



CITY OF
REXBURG
America's Family Community



CITY OF REXBURG, IDAHO

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITORS' REPORT
YEAR ENDED SEPTEMBER 30, 2013

CITY OF REXBURG, IDAHO

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RUDD & COMPANYSM

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Rexburg, Idaho

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

Management has not included negative fund balances as unassigned fund balances in the City's financial statements as outlined in footnote 22. Accounting principles generally accepted in the United States of America require all negative fund balances be classified as unassigned funds in the governmental funds statements. The City's management feels that it is more consistent and useful to show the negative fund balances in the appropriate fund type.

Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" 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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–18 and 55–58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

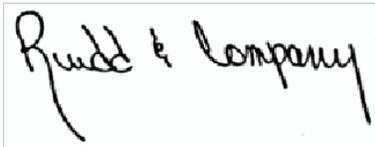
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rexburg, Idaho's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2014, on our consideration of the City of Rexburg, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Rexburg, Idaho's internal control over financial reporting and compliance.

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

Rexburg, Idaho
February 7, 2014



Management's Discussion and Analysis

Richard R. Horner, Chief Financial Officer

Matthew K. 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, 2013. Please read this in conjunction with the City's financial statements, which begin on page 19.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at September 30, 2013 by \$85,787,438.

- Of this amount, \$3,554,947 of unrestricted net position and \$14,875,263 of restricted assets is available to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased \$4,638,750 as a result of this year's operations, which included an increase of governmental type net position by \$2,013,304 and of business-type net position by \$2,625,446.
- At fiscal year end, the City's governmental funds reported combined ending fund balances of \$6,329,336, an increase of \$467,866 from last year.
- The General Fund Balance was \$2,766,235 or 30.88% of the total General Fund Expenditures and Fund Transfers. This is a 2.94% increase over the prior year. Of this balance, \$100,000 was appropriated in the budget of the following fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Government-wide Financial Statements are presented in a 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 inter-governmental revenues (governmental activities) from functions that are supported by user fees (business-type activities). Governmental activities include: general administration, public safety, streets, parks, recreation, arts, 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 Position presents information on all of the City’s assets, liabilities, and deferred inflows/outflows of the City. The difference between them is called the Net Position. Over time, increases or decreases in net position 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 Position 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, the revolving loan fund, 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 57 to 64 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 position, such as depreciation might have, which is included in the Government-wide Statements. The City maintains 67 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 Position

For the years ended September 30, 2013 and September 30, 2012, Net Position changed as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>All Activities</u>
Net Position 9/30/12	\$ 47,853,414	\$ 33,295,274	\$ 81,148,688
Increase in Net Position	\$ 2,013,304	\$ 2,625,446	\$ 4,638,750
Net Position 9/30/13	\$ 49,866,718	\$ 35,920,720	\$ 85,787,438
Percent Increase	4.2%	7.9%	5.7%

Large item increases came from:

Purchase of new Patrol vehicles/equipment (3)	\$ 112,302
Parks Building-Contributed from Urban Renewal Agency	\$ 200,000
Kodiak Snow Blower for Loader	\$ 326,717
Loader-Caterpillar 950 K	\$ 194,168
Loader-JD 624 K 4WD	\$ 132,549
Brush Rig-International Chassis-Joint Fire Equip Fund	\$ 222,724
Water Tender-Rosenbauer-Madison Co. Fire Prot. Dist.	\$ 225,516
S2 Tracker Aircraft-Purchased by Legacy Flight Museum	\$ 90,000
New Generator Building-Well 1 & 6	\$ 108,566
New Well Drilling/Construction	\$ 453,896
Seal coat and Chip Seal Street Projects	\$ 156,387
Streets & storm drain infrastructure-Developer contributed	\$ 868,608
Upsize Burton Elementary Water Line to 14"	\$ 118,984
Upsize Pressure Sewer Line/Lift Station-Madison High	\$ 195,842
Wastewater Plant improvements	\$ 2,069,545
Reconstruct 5 th W Street-Nature Park to Kennedy School	\$ 892,455
New 4' Storm Drain Line-Nature Park to Kennedy School	\$ 444,393
Street Lighting Projects- Throughout City	\$ 287,929

Also, see Note #3 on page 35 to 36.

Statement of Net Position Comparison (2013 vs. 2012)

	Governmental Activities		Business-type Activities		Total Activities		Favorable (unfavorable) Change	Percent Change
	2013	2012	2013	2012	2013	2012		
Current Assets	\$ 8,470,440	\$ 8,100,389	\$ 12,723,564	\$ 13,298,808	\$ 21,194,004	\$ 21,399,197	\$ (205,193)	-1%
Capital and Other								
Non-current	44,061,704	42,427,417	32,457,409	29,639,643	76,519,113	72,067,060	4,452,053	6% (1)
Total Assets	52,532,144	50,527,806	45,180,973	42,938,451	97,713,117	93,466,257	4,246,860	5%
Current Liabilities	2,160,426	2,074,392	1,493,753	1,313,177	3,654,179	3,387,569	(266,610)	-8% (2)
Noncurrent								
Liabilities	505,000	600,000	7,766,500	8,330,000	8,271,500	8,930,000	658,500	7% (3)
Total liabilities	2,665,426	2,674,392	9,260,253	9,643,177	11,925,679	12,317,569	391,890	3%
Net Positions:								
Capital Assets, Net of								
Related Debt	43,507,659	41,835,826	23,849,569	20,482,402	67,357,228	62,318,228	5,039,000	8% (4)
Restricted	2,804,112	3,252,170	12,071,151	12,812,872	14,875,263	16,065,042	(1,189,779)	-7% (5)
Unrestricted	3,554,947	2,765,418	-	-	3,554,947	2,765,418	789,529	29% (6)
Total								
Net Positions	\$ 49,866,718	\$ 47,853,414	\$ 35,920,720	\$ 33,295,274	\$ 85,787,438	\$ 81,148,688	\$ 4,638,750	6%

Notes to Statement of Net Position Comparison

- (1) The increase in capital assets was mainly due to improvements made to the sewer treatment plant & the large street project on 5th West
- (2) Large increase in governmental activities due to a building deposit received on a large project at year end
- (3) The major part of this decrease is in the payoff of sewer and LID bonds or warrants.
- (4) This increase in net capital assets is due to sewer plant construction and bond payments & the large street project on 5th West.
- (5) Reduction in restricted assets due to capital projects, such as the sewer treatment plant
- (6) Due mainly to an increase in net position in the parks impact fund and riverside park construction fund

Because the City has not been required by the Governmental Accounting Standards Board (GASB) 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, 2013, is as follows:

	Long-Term Obligations September 30, 2012	Obligations Incurred	Obligations Paid	Long-Term Obligations September 30, 2013
Accrued Compensated Absences (Note 6)	\$ 355,955	\$ 41,296	\$ (4,943)	\$ 392,308
Local Improvement District Warrants Payable (Note 9)	715,000	--	(115,000)	600,000
Wastewater Revenue Bonds Payable (Note 10)	8,895,000	--	(565,000)	8,330,000
Obligations Under Capital Leases (Note 11)	--	43,250	(11,000)	32,250
	<u>\$ 9,965,955</u>	<u>\$ 84,546</u>	<u>\$ (695,944)</u>	<u>\$ 9,354,558</u>

There are currently no outstanding General Obligation Bonds.

Governmental Activities

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 strives to maintain a total general fund committed fund balance equal to a minimum of 25%, or greater, of general fund budgeted expenditures for the last ended fiscal year for the necessary cash flow, for unforeseen emergencies, and to mitigate current and future risks.

General and Administrative

(Mayor & City Council, Economic Development, Customer Services, Information Systems, Financial Management, Legal, 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 \$6,700 was taken in as parks reservation fees in 2013.

The Recreation Administrative expenses are heavily subsidized by General Revenues, while the Recreation Programs are intended to be self-sufficient. In 2013, a transfer of over \$95,000 from the general fund was made to subsidize losses in the recreation program fund from the last few years.

In 2013 the operating fund of the water park Rexburg Rapids was self-sufficient, and saw a profit of over \$27,000. The City Council also transferred \$50,000 from the general fund that will be kept in reserve for future major capital projects or repairs at the water park.

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. The Cultural Arts Funds are also heavily subsidized by general revenues and taxes.

Streets

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

Statement of Changes in Net Position (2013 vs. 2012)

	Governmental		Business-type		Total		Favorable (Unfavorable) Change	Percent Change
	Activities		Activities					
	2013	2012	2013	2012	2013	2012		
Revenues:								
Program Revenues:								
Charges for Services & Taxes								
General &								
Administrative	4,076,148	3,343,637			4,076,148	3,343,637	732,511	22% (1)
Public Safety	1,780,406	2,087,507			1,780,406	2,087,507	(307,101)	-15% (2)
Parks, Rec. &								
Cultural Arts	606,867	646,801			606,867	646,801	(39,934)	-6%
Streets	2,960,925	2,624,036			2,960,925	2,624,036	336,889	13% (3)
Water			2,287,920	2,254,939	2,287,920	2,254,939	32,981	1%
Waste Water			3,797,164	3,554,530	3,797,164	3,554,530	242,634	7%
Sanitation			1,656,454	1,616,875	1,656,454	1,616,875	39,579	2%
Golf Courses			378,453	408,501	378,453	408,501	(30,048)	-7%
Total	9,424,346	8,701,981	8,119,991	7,834,845	17,544,337	16,536,826	1,007,511	6%
Operating Grants and Contributions								
General &								
Administrative	482,112	382,241			482,112	382,241	99,871	26% (4)
Public Safety	1,766,285	1,667,029			1,766,285	1,667,029	99,256	6%
Parks, Rec. &								
Cultural Arts	106,570	104,987			106,570	104,987	1,583	2%
Streets								
Total	2,354,967	2,154,257			2,354,967	2,154,257	200,710	9%
Capital Grants & Contributions								
General &								
Administrative	(100,087)	211,500			(100,087)	211,500	(311,587)	-147% (5)
Public Safety	409,830	232,014			409,830	232,014	177,816	77% (6)
Parks, Rec. &								
Cultural Arts	974,751	284,995			974,751	284,995	689,756	242% (7)
Streets	1,039,405	694,804			1,039,405	694,804	344,601	50% (8)
Water			867,089	210,599	867,089	210,599	656,490	312% (9)
Waste Water			1,100,304	488,639	1,100,304	488,639	611,665	125% (10)
Golf Courses					-	-	-	
Total	2,323,899	1,423,313	1,967,393	699,238	4,291,292	2,122,551	2,168,741	102%
General Revenues:								
Property Taxes	3,201,614	2,940,113			3,201,614	2,940,113	261,501	9%
Franchise Fees	524,310	433,924			524,310	433,924	90,386	21% (11)
State Taxes	1,145,478	1,010,458			1,145,478	1,010,458	135,020	13% (12)
Investment								
Earnings	52,818	144,396	28,341	90,891	81,159	235,287	(154,128)	-66% (13)
Miscellaneous	15,254	25,965			15,254	25,965	(10,711)	-41% (14)
Total	4,939,474	4,554,856	28,341	90,891	4,967,815	4,645,747	322,068	7%
Total Revenues	19,042,686	16,834,407	10,115,725	8,624,974	29,158,411	25,459,381	3,699,030	15%

Statement of Changes in Net Position (2013 vs. 2012)

	Governmental		Business-type		Total		Favorable (Unfavorable) Change	Percent Change
	Activities		Activities					
	2013	2012	2013	2012	2013	2012		
Expenses:								
General &								
Administrative	4,436,130	4,276,263			4,436,130	4,276,263	(159,867)	-4%
Public Safety	7,296,664	6,478,765			7,296,664	6,478,765	(817,899)	-13% (15)
Parks, Rec. & Arts	1,834,606	1,623,991			1,834,606	1,623,991	(210,615)	-13% (16)
Streets	3,461,982	3,256,545			3,461,982	3,256,545	(205,437)	-6%
Water			1,925,143	1,742,730	1,925,143	1,742,730	(182,413)	-10% (17)
Waste Water			3,557,479	3,350,367	3,557,479	3,350,367	(207,112)	-6%
Sanitation			1,569,039	1,554,746	1,569,039	1,554,746	(14,293)	-1%
Golf Course	-	-	438,618	437,663	438,618	437,663	(955)	0%
Total Expenses	17,029,382	15,635,564	7,490,279	7,085,506	24,519,661	22,721,070	(1,798,591)	-8%
Increase in								
Net Positions	2,013,304	1,198,843	2,625,446	1,539,468	4,638,750	2,738,311	1,900,439	69%
Net Position-Beginning	47,853,414	46,654,571	33,295,274	31,755,806	81,148,688	78,410,377	2,738,311	3%
Net Position-Ending	49,866,718	47,853,414	35,920,720	33,295,274	85,787,438	81,148,688	4,638,750	6%

Notes to Statement of Changes in Net Position

- (1) Majority due to building permit fees that increased significantly in 2013. Partially due to increased overhead costs
- (2) Revenues for Wildland fires down-fewer pieces of equipment sent out on fires
- (3) Large franchise fee (power) payment received in 2013 that was not billed for in the prior year and we sold large loader
- (4) Due to additional private grants in Animal Control & GIS contributions
- (5) Due to undeferred LID revenue-We had more old LID's than new ones created in 2013
- (6) Parks Bldg at Riverside Park was contributed by the Urban Renewal Agency
- (7) Nearly half this increase from a federal grant in the riverside park construction fund
- (8) Developer contributed assets increased significantly
- (9) Developer contributed assets increased significantly
- (10) Developer contributed assets increased significantly
- (11) Large franchise fee (power) payment received in 2013 that was not billed for in the prior year
- (12) City share of state sales tax disbursed from the State increased in 2013
- (13) Investment yields decreased from prior year and moved some investments to cash for large projects in utilities and streets
- (14) Nearly half this amount was from a reduction in the general fund misc. revenues
- (15) A large portion of this increase came from the purchase of fire equipment and wildland fire labor
- (16) Large increase due in most part to the booked expense for the parks building contributed by the Urban Renewal Agency
- (17) Increase due in large part to the ongoing costs to add a new water well

Business-type Activities

Utility Fund

The Utility Departments include the Sanitation, Water, and Waste Water departments. The City maintains separate Capital Reserve Funds for Water and Wastewater that are funded through hook-up fees and used for large construction projects to expand capacity. In 2010 the City started a project to expand the Wastewater Treatment plant and wastewater lines to increase capacity and to also address some other maintenance concerns at the existing plant, which work has continued through 2013. In order to pay for the construction maintenance upgrades and expansion of the plant, the city secured a revenue bond of 10 million dollars on December 8, 2010, which will be paid back with capital reserve funds and increases in utility fees.

