



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, 2014

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, 2014, 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 21. 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-19 and 54-57 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.

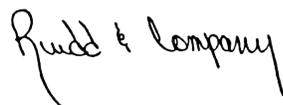
Other Information

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 27, 2015, 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.



Rexburg, Idaho
February 27, 2015



Management's Discussion and Analysis

Matthew K. Nielson, Chief Financial Officer

Our discussion and analysis of the City of Rexburg's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2014. Please read this in conjunction with the City's financial statements, which begin on page 20.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at September 30, 2014 by \$90,562,599.

- Of this amount, \$3,069,148 of unrestricted net position and \$18,494,784 of restricted assets is available to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased \$4,775,161 as a result of this year's operations, which includes an increase of governmental type net position by \$2,564,072 and of business-type net position by \$2,211,089.
- At fiscal year end, the City's governmental funds reported combined ending fund balances of \$8,518,272, an increase of \$2,188,936 from last year.
- The General Fund Balance was \$2,926,065 or 29.98% of the total General Fund Expenditures and Fund Transfers. This is a 5.78% 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 58 to 65 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 68 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, 2014 and September 30, 2013, Net Position changed as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>All Activities</u>
Net Position 9/30/13	\$ 49,866,718	\$ 35,920,720	\$ 85,787,438
Increase in Net Position	\$ 2,564,072	\$ 2,211,089	\$ 4,775,161
Net Position 9/30/14	\$ 52,430,790	\$ 38,131,809	\$ 90,562,599
Percent Increase	4.9%	5.8%	5.3%

Large item increases came from:

Purchase of new patrol vehicles/equipment (4)	\$ 120,525
Police Records Management System	\$ 64,880
Resurface Tennis Court-Porter Park-75% Complete	\$ 67,928
Riverside Park Contribution from Urban Renewal Agency	\$ 630,872
Fire Engine-Rosenbauer	\$ 456,184
Garbage Truck-2014 Crane Carrier	\$ 198,698
Water Project-LID 44-2 nd W 1 st N	\$ 111,051
Water Meters	\$ 146,750
Vacuum Truck-Aquatech Camel	\$ 365,657
Vehicles for Building Department (2)	\$ 48,778
Fire Station 2 nd Story Addition-Architect/Remodel old shop	\$ 128,914
Park Land Purchase-Evergreen and Eagle Park	\$ 390,854
New Well 7 Drilling/Construction-Water (Year 2)	\$ 307,145
New Well 7 Building Generator	\$ 103,215
Seal coat and Chip Seal Street Projects	\$ 213,679
CRABS Street Project-2 nd East from 1 st S to 3 rd S	\$ 189,044
Traffic Signal- 1 st W 2 nd S	\$ 299,693
Storm Line-5 th S-Yale to 2 nd E	\$ 64,981
Streets & storm drain infrastructure-Developer contributed	\$ 258,174
Wastewater extension- Poleline Rd-8"	\$ 65,004
Wastewater Plant improvements	\$ 427,224
Street Reconstruct-LID 44-2 nd W & 1 st N-URA/City Share	\$ 516,389
Street Lighting Projects- Throughout City	\$ 225,015

Also, see Note #3 on page 36 to 37.

Statement of Net Position Comparison (2014 vs. 2013)

	Governmental Activities		Business-type Activities		Total Activities		Favorable (Unfavorable) Change	Percent Change	
	2014	2013	2014	2013	2014	2013			
Current Assets	\$ 10,926,202	\$ 8,470,440	\$ 13,467,737	\$ 12,723,564	\$ 24,393,939	\$ 21,194,004	\$ 3,199,935	15%	(1)
Capital and Other									
Non-current	44,521,744	44,061,704	33,084,051	32,457,409	77,605,795	76,519,113	1,086,682	1%	(2)
Total Assets	55,447,946	52,532,144	46,551,788	45,180,973	101,999,734	97,713,117	4,286,617	4%	
Current Liabilities	2,607,156	2,160,426	1,264,229	1,593,753	3,871,385	3,754,179	(117,206)	-3%	(3)
Noncurrent									
Liabilities	410,000	505,000	7,155,750	7,666,500	7,565,750	8,171,500	605,750	7%	(4)
Total liabilities	3,017,156	2,665,426	8,419,979	9,260,253	11,437,135	11,925,679	488,544	4%	
Net Positions:									
Capital Assets, Net of									
Related Debt	43,906,374	43,507,659	25,092,293	23,849,570	68,998,667	67,357,229	1,641,438	2%	(5)
Restricted	5,455,268	2,804,112	13,039,516	12,071,150	18,494,784	14,875,262	3,619,522	24%	(6)
Unrestricted	3,069,148	3,554,947	-	-	3,069,148	3,554,947	(485,799)	-14%	(6)
Total									
Net Positions	\$ 52,430,790	\$ 49,866,718	\$ 38,131,809	\$ 35,920,720	\$ 90,562,599	\$ 85,787,438	\$ 4,775,161	6%	

