469	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 463,469
North Highway area capital improvements	-	1,065,520	-	-	-	-	-	1,065,520
Washington School area capital improvements	-	-	465,389	-	-	-	-	465,389
Downtown area capital improvements	-	-	-	799,829	-	-	-	799,829
Debt service payments	-	-	-	-	-	-	271,858	271,858
Total restricted	463,469	1,065,520	465,389	799,829	-	-	271,858	3,066,065
Unassigned	-	-	-	-	-	-	-	-
	\$ 463,469	\$ 1,065,520	\$ 465,389	\$ 799,829	\$ -	\$ -	\$ 271,858	\$ 3,066,065

Required Supplementary Information

REXBURG URBAN RENEWAL AGENCY
Budgetary Comparison Schedule
University Boulevard Fund
Year Ended September 30, 2012

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues	\$ 400,000	\$ 232,066	\$ (167,934)
Expenditures	<u>400,000</u>	<u>50,003</u>	<u>349,997</u>
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	-	182,063	182,063
Fund Balance at Beginning of Year	<u>-</u>	<u>281,406</u>	<u>281,406</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 463,469</u>	<u>\$ 463,469</u>

See Independent Auditors' Report

REXBURG URBAN RENEWAL AGENCY
Budgetary Comparison Schedule
North Highway Fund
Year Ended September 30, 2012

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues	\$ 887,000	\$ 769,623	\$ (117,377)
Expenditures	<u>887,000</u>	<u>483,630</u>	<u>403,370</u>
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	-	285,993	285,993
Fund Balance at Beginning of Year	<u>-</u>	<u>779,527</u>	<u>779,527</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 1,065,520</u>	<u>\$ 1,065,520</u>

See Independent Auditors' Report

REXBURG URBAN RENEWAL AGENCY
Budgetary Comparison Schedule
Washington School Fund
Year Ended September 30, 2012

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues	\$ 461,000	\$ 144,925	\$ (316,075)
Expenditures	<u>461,000</u>	<u>5,101</u>	<u>455,899</u>
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	-	139,824	139,824
Fund Balance at Beginning of Year	<u>-</u>	<u>325,565</u>	<u>325,565</u>
Fund Balance at End of Year	<u> </u>	<u>\$ 465,389</u>	<u>\$ 465,389</u>

See Independent Auditors' Report

REXBURG URBAN RENEWAL AGENCY
Budgetary Comparison Schedule
Downtown Fund
Year Ended September 30, 2012

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues	\$ 1,271,000	\$ 353,111	\$ (917,889)
Expenditures	<u>1,271,000</u>	<u>304,709</u>	<u>966,291</u>
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	-	48,402	48,402
Fund Balance at Beginning of Year	<u>-</u>	<u>751,427</u>	<u>751,427</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 799,829</u>	<u>\$ 799,829</u>

See Independent Auditors' Report

REXBURG URBAN RENEWAL AGENCY
Budgetary Comparison Schedule
Yellowstone Trejo Fund
Year Ended September 30, 2012

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues	\$ -	\$ -	\$ -
Expenditures	<u>-</u>	<u>(4,479)</u>	<u>4,479</u>
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	-	4,479	4,479
Fund Balance at Beginning of Year	<u>-</u>	<u>(4,479)</u>	<u>(4,479)</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

REXBURG URBAN RENEWAL AGENCY
Budgetary Comparison Schedule
North Interchange Fund
Year Ended September 30, 2012

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues	\$ -	\$ -	\$ -
Expenditures	<u>-</u>	<u>(6,419)</u>	<u>6,419</u>
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	-	6,419	6,419
Fund Balance at Beginning of Year	<u>-</u>	<u>(6,419)</u>	<u>(6,419)</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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

To the Board of Directors
Rexburg Urban Renewal Agency
Rexburg, Idaho

We have audited the financial statements of the governmental activities and the major fund of Rexburg Urban Renewal Agency, Idaho, a component unit of the City of Rexburg, Idaho, as of and for the year ended September 30, 2011, which collectively comprise the Rexburg Urban Renewal Agency's basic financial statements, and have issued our report thereon dated February 26, 2013. We conducted our audits 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

Management of Rexburg Urban Renewal Agency, Idaho, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Rexburg Urban Renewal Agency'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 Rexburg Urban Renewal Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Rexburg Urban Renewal Agency's internal control over financial reporting.

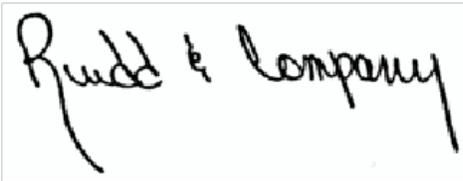
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Rexburg Urban Renewal Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions or laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

February 26, 2013