The utility funds, which include utility operations, water capital reserve, sewer capital reserve, water well construction, sewer/water line extension, and the sewer plant construction funds, decreased in cash and short term investments by \$192,003, ending the year with a balance of \$11,721,168.

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 6.1% of the total monthly billed revenue for the wastewater department.

Sewer rates were last increased on October 1, 2013. Water rates were last increased on October 1, 2012. Sanitation rates were last increased on October 1, 2013.

In 2012 the City began to provide curbside pickup for recycling to single family residents at no additional cost to the customer. The Recycling Program is a joint effort with Brigham Young University Idaho. We are also in the process of continuing to implement curbside pickup for recycling to commercial and multi-family users.

Golf Fund

The golf courses, Teton Lakes of 27 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 \$543,852, which was covered by a loan from the City, half of which is guaranteed by the County. There was no transfer to the Golf Course Construction Fund at the end of the fiscal year from the Golf Operations Fund to pay down the cash deficit.

FUND FINANCIAL STATEMENT 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, unassigned 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 53) increased by \$78,906 during the year, mainly due to the receipt of higher actual revenues than budgeted.

The Street Funds' Balances (see page 54) decreased by \$608,752, leaving a fund balance deficit of \$467,761. The deficit will be paid back with fees and taxes collected the following January.

The Emergency Services Fund (see page 55) 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.

Police, Fire, Parks and Street Development Impact Fees were collected in the amounts of \$72,194, \$55,370, \$514,023, and \$527,009 respectively, totaling \$1,168,596 for capital improvements in those departments.

The Joint Fire Equipment Fund has a positive fund balance of \$375,169, which comes from contributions by the City and the Madison County Fire Protection District. These funds are for future purchases of fire equipment.

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

Proprietary Funds

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

The Utility Operations Fund (Fund 25) includes the Sanitation, Water and Wastewater Departments. This fund ended the year with net income of \$4,579,624, of which \$3,651,682 was due to contributed assets. The Utility Operations Fund increased in cash by \$1,006,980 ending the year with a balance of \$6,469,243 in cash and investments.

The Golf Course Fund (Operations Fund) had a net loss for the year of (\$58,875), and did not have sufficient funds to make a transfer to the Golf Course Construction Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues

Total Budget of Revenues	\$ 8,650,000
Budgeted Cash Carryover (Deficit)	<u>\$ 154,400</u>
Budgeted Revenues Expected Net of Carryover	\$ 8,495,600

Actual Revenues received	\$ 9,035,736
Surplus (Deficit) of Revenues vs. Budget	\$ 540,136

Expenditures

Total Budget of Expenditures	\$ 8,650,000
Actual Expenditures	<u>\$ 8,956,830</u>
Under (Over) Budget	\$ (306,830)

Net Revenues over Expenditures	\$ 78,906
--------------------------------	-----------

However, some individual accounts showed variations that are notable:

Significant Revenues Overage (Shortage)

Property Tax	\$ 48,335
Franchise Fees- Rocky Mountain Power	\$ 75,346
Franchise Fees- Intermountain Gas	\$ (25,439)
Federal Grants	\$ 12,379
State of Idaho Shared Revenues- Liquor Funds/Sales Tax	\$ 112,278
Permits-Parking	\$ 12,045
Fines-Court	\$ (12,509)
Interest Earnings	\$ (27,964)
Tower Rental Income	\$ 11,646
Sale of Police Cars/Equipment	\$ 8,300
Contributed Assets	\$ 223,000
Fund Balance Carryover	\$ (154,400)

Engineering Charges	\$ 21,597
Shop Charges	\$ (54,125)
General Overhead	\$ 143,999

Significant Expenditures (Over Budget) Under Budget

Economic Development	\$ 12,989
Police Detectives	\$ (36,002)
Community Policing	\$ 22,124
Engineering	\$ 52,337
Shop	\$ 54,127
Parks (Due to Contributed Asset- Parks Bldg. \$200,000)	\$ (175,122)
Recreation Administration	\$ 12,703
Transfer to Legacy Flight Museum	\$ 9,336
Police Impact Fee Subsidy	\$ (50,000)
Charges for Services-Planning and Zoning	\$ (14,971)
Transfer to Small Police Grants Fund to Zero Fund Deficit	\$ (20,749)
Transfer to Recreation Program Fund to Zero Fund Deficit	\$ (95,907)
Tabernacle Subsidy	\$ 18,954
Joint Fire Operations Subsidy	\$ (17,339)
Transfer to Rexburg Rapids Capital Replacement Reserve	\$ (50,000)

STREET FUND BUDGETARY HIGHLIGHTS

Revenues

Total Budget of Revenues	\$ 5,992,000
Actual Revenues received	\$ 5,210,778
Surplus (Deficit) of Revenues vs. Budget	\$ (781,222)

Expenditures

Total Budget of Expenditures	\$ 5,992,000
Actual Expenditures	\$ 5,819,530
Surplus (Deficit) of Expenses vs. Budget	\$ 172,470
Excess (Deficiency) of Revenues vs. Expenses	\$ (608,752)

Fund Balance

Beginning Fund Balance	\$ 140,991
Ending Fund Balance	\$ (467,761)

However, some individual accounts showed variations that are notable:

Significant Revenues Overage (Shortage)

Franchise Fees & Right of Way Fees	\$ 189,619
County Road & Bridge	\$ 61,733
Miscellaneous	\$ 10,540
Sale of Equipment	\$ (107,778)
Other Grants and Donations	\$ (396,155)
Interest Income	\$ (51,753)
Contributed Capital (new finished streets)	\$ (1,131,392)
Transfer in-Internal	\$ 526,291
Transfer in-From other funds	\$ 297,809

Significant Expenditures (Over Budget) Under Budget

Street Maintenance	\$ 142,483
Capital Improvements	\$ 778,799
Transfers Out-Internal	\$ (552,491)
Transfers to Other Street Projects	\$ (1,009,121)

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. In 2013 the ESD Department utilized ambulance and fire equipment on site at various wild land fires throughout the state and west. For their work, the respective entity that supplied equipment received reimbursement revenues that helped reduce the shared costs needed by the three entities that fund the ESD operations. They also sent out a higher number of personnel than the prior year to help in the wild land fire efforts and received reimbursement revenues to cover the wages and benefits paid to the employees.

The Madison Ambulance District paid approximately 49% of the costs during the past fiscal year. The City and the Madison Fire District each paid about 30% and 21% respectively.

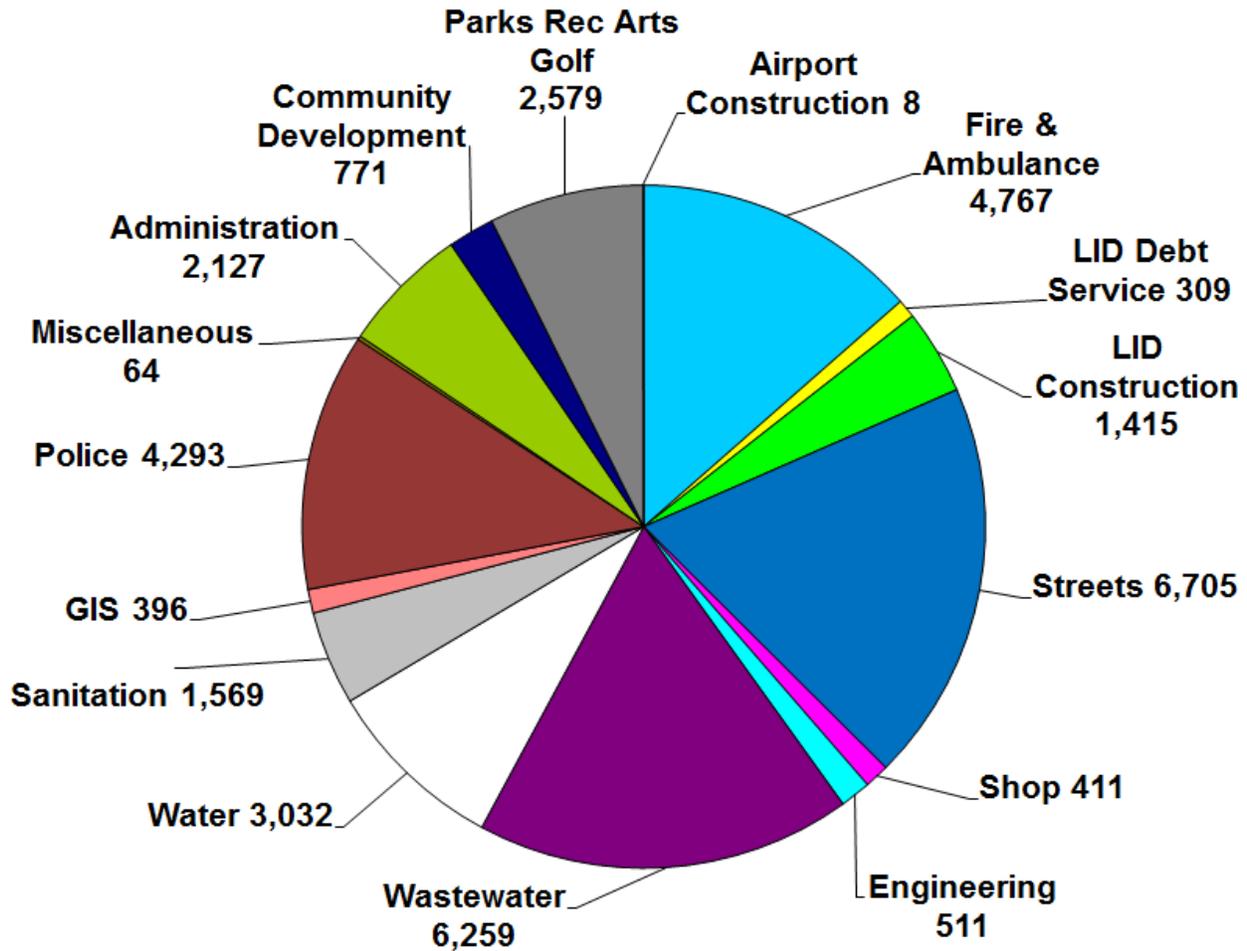
ESD Fund Revenues and Expenses were both approximately \$18,000 under budget – both because this fund is usually zeroed out at the end of the year and any savings or overruns are shared by the three entities immediately. The City's share of expenses was \$700,339 of a \$668,100 budget, or \$32,239 over budget.

REXBURG URBAN RENEWAL AGENCY

Separately issued financial statements for the Rexburg Urban Renewal Agency, a component unit of the City of Rexburg, are available at the City offices.