Notes to Statement of Net Position Comparison

- (1) General Fund and Street Funds have accumulated cash and receivables for next year's projects
- (2) The increase in capital assets was mainly due to improvements made to the sewer treatment plant, the addition of a new well & street projects
- (3) Liabilities increased as normal with operation inflation
- (4) The major part of this decrease is in the payoff of sewer and LID bonds or warrants.
- (5) This increase in net capital assets is due to sewer plant construction and bond payments the addition of a new well, & large street projects
- (6) The net increase in Net Position is due to current surpluses and fixed asset purchases

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, 2014, is as follows:

	Long-Term Obligations September 30, 2013	Obligations Incurred	Obligations Paid	Long-Term Obligations September 30, 2014
Accrued Compensated Absences (Note 6)	\$ 392,308	\$ 2,125	\$ (952)	\$ 393,481
Local Improvement District Warrants Payable (Note 9)	600,000	--	(95,000)	505,000
Wastewater Revenue Bonds Payable (Note 10)	8,330,000	--	(585,000)	7,745,000
Obligations Under Capital Leases (Note 11)	32,250	--	(10,750)	21,500
	<u>\$ 9,354,558</u>	<u>\$ 13,169</u>	<u>\$ (702,746)</u>	<u>\$ 8,664,981</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 \$8,100 was taken in as parks reservation fees in 2014.

The Recreation Administrative expenses are heavily subsidized by General Revenues, while the Recreation Programs are intended to be self-sufficient. In 2014, a transfer of over \$35,000 from the general fund was made to subsidize 2014 losses in the recreation program fund.

In 2014 the operating fund of the water park Rexburg Rapids experienced an operating loss, mostly due to poor weather conditions, such as cooler temperatures and rain. The 2014 operating loss was over \$37,000. 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 (2014 vs. 2013)

	Governmental		Business-type		Total		Favorable (Unfavorable) Change	Percent Change	
	Activities		Activities						
	2014	2013	2014	2013	2014	2013			
Revenues:									
Program Revenues:									
Charges for Services & Taxes									
General &									
Administrative	4,216,343	4,076,148			4,216,343	4,076,148	140,195	3%	
Public Safety	1,678,602	1,780,406			1,678,602	1,780,406	(101,804)	-6%	(1)
Parks, Rec. &									
Cultural Arts	572,172	606,867			572,172	606,867	(34,695)	-6%	(2)
Streets	3,009,904	2,960,925			3,009,904	2,960,925	48,979	2%	
Water			2,206,649	2,287,920	2,206,649	2,287,920	(81,271)	-4%	
Waste Water			3,947,632	3,797,164	3,947,632	3,797,164	150,468	4%	
Sanitation			1,715,349	1,656,454	1,715,349	1,656,454	58,895	4%	
Golf Courses			376,990	378,453	376,990	378,453	(1,463)	0%	
Total	9,477,021	9,424,346	8,246,620	8,119,991	17,723,641	17,544,337	179,304	1%	
Operating Grants and Contributions									
General &									
Administrative	403,207	482,112			403,207	482,112	(78,905)	-16%	(3)
Public Safety	1,910,056	1,766,285			1,910,056	1,766,285	143,771	8%	(4)
Parks, Rec. &									
Cultural Arts	65,422	106,570			65,422	106,570	(41,148)	-39%	(5)
Streets									
Total	2,378,685	2,354,967			2,378,685	2,354,967	23,718	1%	
Capital Grants & Contributions									
General &									
Administrative	(17,786)	(100,087)			(17,786)	(100,087)	82,301	-82%	(6)
Public Safety	179,083	409,830			179,083	409,830	(230,747)	-56%	(7)
Parks, Rec. &									
Cultural Arts	1,346,050	974,751			1,346,050	974,751	371,299	38%	(8)
Streets	2,355,245	1,039,405			2,355,245	1,039,405	1,315,840	127%	(9)
Water			383,168	867,089	383,168	867,089	(483,921)	-56%	(10)
Waste Water			974,872	1,100,304	974,872	1,100,304	(125,432)	-11%	(11)
Golf Courses			18,000	-	18,000	-	18,000		
Total	3,862,592	2,323,899	1,376,040	1,967,393	5,238,632	4,291,292	947,340	22%	
General Revenues:									
Property Taxes	3,314,805	3,201,614			3,314,805	3,201,614	113,191	4%	
Franchise Fees	508,657	524,310			508,657	524,310	(15,653)	-3%	
State Taxes	1,276,679	1,145,478			1,276,679	1,145,478	131,201	11%	(12)
Investment									
Earnings	138,226	52,818	48,051	28,341	186,277	81,159	105,118	130%	(13)
Miscellaneous	19,305	15,254			19,305	15,254	4,051	27%	(14)
Total	5,257,672	4,939,474	48,051	28,341	5,305,723	4,967,815	337,908	7%	
Total Revenues	20,975,970	19,042,686	9,670,711	10,115,725	30,646,681	29,158,411	1,488,270	5%	