Actual Total Expense

FY 2013 Total: \$35,215,861 (below in thousands)

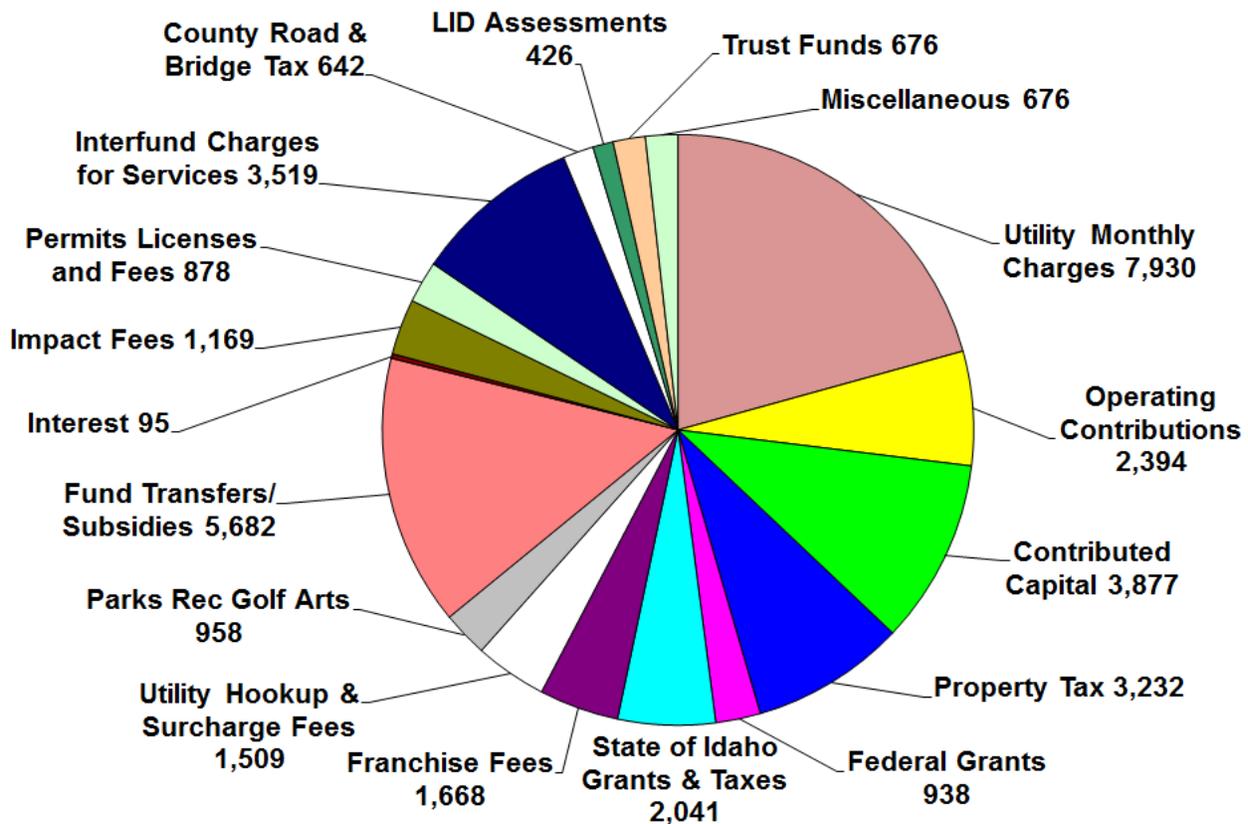


The Total Expense Budget pie chart shows the relative size of the departments or categories of expense budgets. Each Total Expense category includes both operating expense and capital purchase expense. Operating Expense does not include capital expense and is the amount needed to fund the day to day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

Actual Total Revenue

FY 2013 Total: \$38,309,159 (below in thousands)

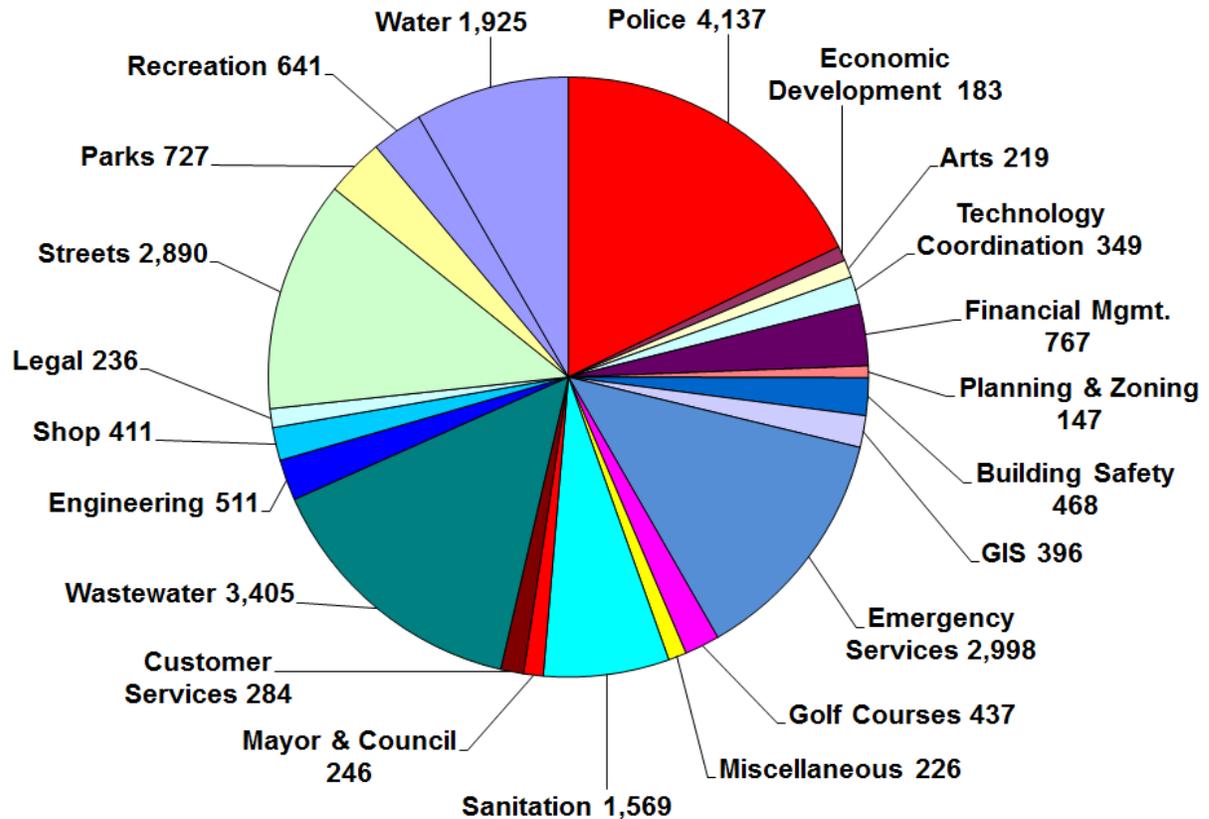


The Total Revenue Budget pie chart shows the relative size of the categories of revenue budget by source. Total Revenue categories include both operating revenue and revenue that is restricted to capital purchases. Operating Revenue does not include revenue reserved for capital purchases and is the amount 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 2013 \$ 23,171,835 (Chart in thousands)

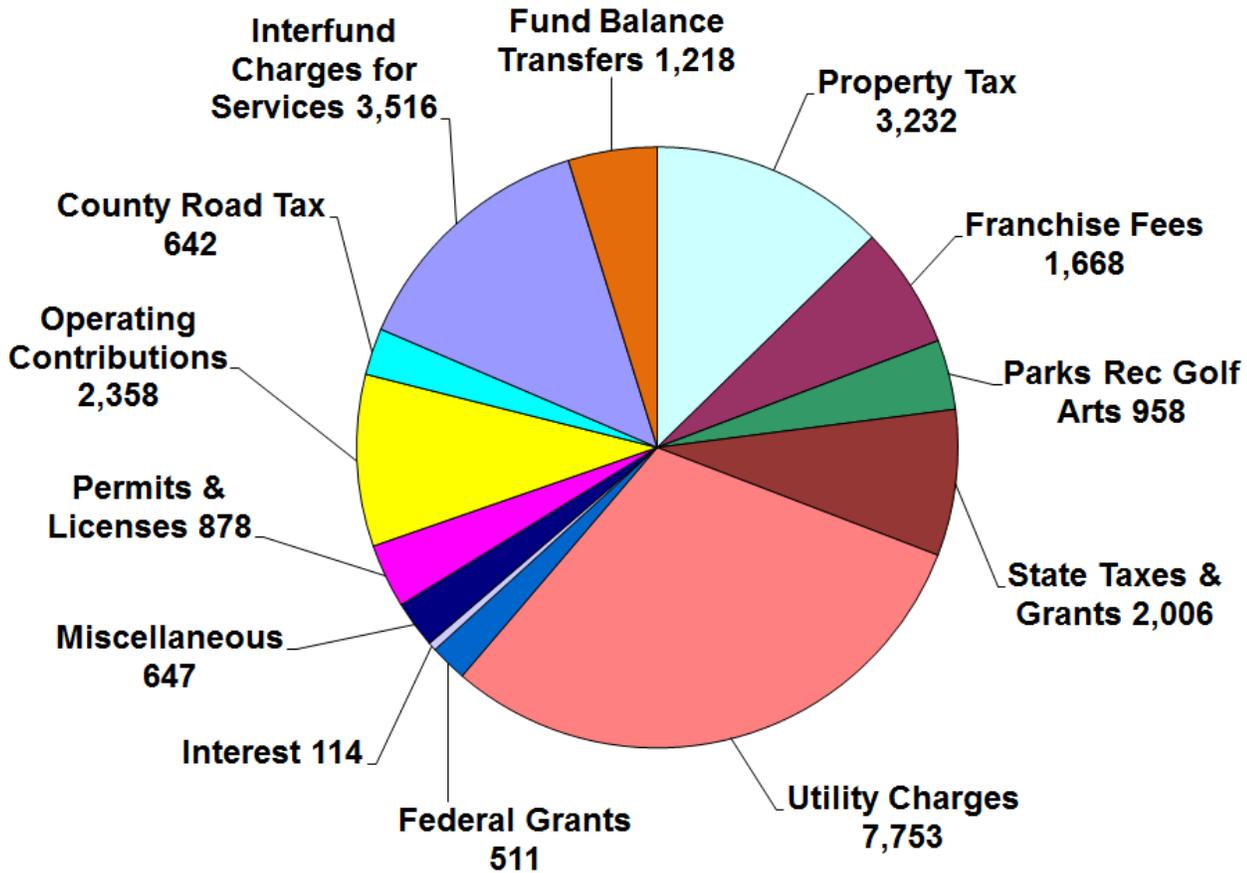


The Operating Expense Budget pie chart shows the relative size of the departments or categories of operating expense budgets. Operating Expense does not include capital expense and is the amount needed to fund the day to day operations of the City.

Public Safety expense, which includes the Police, Fire, and Ambulance Departments, comprises about 31% of the operating expenses. The Utility Fund, which includes the Wastewater, Sanitation, and Water Departments, is about a 30% of the operating expenses of the budget, leaving about a 39% for the rest of the departments or categories.

Actual Operating Revenue

FY 2013 \$25,498,762 (Chart is in thousands)



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 thirty percent of the budget. Property Tax, State Taxes, Franchise Fees and Interfund charges for services (Overhead Transfers) are general purpose revenues and can be used at the City Council's discretion. Many of 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 POSITION
 GOVERNMENT WIDE
 September 30, 2013

	Primary Government			Component Unit (Rexburg Urban Renewal Agency)
	Governmental Business-type		Total	
	Activities	Activities		
ASSETS				
Current Assets:				
Cash and Short-term Investments	\$ 5,682,201	\$ 11,721,168	\$ 17,403,369	\$ 2,075,386
Receivables	2,762,830	1,002,396	3,765,226	-
Supplies	25,409	-	25,409	-
Total Current Assets	8,470,440	12,723,564	21,194,004	2,075,386
Noncurrent Assets:				
Revolving Loan Receivable	554,045	-	554,045	-
Bond Issuance Costs	-	-	-	29,319
Capital Assets:				
Capital Assets	63,039,468	48,670,684	111,710,152	1,577,759
Accumulated Depreciation	(19,531,809)	(16,213,275)	(35,745,084)	-
Net Capital Assets	43,507,659	32,457,409	75,965,068	1,577,759
Total Noncurrent Assets	44,061,704	32,457,409	76,519,113	1,607,078
TOTAL ASSETS	52,532,144	45,180,973	97,713,117	3,682,464
LIABILITIES:				
Current Liabilities:				
Accounts Payable	1,418,131	527,359	1,945,490	-
Accrued Compensated Absences	347,811	44,497	392,308	-
Accrued Interest Payable	13,956	10,270	24,226	-
Other	285,528	80,558	366,086	-
Current Portion of Long-term Obligations	95,000	695,750	790,750	328,000
Total Current Liabilities	2,160,426	1,358,434	3,518,860	328,000
Noncurrent Liabilities:				
Noncurrent Portion of Long-term Obligations	505,000	7,666,500	8,171,500	3,492,000
TOTAL LIABILITIES	2,665,426	9,024,934	11,690,360	3,820,000
DEFERRED INFLOWS OF RESOURCES				
Bond issue premium, net of amortization	-	235,319	235,319	-
TOTAL LIABILITIES AND DEFERRED OUTFLOWS OF RESOURCES	2,665,426	9,260,253	11,925,679	3,820,000
NET POSITION (DEFICIT):				
Invested In Capital Assets, Net of Related Debt	43,507,659	23,849,570	67,357,229	1,577,759
Restricted for:				
Capital projects	1,542,754	4,812,179	6,354,933	-
Debt service	(52,553)	-	(52,553)	-
Intergovernmental Agreement	1,074,101	77,954	1,152,055	-
Other purposes	239,810	7,181,017	7,420,827	-
Unrestricted	3,554,947	-	3,554,947	(1,715,295)
TOTAL NET POSITION	\$ 49,866,718	\$ 35,920,720	\$ 85,787,438	\$ (137,536)

The Accompanying Notes are an Integral Part of the Financial Statements

CITY OF REXBURG, IDAHO
STATEMENT OF ACTIVITIES
 GOVERNMENT WIDE
 Year Ended September 30, 2013

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	\$ 4,436,130	\$ 4,076,148	\$ 482,112	\$ (100,087)	\$ 22,043
Public Safety	7,296,664	1,780,406	1,766,285	409,830	(3,340,143)
Parks, Recreation and Arts	1,834,606	606,867	106,570	974,751	(146,418)
Streets	3,461,982	2,960,925	-	1,039,405	538,348
Total Governmental Activities	17,029,382	9,424,346	2,354,967	2,323,899	(2,926,170)
GENERAL REVENUES:					
Property Taxes Levied for General Purposes	-	3,201,614	-	-	3,201,614
Franchise Fees	-	524,310	-	-	524,310
State Taxes	-	1,145,478	-	-	1,145,478
Investment Earnings	-	52,818	-	-	52,818
Miscellaneous	-	15,254	-	-	15,254
Total General Revenue	-	4,939,474	-	-	4,939,474
Total Governmental Activities					2,013,304
NET GOVERNMENTAL ASSETS - BEGINNING BALANCE					47,853,414
NET GOVERNMENTAL ASSETS - ENDING BALANCE					\$ 49,866,718
BUSINESS-TYPE ACTIVITIES					
Water	\$ 1,925,143	\$ 2,287,920	\$ -	\$ 867,089	\$ 1,229,866
Waste Water	3,557,479	3,797,164	-	1,100,304	1,339,989
Sanitation	1,569,039	1,656,454	-	-	87,415
Golf Course	438,618	378,453	-	-	(60,165)
Total Business-type Activities	7,490,279	8,119,991	-	1,967,393	2,597,105
GENERAL REVENUES:					
Investment Earnings	-	28,341	-	-	28,341
Total Business Type Activities					2,625,446
NET BUSINESS-TYPE ASSETS - BEGINNING BALANCE					33,295,274
NET BUSINESS-TYPE ASSETS - ENDING BALANCE					\$ 35,920,720
TOTAL PRIMARY GOVERNMENT	\$ 24,519,661	\$ 22,512,152	\$ 2,354,967	\$ 4,291,292	\$ 4,638,750
TOTAL PRIMARY GOVERNMENT NET ASSETS - BEGINNING BALANCE					81,148,688
TOTAL PRIMARY GOVERNMENT NET ASSETS - ENDING BALANCE					\$ 85,787,438
COMPONENT UNIT (REXBURG URBAN RENEWAL AGENCY):					
General and Administrative	\$ 152,186	\$ -	\$ -	\$ -	\$ (152,186)
Construction	373,728	-	-	-	(373,728)
Interest & Amortization Expense	182,597	-	-	-	(182,597)
Total Component Units	\$ 708,511	\$ -	\$ -	\$ -	(708,511)
GENERAL REVENUES:					
Property taxes levied for general purposes					1,594,821
Investment Earnings					3,515
Total General Revenue					1,598,336
TOTAL COMPONENT UNIT ACTIVITIES					889,825
TOTAL COMPONENT UNIT - BEGINNING BALANCE					(1,027,361)
TOTAL COMPONENT UNIT - ENDING BALANCE					\$ (137,536)

The Accompanying Notes are an Integral Part of the Financial Statements

CITY OF REXBURG, IDAHO
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2013

ASSETS	General Fund	Street Fund	Emergency Service Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
Cash and Short Term Investments	\$ 1,548,338	\$ -	\$ 26,410	\$ 698,507	\$ 3,408,946	\$ 5,682,201
Receivables	533,929	456,860	78,904	554,045	1,693,137	3,316,875
Inventory	25,409	-	-	-	-	25,409
Due from Other Funds	1,680,084	-	-	-	-	1,680,084
TOTAL ASSETS	\$ 3,787,760	\$ 456,860	\$ 105,314	\$ 1,252,552	\$ 5,102,083	\$ 10,704,569
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts Payable	\$ 930,265	\$ 163,089	\$ 105,314	\$ -	\$ 219,446	\$ 1,418,114
Due to Other Funds	-	752,532	-	-	927,552	1,680,084
Other	8,000	9,000	-	-	268,528	285,528
TOTAL LIABILITIES	938,265	924,621	105,314	-	1,415,526	3,383,726
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	83,260	-	-	-	908,247	991,507
FUND BALANCES:						
Nonspendable	25,409	-	-	-	-	25,409
Restricted	-	(467,761)	-	-	1,907,659	1,439,898
Committed	2,162,500	-	-	1,252,552	870,651	4,285,703
Assigned	-	-	-	-	-	-
Unassigned	578,326	-	-	-	-	578,326
TOTAL FUND BALANCES	2,766,235	(467,761)	-	1,252,552	2,778,310	6,329,336
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,787,760	\$ 456,860	\$ 105,314	\$ 1,252,552	\$ 5,102,083	\$ 10,704,569

The Accompanying Notes are an Integral Part of the Financial Statements

CITY OF REXBURG, IDAHO
**RECONCILIATION OF THE
BALANCE SHEET OF GOVERNMENTAL FUNDS**
to the
TO THE STATEMENT OF NET POSITION
Year Ended September 30, 2013

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

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS	\$ 6,329,336
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of Assets	\$ 63,039,468
Accumulated Depreciation	<u>(19,531,809)</u>
Net Cost of Assets	43,507,659
Certain receivables are not financial resources and are reported as deferred revenues	
Property tax deferred revenue	111,538
Special Assessment deferred revenue	873,821
Deferred recreation revenues	6,131
Deferred capital project grants and contributions	-
Deferred rent income	-
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	(600,000)
Accrued compensated absences	(347,811)
Accrued interest payable	<u>(13,956)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 49,866,718</u>

CITY OF REXBURG, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended September 30, 2013

	General Fund	Street Fund	Emergency Service Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 4,376,562	\$ 1,487,398	\$ -	\$ -	\$ 635,901	\$ 6,499,861
Grants and Contributions	716,031	472,452	1,172,628	-	1,169,786	3,530,897
Fees and Charges	3,777,646	1,157,359	41,847	29,933	3,840,196	8,846,981
Interest Earned	99,310	(49,753)	-	12,907	64,283	126,747
Miscellaneous	66,186	139,222	20,553	-	20,953	246,914
TOTAL REVENUES	9,035,735	3,206,678	1,235,028	42,840	5,731,119	19,251,400
EXPENDITURES:						
General and Administrative	3,087,503	-	-	9,984	1,025,030	4,122,517
Public Safety	3,510,398	-	2,256,375	-	827,388	6,594,161
Parks and Recreation	598,287	-	-	-	709,442	1,307,729
Streets	-	1,614,917	-	-	67,051	1,681,968
Interest on Bonds and Other Debt	-	-	-	-	32,495	32,495
Principal on Bonds and Other Debt	-	-	-	-	115,000	115,000
Capital Improvements	624,639	1,514,201	184,234	-	2,606,590	4,929,664
TOTAL EXPENDITURES	7,820,827	3,129,118	2,440,609	9,984	5,382,996	18,783,534
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,214,908	77,560	(1,205,581)	32,856	348,123	467,866
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	-	527,009	1,205,581	-	1,924,126	3,656,716
Operating Transfers Out	(1,136,002)	(1,213,321)	-	-	(1,307,393)	(3,656,716)
TOTAL OTHER FINANCING SOURCES (USES)	(1,136,002)	(686,312)	1,205,581	-	616,733	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	78,906	(608,752)	-	32,856	964,856	467,866
FUND BALANCE AT BEGINNING OF YEAR	2,687,329	140,991	-	1,219,696	1,813,454	5,861,470
FUND BALANCE AT END OF YEAR	\$ 2,766,235	\$ (467,761)	\$ -	\$ 1,252,552	\$ 2,778,310	\$ 6,329,336

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, 2013

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

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 467,866
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays are reduced by depreciation in the current period:</p>	
Capital expenditures capitalized as fixed assets	4,803,072
Depreciation expense	(2,980,429)
Basis in Assets disposed of	(150,810)
<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	75,431
Property tax deferrals	(26,069)
Recreation revenue deferral	1,026
<p>Deferred Revenue not in Statement of Net Assets:</p>	
Special assessment deferred revenue	(259,122)
Compensated absences accrual adjustment	(39,349)
<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	-
Principal payments on long-term liabilities	115,000
Changes in accrued interest	6,688
	6,688
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 2,013,304

The Accompanying Notes are an Integral Part of the Financial Statements

CITY OF REXBURG, IDAHO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2013

	Business-type Activities - Proprietary Funds		
	Utility	Golf Course	Total
ASSETS			
Current Assets:			
Cash and Short-term Investments	\$ 11,721,168	\$ -	\$ 11,721,168
Due from Other Funds	543,850	-	543,850
Receivables	996,730	5,666	1,002,396
Total Current Assets	13,261,748	5,666	13,267,414
Noncurrent Assets:			
Capital Assets:			
Capital Assets	46,548,369	2,122,315	48,670,684
Accumulated Depreciation	(15,437,911)	(775,364)	(16,213,275)
Total Noncurrent Assets	31,110,458	1,346,951	32,457,409
TOTAL ASSETS	44,372,206	1,352,617	45,724,823
LIABILITIES:			
Current Liabilities:			
Accounts Payable	516,881	10,478	527,359
Accrued Compensated Absences	44,497	-	44,497
Accrued Interest Payable	10,270	-	10,270
Due to Other Funds	-	543,850	543,850
Other	80,558	-	80,558
Current Portion of Long-term Obligations	685,000	10,750	695,750
Total Current Liabilities	1,337,206	565,078	1,902,284
Noncurrent Liabilities:			
Noncurrent Portion of Long-term Obligations	7,645,000	21,500	7,666,500
TOTAL LIABILITIES	8,982,206	586,578	9,568,784
DEFERRED INFLOWS OF RESOURCES:			
Bond issue premium, net of amortization	235,319	-	235,319
TOTAL LIABILITIES AND DEFERRED OUTFLOWS OF RESOURCES	9,217,525	586,578	9,804,103
NET POSITION:			
Invested in Capital Assets Net of Related Debt	22,534,869	1,314,701	23,849,570
Restricted for:			
Capital Projects	5,438,795	(626,616)	4,812,179
Intergovernmental Agreement	-	77,954	77,954
Operations	7,181,017	-	7,181,017
TOTAL NET POSITION	\$ 35,154,681	\$ 766,039	\$ 35,920,720

The Accompanying Notes are an Integral Part of the Financial Statements

CITY OF REXBURG, IDAHO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds		
	Utility	Golf Course	Totals
OPERATING REVENUES:			
Monthly Utility Services	\$ 7,463,364	\$ -	\$ 7,463,364
One Time Fees	145,782	-	145,782
Golf Course Fees	-	368,559	368,559
Miscellaneous	50,477	8,008	58,485
TOTAL OPERATING REVENUES	7,659,623	376,567	8,036,190
OPERATING EXPENSES:			
Utility Expenses	5,318,839	-	5,318,839
Pro Shop & Greens Maintenance	-	391,309	391,309
Depreciation and Amortization	1,438,720	45,009	1,483,729
TOTAL OPERATING EXPENSES	6,757,559	436,318	7,193,877
OPERATING INCOME	902,064	(59,751)	842,313
NON-OPERATING REVENUES / EXPENSES:			
Contributed Capital	741,801	-	741,801
Sale of Capacity and Contributions	1,292,506	-	1,292,506
Disposal of Assets	5,282	876	6,158
Interest Income	28,341	-	28,341
Interest Expense	(284,384)	(1,289)	(285,673)
TOTAL NON-OPERATING REVENUES / EXPENSES	1,783,546	(413)	1,783,133
CHANGE IN NET POSITION	2,685,610	(60,164)	2,625,446
TOTAL NET POSITION - BEGINNING BALANCE	32,469,071	826,203	33,295,274
TOTAL NET POSITION - ENDING BALANCE	\$ 35,154,681	\$ 766,039	\$ 35,920,720

The Accompanying Notes are an Integral Part of the Financial Statements

CITY OF REXBURG
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds		
	Utility	Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 7,666,263	\$ 377,310	\$ 8,043,573
Payments to Suppliers	(1,750,036)	(135,832)	(1,885,868)
Payments to Employees	(1,322,972)	(337)	(1,323,309)
Payments for Labor Contracts	-	(231,038)	(231,038)
Internal Activity - Payments to Other Funds for Services	(2,190,558)	(26,400)	(2,216,958)
Other Payments	(3,432)	-	(3,432)
Other Receipts	-	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,399,265	(16,297)	2,382,968
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Loan Paid to/from Other Funds	(28,724)	28,724	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisitions of Property, Plant and Equipment	(4,266,949)	(45,274)	(4,312,223)
Sale of Capacity and Contributions	1,292,923	-	1,292,923
Increase (Decrease) in Lease Payable on Assets	-	32,250	32,250
Increase (Decrease) in Accounts Payable on Capital	104,982	-	104,982
Increase (Decrease) in Accounts Receivable for Capital	387,393	-	387,393
Proceeds from Sale of Assets	15,000	1,886	16,886
Interest Income	28,341	-	28,341
Principal Payments on Revenue Bonds	(565,000)	-	(565,000)
Interest Payments on Bonds and Leases	(301,035)	(1,289)	(302,324)
Contributed Capital	741,801	-	741,801
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,562,544)	(12,427)	(2,574,971)
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(192,003)	-	(192,003)
CASH AND INVESTMENTS AT BEGINNING OF YEAR	11,913,171	-	11,913,171
CASH AND INVESTMENTS AT END OF THE YEAR	\$ 11,721,168	\$ -	\$ 11,721,168
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ 902,064	\$ (59,751)	\$ 842,313
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	1,438,720	45,009	1,483,729
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(5,318)	743	(4,575)
Increase(decrease) in accounts payable	55,203	(2,298)	52,905
Increase (decrease) in accrued compensated absences	(2,996)	-	(2,996)
Increase (decrease) in deposits payable	11,592	-	11,592
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,399,265	\$ (16,297)	\$ 2,382,968

The Accompanying Notes are an Integral Part of the Financial Statements

CITY OF REXBURG, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2013

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 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. The City considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which multiple classifications may be included in a fund balance. For example, restricted amounts are used first, followed by committed, assigned, and unassigned amounts in that order, for purposes of reporting fund balance.