Statement of Changes in Net Position (2014 vs. 2013)

	Governmental		Business-type		Total		Favorable	Percent
	Activities		Activities				(Unfavorable)	Change
	2014	2013	2014	2013	2014	2013	Change	Change
Expenses:								
General &								
Administrative	5,197,305	4,436,130			5,197,305	4,436,130	(761,175)	-17% (15)
Public Safety	6,921,256	7,296,664			6,921,256	7,296,664	375,408	5%
Parks, Rec. & Arts	2,661,514	1,834,606			2,661,514	1,834,606	(826,908)	-45% (16)
Streets	3,631,823	3,461,982			3,631,823	3,461,982	(169,841)	-5%
Water			1,956,373	1,925,143	1,956,373	1,925,143	(31,230)	-2%
Waste Water			3,429,265	3,557,479	3,429,265	3,557,479	128,214	4%
Sanitation			1,637,540	1,569,039	1,637,540	1,569,039	(68,501)	-4%
Golf Course	-	-	436,444	438,618	436,444	438,618	2,174	0%
Total Expenses	18,411,898	17,029,382	7,459,622	7,490,279	25,871,520	24,519,661	(1,351,859)	-6%
Increase in								
Net Positions	2,564,072	2,013,304	2,211,089	2,625,446	4,775,161	4,638,750	136,411	3%
Net Position-Beginning	49,866,718	47,853,414	35,920,720	33,295,274	85,787,438	81,148,688	4,638,750	6%
Net Position-Ending	52,430,790	49,866,718	38,131,809	35,920,720	90,562,599	85,787,438	4,775,161	6%

Notes to Statement of Changes in Net Position

- (1) Revenues for Wildland fires down-fewer pieces of equipment sent out on fires
- (2) Pool Revenues decreased due to poor weather and Arts Promulgation fees dropped due to fewer projects
- (3) Due to decrease in private grants in Animal Control & GIS contributions
- (4) Increase in BYUI and Ambulance District contributions
- (5) Decrease in city and county contributions
- (6) Deferred LID revenues are decreasing
- (7) Reduced Contributed Capital
- (8) Parks building and land donated by Urban Renewal
- (9) Urban Renewal contributions towards construction on 2nd North and corner by grain elevators
- (10) Developer contributed assets decreased significantly
- (11) Developer contributed assets decreased significantly
- (12) City share of state sales tax disbursed from the State increased
- (13) Investment balances increased and put in higher yield instruments
- (14) Increase in Tax Penalties and Interest payments
- (15) Most of this is related to ramping up of Building Inspectors due to increased construction
- (16) The Legacy Flight Museum Building was reversed off the city asset list; it is leased from the owner John Bagley

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 2014. 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, increased in cash and short term investments by \$876,496, ending the year with a balance of \$12,597,664.

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 6.8% 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, 2014.

At the end of Fiscal Year 2014, we were still waiting to hear the final findings of a water facilities planning study. It is expected, that construction of water facilities will be necessary beginning in fiscal year 2015 to meet the current and projected population and demand needs. The projected improvements will require additional funding beyond that available in our capital reserve funds for water and it will be necessary to secure a revenue bond or loan to fund such improvements in the near future.

In 2012 the City began to provide curb-side 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. In 2014, it became necessary to increase the recycling contract expenses in order to maintain the program at its current service level. We are also in the process of continuing to implement curb-side pickup for recycling to commercial and multi-family users, which helps stabilize the Madison County tipping fees we would otherwise pay for disposing the recycled goods.

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 \$553,428, 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 54) increased by \$159,830 during the year, due to a combination of actual receipts higher than the final revenues budgeted and actual expenses lower than the final expenses budgeted.