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) 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 non-operating 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 non-operating 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 \$5,000 (see Resolution 2012-02), 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	3 years
Server/Software.....	5 years
Office Equipment	10 years
Furniture	10 years
Vehicles	7 years
Light Equipment.....	10 years
Heavy Equipment	20 years
Buildings	30 years
Water and Wastewater Systems.....	20-100 years

Deferred Outflows/Inflows of Resources

In addition to assets the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an out flow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items in this area. One item,

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

which arises only under modified accrual basis of accounting, unavailable revenue, is reported only in the governmental funds balance sheet and represents unavailable revenues from property taxes and LID receivable collections. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has a deferred premium on bond issuance resulting from the difference in the carrying value of the bonds and their acquisition price. The is amount is deferred and amortized over the life of the bonds.

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, 2013 the City amended the budget for several of the funds.

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.

Inventory

Inventory is stated at the lower of cost or market. Inventory for all funds consists of expendable supplies held for consumption and is recorded when consumed (consumption method).

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

In preparing these financial statements, the management of the City has evaluated events and transactions for potential recognition and disclosure through February 15, 2013, the date the financial statements were available to be issued.

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.

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, 2013, the carrying amount of the City's deposits was \$1,998,046 and the respective bank balances totaled \$2,529,808. Of the bank balances of \$1,546,522 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, 2013, \$983,286 of the City's total deposits of \$2,529,808 was not covered by federal depository insurance, and thus was exposed to custodial credit risk.

2. CASH AND SHORT-TERM INVESTMENTS (Continued)

- Investments – As of September 30, 2013, 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	N/A	\$ 6,884,742	\$ -	\$ 6,884,742	\$ -	\$ -
State Investment Pool	N/A	533,497	533,497	-	-	-
Certificates of Deposit	N/A	901,412	901,412	-	-	-
CDARS Program	N/A	3,753,333	3,753,333	-	-	-
Collateralized Municipal MM Fund	N/A	3,035,493	3,035,493	-	-	-
		\$ 15,108,477	\$ 8,223,735	\$ 6,884,742	\$ -	\$ -

- 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, 2013 was 145 days.
- Other investments include the state diversified bond fund that is invested in longer type investments and is intended to be held on a longer term basis. This is invested in State of Idaho approved investments and has a rating that exceeds the Barclay's Capital Intermediate A + Aggregate Fixed Income Index. The average weighted maturity of the fund at September 30, 2013 is 3.8 years. The CDARS program is through a local bank and invests the funds in \$250,000 increments in different banks to keep below the FDIC insurance amounts for coverage. The Collateralized Municipal MM Fund is also through a local bank that invests in money market accounts that the bank collateralizes with underlying investments.

2. CASH AND SHORT-TERM INVESTMENTS (Continued)

- The following is a reconciliation of the City's deposit and investment balance as of September 30, 2013:

Petty Cash	\$ 1,050
Bank Deposits	1,998,046
State and Bank Investments	15,108,477
Other Investments	<u>295,796</u>
Total	<u>\$17,403,369</u>

3. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2013, was as follows:

	30-Sep 2012	Increases	Decreases	30-Sep 2013
PRIMARY GOVERNMENT:				
GOVERNMENTAL ACTIVITIES:				
Capital assets, not being depreciated:				
Land	\$ 1,446,046	\$ -	\$ -	\$ 1,446,046
<hr/>				
Total capital assets, not being depreciated	1,446,046	-	-	1,446,046
<hr/>				
Capital assets, being depreciated				
Office	2,423,062	44,695	-	2,467,757
Legal	5,437	-	-	5,437
Archer station	1,462,017	231,301	-	1,693,318
Police	2,906,931	322,234	(94,727)	3,134,438
Fire	4,252,215	424,579	(68,685)	4,608,109
Inspection	389,267	3,724	-	392,991
GIS	108,656	-	-	108,656
Community development	78,871	16,710	-	95,581
Streets	31,813,049	3,173,506	(124,444)	34,862,111
Shop	270,994	6,670	-	277,664
Parks	3,218,334	266,267	(1,504)	3,483,097
Merry-go-round	143,091	-	-	143,091
Ball diamond	37,194	3,699	-	40,893
Airport	1,882,924	15,450	-	1,898,374
Recreation	6,073,380	41,052	(41,756)	6,072,676
Romance Theatre	358,052	33,971	-	392,023
Legacy of Flight Museum	1,146,898	145,765	-	1,292,663
Tabernacle	551,095	14,952	-	566,047
Fiber	-	58,499	-	58,499
<hr/>				
Total capital assets, being depreciated	57,121,465	4,803,074	(331,116)	61,593,423
<hr/>				
Less accumulated depreciation	(16,731,685)	(2,980,429)	180,304	(19,531,810)
<hr/>				
Total capital assets, being depreciated, net	40,389,780	1,822,645	(150,812)	42,061,613
<hr/>				
GOVERNMENTAL ACTIVITIES CAPITAL				
ASSETS, NET	\$ 41,835,826	\$ 1,822,645	\$ (150,812)	43,507,659

3. CAPITAL ASSETS (Continued)

Depreciation expense was charged to the government activities as follows:

General and Administrative	\$ 258,012
Public Safety	607,341
Parks and Recreation	460,708
Street	<u>1,654,368</u>
Total	<u>\$ 2,980,429</u>

PRIMARY GOVERNMENT:	30-Sep 2012	Increases	Decreases	30-Sep 2013
BUSINESS-TYPE ACTIVITIES:				
Capital assets, not being depreciated:				
Land	\$ 426,022	\$ -	\$ -	\$ 426,022
Total capital assets, not being depreciated	426,022	-	-	426,022
Capital assets, being depreciated:				
Sanitation	2,189,422	54,032	(21,327)	2,222,127
Water	11,682,629	1,268,005	(26,552)	12,924,082
Wastewater	28,339,368	2,944,912	-	31,284,280
Golf Course	1,773,000	45,274	(4,100)	1,814,174
Total capital assets, being depreciated	43,984,419	4,312,223	(51,979)	48,244,663
Less accumulated depreciation:				
Sanitation	(1,060,315)	(116,085)	18,280	(1,158,120)
Water	(4,003,042)	(358,326)	19,882	(4,341,486)
Wastewater	(8,973,995)	(964,310)	-	(9,938,305)
Golf Course	(733,445)	(45,010)	3,090	(775,365)
Total accumulated depreciation	(14,770,797)	(1,483,731)	41,252	(16,213,276)
Total capital assets, being depreciated, net	29,213,622	2,828,492	(10,727)	32,031,387
BUSINESS-TYPE ACTIVITIES CAPITAL				
ASSETS, NET	\$ 29,639,644	\$ 2,828,492	\$ (10,727)	32,457,409

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, 2013 are as follows:

Recipient	Repayment Terms	Amount
East Central Idaho Planning and Development	Terms of repayment not finalized.	\$ 30,500
Smith Family Properties	Receivable in monthly installments including interest through 2019.	25,188
Robertson Taylor, LLC	Receivable in monthly installments including interest through 2028.	121,401
Smakelijk, Inc. dba Great Harvest Bread	Receivable in monthly installments including interest through 2024.	120,234
Smakelijk, Inc. dba Great Harvest Bread	Receivable in monthly installments including interest through 2019.	33,049
E.W. Limited Liability Comp.	Receivable in monthly installments including interest through 2025.	14,336
Appible, LLC	Receivable in monthly installments including interest through 2014.	41,681
Waste Butlers, LLC	Receivable in monthly installments including interest through 2014.	2,258
CS Nelson	Receivable in monthly installments including interest through 2019.	38,218
JJST	Receivable in monthly installments including interest through 2015.	2,180
East Central Idaho Planning and Development	Terms of repayment not finalized.	<u>125,000</u>
		<u>\$ 554,045</u>

ECIPDA is holding \$80,359 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

4. REVOLVING LOANS RECEIVABLE (continued)

Avenue in Rexburg. The guarantee will reduce proportionately as the \$299,000 loan from RDA is paid off. This guarantee has been reduced to \$ 84,035 as of September 30, 2013 because of payments made on this loan.

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, 2013, are based on the assessed values and tax revenues established in 2011.

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

6. ACCRUED COMPENSATED ABSENCES/ POST EMPLOYMENT HEALTH PLAN (PEHP)

The City has elected to show its unused sick leave benefits as compensated absences. In 1990, the City established individual sick leave banks whereby an employee's unused days over the 60 day maximum at the end of the calendar year were deposited in the sick leave bank, after the first 2 days were converted to vacation. From 2001 and thereafter, the employees no longer accumulate sick days at the end of the year in the sick bank, which will eventually phase out as those with remaining balances become eligible for full retirement.

The current policy states that all additional, unused, accumulated sick leave above 480 hours for each employee (above 672 hours for ESD27 department employees), after the first 2 days were converted to vacation, will be converted to cash at a rate of 35% of the employee's current hourly rate and deposited in the City's designated Health Reimbursement Arrangement (HRA), and/or Voluntary Employee Benefit Association (VEBA) and/or Post Employment Health Plan (PEHP) in that employee's name in the custody of a third party administrator so there is no outstanding unfunded liability. Upon retirement, the City will add to the employee's PEHP/VEBA/HRA account 35% of their unused Sick Leave of the first 480 hours (672 hours for ESD27 department employees) plus 35% of any Sick Leave Bank balance.

6. ACCRUED COMPENSATED ABSENCES/ POST EMPLOYMENT HEALTH PLAN (PEHP) (Continued)

The balance in the employee's PEHP/VEBA/HRA account is subject to a 20 year eligibility proration. The percentage of their account that is made available to them at qualified retirement shall be calculated by adding five percent (5%) for each full year of employment of the individual employee up to a maximum of one hundred percent or twenty years (100% = 20 years times 5% each). Employees will be eligible for this benefit after 5 years of continuous City employment and upon eligible retirement as described below.

To promote longevity, this benefit is available only to employees who receive full monthly retirement benefits as defined and controlled by the State of Idaho Retirement System (PERSI) meeting the Rule of 80 or 90 as applicable, or a combination thereof depending on applicability and as determined by PERSI.

The Sick Leave Bank is not a savings account, nor is it maintained with any specific funding. Therefore, no interest is earned, nor may any be claimed or drawn upon it. If the employee does not retire with a full state retirement or does not have the full 20 years of employment at qualified retirement, the unearned balance of their accounts will be remitted back to the City.

7. HEALTH REIMBURSEMENT ARRANGEMENT (HRA)

The City will contribute a designated amount per deductible, into an HRA account administered by a third party provider or the City for each eligible employee annually in order to offset the employee's share of costs related to a high deductible health insurance plan. The HRA designated contribution amount is available each year if the employee and their spouse (if applicable) have completed a wellness exam form in the prior calendar year. This amount is available to the employees at the start of each calendar year and can be carried forward for reimbursement in future years to offset qualified medical expenses. . HRA balances may be used during employment or after termination of employment to pay, or be reimbursed for, eligible medical bills. 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.

8. 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.

9. 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, 2013, was as follows:

Description	Interest Rate	Fiscal Years	Balance
LID No. 35 Warrant 2008 (original amount - \$350,000)	5.5%	2013 to 2018	\$ 175,000
LID No. 36 Warrant 2009 (original amount - \$275,000)	4.5%	2013 to 2018	137,500
LID No. 38 Warrant 2008 (original amount - \$75,000)	5.5%	2013 to 2021	40,000
LID No. 40 Warrant 2012 (original amount - \$275,000)	4% to 5%	2013 to 2022	<u>247,500</u>
			<u>\$ 600,000</u>

10. WASTEWATER REVENUE BONDS PAYABLE

Wastewater Revenue Bonds outstanding at September 30, 2013, were as follows:

Wastewater Revenue Bonds - Series			
2010C (original amount \$10,000,000)	2% to 4%	2013 to 2025	<u>\$ 8,330,000</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. There were bond costs of \$230,195 relating to the sale of the bonds and the bonds sold at a premium of \$294,149. The costs and the premium are being amortized over the life of the bond.

11. OBLIGATIONS UNDER CAPITAL LEASES

The City entered into an agreement to purchase equipment through a capital leases for the Golf Course Fund. The following is a schedule of fixed assets and outstanding liabilities relating to capital lease agreements:

	<u>Fixed Assets</u>	<u>Capital Leases Payable</u>
Equipment	<u>\$ 43,250</u>	<u>\$ 32,250</u>
	<u>\$ 43,250</u>	<u>\$ 32,250</u>

The following is a schedule by year of future lease payments with the present valuye of the net minimum lease payments as of Septebmer 30, 2013. Management a has determined that interest is immaterial.

<u>Year Ending September 30,</u>	<u>Business-Type Funds</u>
2014	\$ 10,750
2015	10,750
2016	10,750
2017	-
2018	-
	<u>32,250</u>
Total Minimum Lease Payments	32,250
Less Amount Representing Interest	<u>-</u>
Present Value of Minimum Lease Payment:	32,250
Current Portion of Present Value	<u>(10,750)</u>
Long-Term Portion of Present Value	<u>\$ 21,500</u>

12. CHANGES IN LONG-TERM OBLIGATIONS

A summary of long-term transactions of the City for the year ended September 30, 2013, is as follows:

	Long-Term Obligations September 30, 2012	Obligations Incurred	Obligations Paid	Long-Term Obligations September 30, 2013	Due Within One Year
Governmental activities:					
Local improvement district warrants payable (Note 9)	\$ 715,000	\$ -	\$ (115,000)	\$ 600,000	\$ 95,000
Accrued compensated absences (Note 6)	308,462	39,349	-	347,811	347,811
Governmental Activity Long-Term Liabilities	\$ 1,023,462	\$ 39,349	\$ (115,000)	\$ 947,811	\$ 442,811
Business-type activities:					
Accrued compensated absences (Note 6)	\$ 47,493	\$ -	\$ (2,996)	\$ 44,497	44,497
Obligations under capital Lease (Note 11)	-	43,250	(11,000)	32,250	10,750
Wastewater revenue bonds payable (Note 10)	8,895,000	-	(565,000)	8,330,000	685,000
Business-type Activity Long-Term Liabilities	\$ 8,942,493	\$ 43,250	\$ (578,996)	\$ 8,406,747	\$ 740,247
Total Governmental and Business-type Activities Long-Term Liabilities	\$ 9,965,955.00	\$ 82,599.00	\$ (693,996.00)	\$ 9,354,558.00	\$ 1,183,058.00

13. BONDED DEBT REPAYMENT REQUIREMENTS

The annual requirements to amortize all bonded debt outstanding as of September 30, 2013, including interest, are as follows:

Year Ending September 30,	Local Improvement Warrants	Wastewater Revenue Bonds	Total
2014	\$ 124,838	\$ 867,900	\$ 992,738
2015	120,300	865,350	985,650
2016	115,625	867,350	982,975
2017	110,950	863,750	974,700
2018	106,138	864,700	970,838
Thereafter	140,400	6,056,551	6,196,951
Total Commitment	\$ 718,251	\$ 10,385,601	\$ 11,103,852
Interest Portion	\$ 118,251	\$ 2,055,601	\$ 2,173,852

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

14. 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, 2013, the required contribution rate as a percentage of covered payroll for members was 6.23% for general members and 7.69% for police/firefighter members. 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 \$737,568, \$662,482, and \$636,649 for the three years ended September 30, 2013, 2012, and 2011, 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.

14. RETIREMENT PLANS (Continued)

The City's total 2013 fiscal year payroll for all employees was \$7,458,305 of which \$4,314,454 was for covered payroll for employees who were members of the Plan. Employer and employee contributions to the Plan were 1.84% and 4.95% respectively, of covered payroll. Total contributions to the Plan for the fiscal year by the City and the employees were \$79,503 and \$213,454 respectively. The Plan had \$3,818,155 in net assets at September 30, 2013.

15. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

The City expenditures exceeded the budgeted amounts in the following funds during the year ended September 30, 2013:

Fund	Amount Exceeded
General Fund	\$ 306,829
Recreation Fund	1,608
Tabernacle Fund	4,962
Madison Fire District Fund	12,268
Legacy Flight Museum Fund	1,931
Street Impact Fee Fund	227,009
Airport Construction Fund	8,480
LID 43 Construction Fund	514,922
LID 40 Debt Service Fund	919
LID 43 Debt Service Fund	161,656
Rexburg Arts Council Fund	3,670

The following individual funds had fund deficits on September 30, 2013:

Street Fund--There is a fund deficit of \$476,761. The City expects to eliminate this deficit with future revenues and transfers from the General Fund.

Orchestra Fund--There is a fund deficit of \$6,023. The City expects to eliminate this deficit with future revenues and transfers from the General Fund.

Police Impact Fee Fund --There is a fund deficit of \$91,467. The City expects to eliminate this deficit as police impact fees are received and with transfers from the general fund. The Police building lease was paid in full in 2012 and in future years the deficit should be reduced at a faster rate.

DARE Fund--There is a fund deficit of \$10,523. The City expects to eliminate this deficit with future revenues and transfers from the General Fund.

Airport Operation Fund – There is a fund deficit of \$83. The City expects to eliminate through program revenues and/or transfers from the general fund.

Airport Construction Fund -- There is a fund deficit of \$8,450. The City expects to eliminate this deficit as grants are received.

15. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (Continued)

Golf Course Construction Fund-- There is a fund deficit of \$626,615. The City expects to reduce/eliminate this deficit from transfers in each year from the golf operations fund.

LID Debt Service Fund-- There is a fund deficit of \$326,398. The City expects to eliminate this deficit as assessments are collected on the LID projects.

Eastern Idaho Business Competition Fund--There is a fund deficit of \$20. The City expects to eliminate this deficit with future revenues and transfers from the General Fund.

16. 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. 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.

Cash and Investments – The component unit had deposits with a book balance of \$469,470 and a bank balance of \$469,470, which was all covered by FDIC insurance. The remainder of the Rexburg Urban Renewal Agency Funds of \$1,605,916 were invested in the Idaho State Investment Pool.

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

Long-term Debt – Revenue Allocation (Tax Increment) Bonds, Series 2010 do not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and does not constitute a general obligation or debt of the City of Rexburg, Idaho, or any municipality, the State of Idaho, or any of its political subdivisions. In no event does this Bond give rise to a general obligation or liability of the Agency, any municipality, the State of Idaho, or any of its political subdivisions, or give rise to a charge against their general credit or taxing powers, or be payable out of any funds or properties other than those of the Agency specifically pledged therefore. There were bond issuance costs of \$39,094.

Revenue Bonds Outstanding at September 30, 2013 were as follows:

Description	Interest Rate	Fiscal Years	Balance
Revenue Allocation Bonds	3.17%		
Series 2010, Dated June 2, 2010 (original amount - \$ 4,656,000)	to 4.06%	2013 to 2022	<u>\$3,820,000</u>
Year Ending September 30,	Revenue Allocation Bonds and Interest		
2013	\$	496,521	
2014		509,992	
2015		525,619	
2016		517,261	
2017		530,738	
Thereafter		2,154,811	
Total Commitment	\$	4,734,942	
Interest Portion	\$	914,942	

17. INTERFUND TRANSACTIONS

Transfers between funds during the year were as follows:

Governmental:	Operating Transfers Out	Operating Transfers In
General Fund	\$ 1,136,002	\$ -
Street Fund	1,213,321	527,009
Emergency Services Fund	-	1,205,581
Recreation Fund	-	95,908
Tabernacle Fund	-	45,346
Police Impact Fee Fund	-	50,000
Police Small Grants Fund	-	20,749
Police Animal Control Fund	-	84,971
Joint Fire Equipment Fund	-	90,000
Madison County Fire District Fund	550,242	-
Rexburg Rapids Operations Fund	-	50,000
Legacy Flight Museum Fund	-	18,836
Street Impact Fee Fund	527,009	-
Arts Promulgation Fund	68,486	-
Romance Theatre Fund	-	58,590
Mayors Youth Advisory Board	-	2,000
LID Construction Funds	-	1,374,977
LID Debt Service Funds	161,656	-
Rexburg Arts Council Fund	-	30,249
EIBC Fund	-	2,500
	<u>\$ 3,656,716</u>	<u>\$ 3,656,716</u>

The General Fund transfers cash to cover deficits in the Tabernacle Fund, Rexburg Orchestra Fund, Police Grant Fund, Police Impact Fee Fund, Police 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, the Eastern Idaho Business Competition (EIBC) Fund, and the Arts Council Fund for a fixed contribution to its operations and the Emergency Services Operations Fund for its allocation of costs for the year. In 2012, the City transferred additional money from the Revolving Loan Fund to cover the deficit in the City Hall Construction Fund. The City also transferred from the general fund in 2012 to cover deficits in the Romance Theatre Fund, Mayors Youth Advisory Fund, and the Airport Operations Fund.

Street Fund transfers cash to cover street expenses in the LID funds. In 2012, the City closed the Downtown Revitalization and Beautification Fund by transferring any carryover back to the Street Fund.

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.

17. INTERFUND TRANSACTIONS (Continued)

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, 2013:

	Due From <u>Other Funds</u>	Due To <u>Other Funds</u>
Primary Government:		
General Fund*	\$ 1,680,084	\$ -
Street Fund	-	752,532
Police Impact Fee Fund	-	53,312
DARE Fund		9,146
Fire Impact Fee Fund	-	20,420
Geographic Information Systems Fund	-	37,649
ESD Paramedic Care Unit Fund	-	255,936
Romance Theatre Fund	-	147,745
Airport Operation Fund	-	37,822
Airport Construction Fund	-	8,450
LID Debt Service Funds	-	357,052
EIBC Fund	-	20
Utility Fund	543,850	-
Golf Course Fund	-	543,850
	<u>\$ 2,223,934</u>	<u>\$ 2,223,934</u>

*The above amounts were loaned from the General Fund to the various other funds to cover cash deficits. The Utility Fund also loaned funds to the Golf Course Fund to cover cash deficits in that fund.

18. 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.

18. SEGMENT INFORMATION (Continued)

The segment information for the City at September 30, 2013 is:

	Sanitation Department	Water Department	Wastewater Department	Shared	Total
CONDENSED STATEMENT OF NET ASSETS					
Assets:					
Current assets	\$ -	\$ 1,531,650	\$ 4,165,429	\$ 7,564,669	13,261,748
Capital assets	1,064,008	8,582,595	21,463,855	-	31,110,458
Total assets	1,064,008	10,114,245	25,629,284	7,564,669	44,372,206
Liabilities:					
Current liabilities	-	114,587	974,286	383,654	1,472,527
Noncurrent liabilities	-	-	7,745,000	-	7,745,000
Total Liabilities	-	114,587	8,719,286	383,654	9,217,527
Net assets:					
Invested in capital assets, net of related debt	1,064,008	8,468,008	13,002,853	-	22,534,869
Restricted for Capital Projects	-	1,531,650	3,907,145	-	5,438,795
Restricted for Operations	-	-	-	7,181,017	7,181,017
Total net assets	\$ 1,064,008	\$ 9,999,658	\$ 16,909,998	\$ 7,181,017	\$ 35,154,681
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS					
Operating revenues	\$ 1,641,451	\$ 2,287,920	\$ 3,730,252	\$ -	7,659,623
Depreciation expense	(116,085)	(358,326)	(964,309)	-	(1,438,720)
Other operating expenses	(1,449,909)	(1,560,146)	(2,308,784)	-	(5,318,839)
Operating income	75,457	369,448	457,159	-	902,064
Nonoperating revenues (expenses):					
Sale of Capacity and Contributions	-	583,763	708,743	-	1,292,506
Investment income	-	14,772	13,569	-	28,341
Interest expense	-	-	(284,384)	-	(284,384)
Disposal of assets	11,952	(6,670)	-	-	5,282
Capital contributions	-	283,327	458,474	-	741,801
Change in net assets	87,409	1,244,640	1,353,561	-	2,685,610
Beginning Net Assets	1,129,107	7,679,587	10,326,012	13,334,365	32,469,071
Reallocation of cash	(152,508)	1,075,431	5,230,425	(6,153,348)	-
Ending Net Assets	\$ 1,064,008	\$ 9,999,658	\$ 16,909,998	\$ 7,181,017	\$ 35,154,681
CONDENSED STATEMENT OF CASH FLOWS					
Net cash provided (used) by:					
Operating activities	\$ 191,548	\$ 727,774	\$ 1,421,467	\$ 58,476	2,399,265
Noncapital financing activities	-	-	-	(28,724)	(28,724)
Capital and related financing activities	(39,031)	(302,939)	(2,248,915)	-	(2,590,885)
Investing activities	-	14,772	13,569	-	28,341
Net increase (decrease) in Cash	\$ 152,517	\$ 439,607	\$ (813,879)	\$ 29,752	(192,003)

19. LEASE WITH HOSPITAL

In 2009 the City entered into a lease agreement, effective October 1, 2009, with Madison Memorial Hospital to lease a portion of the City building to the Hospital. The lease has an initial term of five years and payments are in monthly installments of \$6,533 or \$78,400 annually. Lease income from the Hospital was \$78,400 for the year ended September 30, 2012. Future Lease income is expected to be \$78,400 for 2014 and 2015.

20. FUND BALANCES

Beginning in Fiscal year 2011, in accordance with GASB 54, The City began to classify fund balances depending on the relative strength of the spending constraints placed on the purposes for which resources can be used as follows:

Nonspendable fund balance- Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted fund balance- Amounts constrained for a specific purpose by external creditors, grantors, laws, or regulations of other governments.

Committed fund balance- Amounts that can be used only for the specific purposes determined by a formal action of the City Council.

Assigned fund balance- Amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In the case of the City, this authority is not delegated, which is why there is no assigned fund balance.

Unassigned fund balance- Amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Positive unassigned amount are only reported in the general fund. GASB 54 states that if another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. In the case of Rexburg, we have left negative fund balances in the fund balance category where they would have been classified if they had a positive fund balance to provide consistency from year to year on the governmental financial statements and because those deficits will be paid back with future revenues from those specific funds and not the revenues of other governmental funds.

The City considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which multiple classifications may be included in a fund balance. For example, restricted amounts are used first, followed by committed, assigned, and unassigned amounts in that order, for purposes of reporting fund balance.

20. FUND BALANCES (Continued)

For explanation of fund deficits see note 14.

	Major Revenue Funds				Non-Major Funds	Total
	General	Streets	Emergency Services	Revolving Loan		
Fund Balances:						
Nonspendable:						
Inventory	\$ 25,409	\$ -	\$ -	\$ -	\$ -	\$ 25,409
Prepays	-	-	-	-	-	-
Restricted for:						
Streets	-	(467,761)	-	-	-	(467,761)
Emergency Services	-	-	-	-	-	-
Police Impact	-	-	-	-	(91,467)	(91,467)
DARE	-	-	-	-	(10,523)	(10,523)
Police Drug Enforcement	-	-	-	-	25,918	25,918
Police Small Grants	-	-	-	-	-	-
Joint Fire Equipment	-	-	-	-	375,169	375,169
Madison County Fire Prot. District	-	-	-	-	921,315	921,315
Fire Impact	-	-	-	-	40,110	40,110
ESD Rexburg Employees	-	-	-	-	25,532	25,532
Street Impact	-	-	-	-	-	-
ESD Paramedic Care	-	-	-	-	108,937	108,937
Parks Impact	-	-	-	-	709,260	709,260
Trails of Madison County	-	-	-	-	-	-
Riverside Park Construction	-	-	-	-	81,515	81,515
Airport Operations	-	-	-	-	(83)	(83)
Airport Construction	-	-	-	-	(8,450)	(8,450)
LID Construction	-	-	-	-	-	-
LID Debt Service	-	-	-	-	(326,398)	(326,398)
MEPI Fiber Initiative Fund	-	-	-	-	14,401	14,401
Veterans Memorial	-	-	-	-	5,132	5,132
ESD Archer Employees	-	-	-	-	9,498	9,498
ESD Pipes and Drums	-	-	-	-	6,713	6,713
Shop with a Cop	-	-	-	-	10,095	10,095
Committed to:						
Stabilization	2,162,500	-	-	-	-	2,162,500
Revolving Loans	-	-	-	1,252,552	-	1,252,552
Recreation	-	-	-	-	-	-
Tabernacle Windows	-	-	-	-	23,736	23,736
Orchestra	-	-	-	-	(6,023)	(6,023)
Police Animal Control	-	-	-	-	1,567	1,567
Aquatic Center Operations	-	-	-	-	160,146	160,146
Legacy Flight Museum	-	-	-	-	28,923	28,923
Community Development	-	-	-	-	430,042	430,042
GIS	-	-	-	-	-	-
Arts Promulgation	-	-	-	-	89,760	89,760
Romance Theatre	-	-	-	-	-	-
Mayors Youth Advisory	-	-	-	-	2,176	2,176
Rexburg Arts Council	-	-	-	-	-	-
Eastern Idaho Business Comp.	-	-	-	-	(20)	(20)
Community Safety Lighting	-	-	-	-	151,329	151,329
Assigned to:						
Unassigned:	578,326	-	-	-	-	578,326
Total Fund Balances	\$ 2,766,235	\$ (467,761)	\$ -	\$ 1,252,552	\$ 2,778,310	\$ 6,329,336

20. FUND BALANCES (Continued)

The City Council has established a minimum fund balance guideline for the general fund. As a general practice, the City will strive to maintain a total general fund committed fund balance equal to a minimum of 25% or greater of general fund budgeted expenditures for the last ended fiscal year. The City Council strives to maintain a minimum committed fund balance in the general fund to mitigate current and future risks (e.g., revenue shortfalls, unanticipated expenditures, and natural disasters or emergencies). Fund balance levels are affected by actual revenues and expenditures and will be used to achieve and maintain the City's minimum fund balance goals and to meet the next year's budget expenditure requirements. In the event there is excess fund balance in the general fund over the 25% minimum reserve, good management of public monies would suggest that the surplus be designated to future expenses to increase service levels that are currently deficient and maintain those that are sufficient.

21. FUND BALANCES CLASSIFICATIONS

Beginning in Fiscal year 2011, in accordance with GASB 54, The City began to classify fund balances depending on the relative strength of the spending constraints placed on the purposes for which resources can be used. GASB 54 also requires that negative fund balances be classified as unassigned. The management of the City feels that this is misleading and inconsistent in the way the City handles its funds. The following restricted funds had negative fund balances – Police Impact Fund, Fire Impact Fund, Riverside Park Construction Fund, and the LID Debt Service Funds. The following committed funds had negative fund balances – Recreation Fund Romance Theatre Fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF REXBURG, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended September 30, 2013

	Original Budget Amount	Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:				
Property Taxes	\$ 3,183,400	\$ 3,183,400	\$ 3,231,735	\$ 48,335
State Taxes	1,033,200	1,033,200	1,145,478	112,278
Federal Revenue	-	-	12,379	12,379
Grants and Donations	480,000	480,000	703,000	223,000
Licenses, Permits and Franchise Fees	585,700	585,700	640,571	54,871
Charges for Services	2,694,900	2,923,400	2,884,303	(39,097)
Interest Earned	127,300	127,300	99,310	(27,990)
Fines, Rent and Other Assessments	264,900	264,900	267,364	2,464
Sale of Property and Equipment	6,100	6,100	13,360	7,260
Miscellaneous	19,500	46,000	38,235	(7,765)
TOTAL REVENUES	8,395,000	8,650,000	9,035,735	385,735
EXPENDITURES:				
General and Administrative Operations	2,778,700	2,987,400	2,932,232	55,168
Public Safety Operations	3,517,700	3,519,200	3,510,398	8,802
Parks and Recreation	548,200	563,300	598,287	(34,987)
Capital Improvements	428,600	485,600	624,639	(139,039)
Transfers	1,021,800	1,054,200	1,291,273	(237,073)
Contingency	100,000	40,300	-	40,300
TOTAL EXPENDITURES	8,395,000	8,650,000	8,956,829	(306,829)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	78,906	78,906
FUND BALANCE AT BEGINNING OF YEAR	-	-	2,687,329	2,687,329
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 2,766,235	\$ 2,766,235

See Independent Auditor's Report

CITY OF REXBURG, IDAHO
BUDGETARY COMPARISON SCHEDULE
STREET FUND

Year Ended September 30, 2013

	Original Budget Amount	Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:				
County Road Funds	\$ 580,000	\$ 580,000	\$ 641,733	\$ 61,733
State Highway Users Fund	852,000	852,000	845,664	(6,336)
Other Grants and Donations	-	-	(396,155)	(396,155)
Contributed Capital	2,000,000	2,000,000	868,608	(1,131,392)
Federal Revenues	-	-	-	-
Franchise Fees	952,200	952,200	1,141,819	189,619
Interest Income	2,000	2,000	(49,753)	(51,753)
Miscellaneous	5,000	5,000	15,540	10,540
Sale of Property and Equipment	15,000	247,000	139,222	(107,778)
Transfers In-Internal	746,600	950,800	1,477,091	526,291
Contingency	-	-	-	-
Fund Balance Carryover	110,000	173,800	-	(173,800)
Transfers In From Other Funds	229,200	229,200	527,009	297,809
TOTAL REVENUES	5,492,000	5,992,000	5,210,778	(781,222)
EXPENDITURES:				
Street Maintenance	1,772,400	1,757,400	1,614,917	142,483
Capital Improvements	2,151,000	2,293,000	1,514,201	778,799
Contingency	812,800	812,800	-	812,800
Transfers Out-Internal	755,800	924,600	1,477,091	(552,491)
Transfers to Other Street Projects	-	204,200	1,213,321	(1,009,121)
TOTAL EXPENDITURES	5,492,000	5,992,000	5,819,530	172,470
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	(608,752)	(608,752)
FUND BALANCE AT BEGINNING OF YEAR	-	-	140,991	140,991
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ (467,761)	\$ (467,761)

See Independent Auditor's Report

CITY OF REXBURG, IDAHO
BUDGETARY COMPARISON SCHEDULE
EMERGENCY SERVICES FUND
Year Ended September 30, 2013

	Original Budget Amount	Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:				
County Ambulance Contributions	\$ 1,302,000	\$ 1,302,000	\$ 1,148,886	\$ (153,114)
Federal Revenue	-	-	14,207	14,207
Charges for Services	-	-	-	-
Miscellaneous	5,000	24,600	71,935	47,335
Transfers	1,132,100	1,132,100	1,205,581	73,481
TOTAL REVENUES	2,439,100	2,458,700	2,440,609	(18,091)
EXPENDITURES:				
Public Safety Operations	2,090,100	2,098,100	2,256,375	(158,275)
Capital Improvements	349,000	360,600	184,234	176,366
TOTAL EXPENDITURES	2,439,100	2,458,700	2,440,609	18,091
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	-	-
FUND BALANCE AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report

CITY OF REXBURG, IDAHO
BUDGETARY COMPARISON SCHEDULE
REVOLVING LOAN FUND
Year Ended September 30, 2013

	Original Budget Amount	Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:				
Interest Earned	\$ 64,000	\$ 64,000	\$ 12,907	\$ (51,093)
Fund Balance Carryover	-	-	-	-
Miscellaneous	-	-	29,933	29,933
TOTAL REVENUES	64,000	64,000	42,840	(21,160)
EXPENDITURES:				
General and Administrative	9,600	9,600	9,984	(384)
Contingency	54,400	54,400	-	54,400
Bad Debt Writeoff	-	-	-	-
Transfers	-	-	-	-
TOTAL EXPENDITURES	64,000	64,000	9,984	54,016
EXCESS OF REVENUES OVER EXPENDITURES	-	-	32,856	32,856
FUND BALANCE AT BEGINNING OF YEAR	-	-	1,219,696	1,219,696
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 1,252,552	\$ 1,252,552

See Independent Auditor's Report

OTHER SUPPLEMENTARY INFORMATION

CITY OF REXBURG, IDAHO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2013

Fund Number	03	04	05	07	08	09	13
	Recreation Fund	Tabernacle Fund	Orchestra Fund	Police Impact Fee Fund	DARE Fund	Police Drug Enforcement Fund	Police Small Grants Fund
ASSETS							
Cash and Short Term Investments	\$ 7,309	\$ 25,758	\$ 7,669	\$ -	\$ -	\$ 25,918	\$ -
Receivables	5,820	-	-	-	-	-	20,420
TOTAL ASSETS	\$ 13,129	\$ 25,758	\$ 7,669	\$ -	\$ -	\$ 25,918	\$ 20,420
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts Payable	\$ 6,998	\$ 2,022	\$ 13,692	\$ 38,155	\$ 1,377	\$ -	\$ -
Due to Other Funds	-	-	-	53,312	9,146	-	20,420
Other	-	-	-	-	-	-	-
TOTAL LIABILITIES	6,998	2,022	13,692	91,467	10,523	-	20,420
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenues	6,131	-	-	-	-	-	-
FUND BALANCES (DEFICIT):							
Restricted	-	23,736	-	(91,467)	(10,523)	25,918	-
Committed	-	-	(6,023)	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	-	23,736	(6,023)	(91,467)	(10,523)	25,918	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,129	\$ 25,758	\$ 7,669	\$ -	\$ -	\$ 25,918	\$ 20,420

See Independent Auditor's Report

14	18	19	20	21	23	24	28	29
Police Animal Control Fund	Joint Fire Equipment Fund	Madison County Fire Protection District Fund	Fire Impact Fee Fund	ESD Rexburg Employee Fund	Rexburg Rapids Operations Fund	Legacy Flight Museum Fund	Community Development Fund	Geographic Information Systems Fund
\$ 323	\$ 349,383	\$ 921,315	\$ 50,143	\$ 25,594	\$ 181,789	\$ 16,083	\$ 702,571	\$ -
3,347	46,674	28,278	-	-	-	14,005	736	41,445
\$ 3,670	\$ 396,057	\$ 949,593	\$ 50,143	\$ 25,594	\$ 181,789	\$ 30,088	\$ 703,307	\$ 41,445
<hr/>								
\$ 2,103	\$ 20,888	\$ -	\$ 10,033	\$ 62	\$ 21,643	\$ 1,165	\$ 4,737	\$ 3,796
-	-	-	-	-	-	-	-	37,649
-	-	-	-	-	-	-	268,528	-
2,103	20,888	-	10,033	62	21,643	1,165	273,265	41,445
<hr/>								
-	-	28,278	-	-	-	-	-	-
<hr/>								
1,567	375,169	921,315	40,110	25,532	-	-	-	-
-	-	-	-	-	160,146	28,923	430,042	-
-	-	-	-	-	-	-	-	-
1,567	375,169	921,315	40,110	25,532	160,146	28,923	430,042	-
<hr/>								
\$ 3,670	\$ 396,057	\$ 949,593	\$ 50,143	\$ 25,594	\$ 181,789	\$ 30,088	\$ 703,307	\$ 41,445

(Continued)

CITY OF REXBURG, IDAHO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2013

Fund Number	33	36	37	38	39	40	41	45
	Street Impact Fee Fund	Arts Promulgation Fund	ESD Paramedic Care Unit Fund	Parks Impact Fee Fund	Trails of Madison County Fund	Romance Theatre Fund	Riverside Park Fund	Mayor's Youth Advisory Board Fund
ASSETS								
Cash and Short Term Investments	\$ 5,002	\$ 89,760	\$ -	\$ 690,760	\$ -	\$ -	\$ 84,054	\$ 3,258
Receivables	-	-	379,376	25,000	-	150,000	-	-
TOTAL ASSETS	\$ 5,002	\$ 89,760	\$ 379,376	\$ 715,760	\$ -	\$ 150,000	\$ 84,054	\$ 3,258
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Accounts Payable	\$ 5,002	\$ -	\$ 14,503	\$ 6,500	\$ -	\$ 2,255	\$ 2,539	\$ 1,082
Due to Other Funds	-	-	255,936	-	-	147,745	-	-
Other	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	5,002	-	270,439	6,500	-	150,000	2,539	1,082
DEFERRED INFLOWS OF RESOURCES:								
Unavailable revenues	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICIT):								
Restricted	-	-	108,937	709,260	-	-	81,515	-
Committed	-	89,760	-	-	-	-	-	2,176
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	-	89,760	108,937	709,260	-	-	81,515	2,176
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,002	\$ 89,760	\$ 379,376	\$ 715,760	\$ -	\$ 150,000	\$ 84,054	\$ 3,258

47	48	53-58	59-79	81	82	83	85	90	91	92	93	Total
Airport Operation Fund	Airport Construction Fund	LID Construction Funds	LID Debt Service Funds	Rexburg Arts Council Fund	Fiber Initiative Fund	Eastern Idaho Business Competition Fund	Community Safety Lighting Fund	Veterans Memorial Fund	Shop with a Cop Fund	ESD Archer Employee Fund	ESD Pipes & Drums Fund	Nonmajor Governmental Funds
\$ -	\$ -	\$ 15,689	\$ -	\$ 2,790	\$ 14,401	\$ -	\$ 157,077	\$ 5,132	\$ 10,354	\$ 9,498	\$ 7,316	\$ 3,408,946
37,954	-	-	940,082	-	-	-	-	-	-	-	-	1,693,137
\$ 37,954	\$ -	\$ 15,689	\$ 940,082	\$ 2,790	\$ 14,401	\$ -	\$ 157,077	\$ 5,132	\$ 10,354	\$ 9,498	\$ 7,316	\$ 5,102,083
\$ 215	\$ -	\$ 15,689	\$ 35,590	\$ 2,790	\$ -	\$ -	\$ 5,748	\$ -	\$ 259	\$ -	\$ 603	\$ 219,446
37,822	8,450	-	357,052	-	20	-	-	-	-	-	-	927,552
-	-	-	-	-	-	-	-	-	-	-	-	268,528
38,037	8,450	15,689	392,642	2,790	-	20	5,748	-	259	-	603	1,415,526
-	-	-	873,838	-	-	-	-	-	-	-	-	908,247
(83)	(8,450)	-	(326,398)	-	-	-	-	5,132	10,095	9,498	6,713	1,907,576
-	-	-	-	-	14,401	(20)	151,329	-	-	-	-	870,734
-	-	-	-	-	-	-	-	-	-	-	-	-
(83)	(8,450)	-	(326,398)	-	14,401	(20)	151,329	5,132	10,095	9,498	6,713	2,778,310
\$ 37,954	\$ -	\$ 15,689	\$ 940,082	\$ 2,790	\$ 14,401	\$ -	\$ 157,077	\$ 5,132	\$ 10,354	\$ 9,498	\$ 7,316	\$ 5,102,083

CITY OF REXBURG, IDAHO
**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2013

	03	04	05	07	08	09	13
	Recreation Fund	Tabernacle Fund	Orchestra Fund	Police Impact Fee Fund	DARE Fund	Police Drug Enforcement Fund	Police Small Grants Fund
REVENUES:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and Contributions	19	5,240	373	-	7,981	-	44,058
Fees and Charges	106,705	12,229	-	72,195	-	-	-
Interest Earned	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	7,331	-
TOTAL REVENUES	106,724	17,469	373	72,195	7,981	7,331	44,058
EXPENDITURES:							
General and Administrative	-	-	-	-	-	-	-
Public Safety	-	-	-	-	19,197	4,054	129,049
Parks and Recreation and Arts	141,732	58,050	2,585	-	-	-	-
Streets	-	-	-	-	-	-	-
Interest on Debt	-	-	-	474	-	-	-
Principal on Debt	-	-	-	-	-	-	-
Capital Improvements	7,776	6,779	12,977	-	-	1,642	6,254
TOTAL EXPENDITURES	149,508	64,829	15,562	474	19,197	5,696	135,303
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(42,784)	(47,360)	(15,189)	71,721	(11,216)	1,635	(91,245)
OTHER FINANCING SOURCES (USES):							
Proceeds from Borrowing	-	-	-	-	-	-	-
Transfers In	95,908	45,346	-	50,000	-	-	20,749
Transfers Out	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	95,908	45,346	-	50,000	-	-	20,749
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	53,124	(2,014)	(15,189)	121,721	(11,216)	1,635	(70,496)
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	(53,124)	25,750	9,166	(213,188)	693	24,283	70,496
FUND BALANCES (DEFICITS) AT END OF YEAR	\$ -	\$ 23,736	\$ (6,023)	\$ (91,467)	\$ (10,523)	\$ 25,918	\$ -

14	18	19	20	21	23	24	28	29
Police Animal Control Fund	Joint Fire Equipment Fund	Madison County Fire Protection District Fund	Fire Impact Fee Fund	ESD Rexburg Employee Fund	Rexburg Rapid Operations Fund	Legacy Flight Museum Fund	Community Development Fund	Geographic Information Systems Fund
\$ -	\$ -	\$ 632,992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
57,379	-	-	-	-	-	105,117	-	395,702
19,960	44,141	-	55,370	12,135	380,380	30,344	1,025,252	78
-	707	1,646	-	46	-	10	-	-
-	-	11,972	-	-	-	1,650	-	-
77,339	44,848	646,610	55,370	12,181	380,380	137,121	1,025,252	395,780
-	-	-	-	-	-	-	596,477	390,141
152,252	-	(34)	-	11,428	-	-	-	-
-	-	-	-	-	352,962	43,294	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
17,431	222,724	231,301	-	-	-	147,136	18,870	5,639
169,683	222,724	231,267	-	11,428	352,962	190,430	615,347	395,780
(92,344)	(177,876)	415,343	55,370	753	27,418	(53,309)	409,905	-
-	-	-	-	-	-	-	-	-
84,971	90,000	-	-	-	50,000	18,836	-	-
-	-	(550,242)	-	-	-	-	-	-
84,971	90,000	(550,242)	-	-	50,000	18,836	-	-
(7,373)	(87,876)	(134,899)	55,370	753	77,418	(34,473)	409,905	-
8,940	463,045	1,056,214	(15,260)	24,779	82,728	63,396	20,137	-
\$ 1,567	\$ 375,169	\$ 921,315	\$ 40,110	\$ 25,532	\$ 160,146	\$ 28,923	\$ 430,042	\$ -

(Continued)

CITY OF REXBURG, IDAHO
**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2013

	33	36	37	38	39	40	41	45
	Street Impact Fee Fund	Arts Promulgation Fund	ESD Paramedic Care Unit Fund	Parks Impact Fee Fund	Trails of Madison County Fund	Romance Theatre Fund	Riverside Park Fund	Mayor's Youth Advisory Board Fund
REVENUES:								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and Contributions	-	-	-	-	-	17,000	403,005	-
Fees and Charges	527,009	40,718	405,578	514,024	-	5,145	-	646
Interest Earned	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
TOTAL REVENUES	527,009	40,718	405,578	514,024	-	22,145	403,005	646
EXPENDITURES:								
General and Administrative	-	-	-	-	-	-	-	2,543
Public Safety	-	-	503,304	-	-	-	-	-
Parks and Recreation and Arts	-	10,000	-	-	-	41,450	-	-
Streets	-	-	-	-	-	-	-	-
Interest on Bonds and Other Debt	-	-	36	-	-	-	-	-
Principal on Bonds and Other Debt	-	-	-	-	-	-	-	-
Capital Improvements	-	-	54,185	6,581	-	37,741	47,577	-
TOTAL EXPENDITURES	-	10,000	557,525	6,581	-	79,191	47,577	2,543
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	527,009	30,718	(151,947)	507,443	-	(57,046)	355,428	(1,897)
OTHER FINANCING SOURCES (USES):								
Proceeds from Borrowing	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	58,590	-	2,000
Transfers Out	(527,009)	(68,486)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(527,009)	(68,486)	-	-	-	58,590	-	2,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	(37,768)	(151,947)	507,443	-	1,544	355,428	103
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	-	127,528	260,884	201,817	-	(1,544)	(273,913)	2,073
FUND BALANCES (DEFICITS) AT END OF YEAR	\$ -	\$ 89,760	\$ 108,937	\$ 709,260	\$ -	\$ -	\$ 81,515	\$ 2,176

47	48	53-58	59-79	81	82	83	85	90	91	92	93	Total
Airport Operation Fund	Airport Construction Fund	LID Construction Funds	LID Debt Service Funds	Rexburg Arts Council Fund	MEPI Fiber Initiative Fund	Eastern Idaho Business Competition Fund	Community Safety Lighting Fund	Veterans Memorial Fund	Shop with a Cop Fund	ESD Archer Employee Fund	ESD Pipes & Drums Fund	Nonmajor Governmental Funds
\$ 2,909		\$ -	\$ -			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 635,901
-		39,944	-	41	72,899	6,250	-	1,478	9,221	-	4,079	1,169,786
19,528		-	364,299	25,553	-	-	176,943	-	-	-	1,964	3,840,196
-		-	61,869	-	-	-	-	-	-	-	5	64,283
-		-	-	-	-	-	-	-	-	-	-	20,953
22,437	-	39,944	426,168	25,594	72,899	6,250	176,943	1,478	9,221	-	6,048	5,731,119
15,404		-	-	-		11,138	-	-	9,327	-	-	1,025,030
-		-	-	-		-	-	-	-	-	8,138	827,388
-		-	-	59,369		-	-	-	-	-	-	709,442
-		-	-	-		-	67,051	-	-	-	-	67,051
116		-	31,869	-		-	-	-	-	-	-	32,495
-		-	115,000	-		-	-	-	-	-	-	115,000
7,000	8,450	1,414,921	-	-	58,498	-	291,176	1,932	-	-	-	2,606,590
22,520	8,450	1,414,921	146,869	59,369	58,498	11,138	358,227	1,932	9,327	-	8,138	5,382,996
(83)	(8,450)	(1,374,977)	279,299	(33,775)	14,401	(4,888)	(181,284)	(454)	(106)	-	(2,090)	348,123
-		-	-	-		-	-	-	-	-	-	-
-		1,374,977	-	30,249		2,500	-	-	-	-	-	1,924,126
-		-	(161,656)	-		-	-	-	-	-	-	(1,307,393)
-	-	1,374,977	(161,656)	30,249	-	2,500	-	-	-	-	-	616,733
(83)	(8,450)	-	117,643	(3,526)	14,401	(2,388)	(181,284)	(454)	(106)	-	(2,090)	964,856
-	-	-	(444,041)	3,526	-	2,368	332,613	5,586	10,201	9,498	8,803	1,813,454
\$ (83)	\$ (8,450)	\$ -	\$ (326,398)	\$ -	\$ 14,401	\$ (20)	\$ 151,329	\$ 5,132	\$ 10,095	\$ 9,498	\$ 6,713	\$ 2,778,310



INDEPENDENT AUDITOR'S 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 Honorable Mayor and City Council
City of Rexburg, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2013, and the related notes to the financial statements, which collectively comprise City of Rexburg, Idaho's basic financial statements, and have issued our report thereon dated February 7, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that

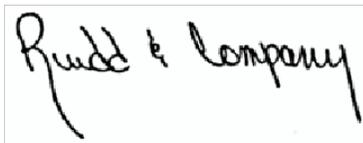
we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Rexburg, Idaho's financial statements are free from 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*.

Purpose of this Report

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

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.

Rexburg, Idaho
February 7, 2014