The Street Funds' Balances (see page 55) increased by \$1,570,418, leaving a fund balance of \$1,102,657. The fund balance will be carried over for projects that are already planned and

budgeted for in future years. A significant portion of the fund balance is from receivables due from the Urban Renewal Agency for a project that was substantially completed in fiscal year 2014 on the corner of 2nd West and 1st North.

The Emergency Services Fund (see page 56) is financed by three entities: the City of Rexburg (for fire suppression services), the Madison County Fire District, and the Madison County Ambulance District. All expenditures are billed to the three entities based on the benefit received by each. The fund balance is normally always zero because the three entities reimburse all expenditures.

Police, Fire, Parks and Street Development Impact Fees were collected in the amounts of \$55,391, \$44,922, \$413,211, and \$502,739 respectively, totaling \$1,016,263 for capital improvements in those departments.

It is important to illustrate the need for impact fees by looking at the fund balances of each respective fund to determine the health of those funds in providing the necessary capital to meet the demands of the growth in our community and its impact on our current service levels. At the end of the fiscal year 2014, the Police Impact Fee Fund was nearly brought to a positive fund balance through transfers of \$36,000 from the General Fund and Police Impact Fee Fund fees collected, which have essentially paid off the debt from the animal shelter that was completed in 2007. The Fire Impact Fee Fund had a balance of \$55,033, which will help fund the future replacement of fire engines and expansion or addition of fire stations. Construction of a second story at the main fire station located on Center Street in Rexburg began in 2014 and is expected to be completed in 2015 with an estimated cost of approximately \$1.9 million. The Parks Impact Fee Fund balance was \$936,484 and is being accumulated for future projects, such as the additional of a baseball/softball quad, completion of Riverside Park, and a possible future park on the South side of town. The Street Impact Fees Fund balance is almost always zeroed out as the expenses of qualified projects typically surpass the revenues provided from the Street Impact fees, which revenues have not covered the actual expenses to the amount of \$1,143,800.

The Joint Fire Equipment Fund has a positive fund balance of \$117,401, 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 \$2,709,943, of which \$1,087,447 was due to contributed assets. The Utility Operations Fund increased in cash by \$1,691,430 ending the year with a balance of \$8,160,673 in cash and investments.

The Golf Course Fund (Operations Fund) had a net loss for the year of (\$52,193), 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	\$ 9,759,500
Budgeted Cash Carryover (Deficit)	\$ 100,000
Budgeted Revenues Expected Net of Carryover	\$ 9,659,500
Actual Revenues received	\$ 9,852,155
Surplus (Deficit) of Revenues vs. Budget	\$ 192,655

Expenditures

Total Budget of Expenditures	\$ 9,759,500
Actual Expenditures	\$ 9,692,325
Under (Over) Budget	\$ 67,175

Excess (Deficiency) of Revenues over Expenditures	\$ 159,830
---	------------

Fund Balance

Beginning Fund Balance	\$ 2,766,235
Ending Fund Balance	\$ 2,926,065

However, some individual accounts showed variations that are notable:

Significant Revenues Overage (Shortage)

Property Tax	\$ (63,732)
Franchise Fees- Rocky Mountain Power	\$ 18,099
Franchise Fees- Intermountain Gas	\$ 16,507
Federal Grants	\$ 15,999
State of Idaho Shared Revenues- Liquor Funds/Sales Tax	\$ 93,179
Permits-Parking	\$ 11,645
Fines-Court	\$ 5,746
Interest Earnings	\$ 44,093
*Rent Income/RMP & Home on 167 W 1 st N	\$ (8,034)
Tower Rental Income	\$ 1,795
URA homes rental income	\$ (2,752)
BYUI Police Contribution	\$ 33,750
Madison School District Resource Officers Reimbursement	\$ 22,000
Engineering Project Charges	\$ (20,104)
Shop Charges	\$ (40,715)
Park Dept. Services to Water/Wastewater Facilities	\$ (14,996)
General Overhead	\$ 88,881

*Revenues ceased in 2014-Rocky Mountain Power (RMP) no longer rents space from police station. Rental house was torn down in 2014 for the new road on 2nd W and 1st N.

Significant Expenditures (Over Budget) Under Budget

Mayor and Council	\$ 12,608
Economic Development	\$ 13,048
Information Technology	\$ 33,997
Financial Management	\$ 18,231
Police Patrol	\$ 63,969

Police Administration	\$ 39,836
Police Detectives	\$ 23,381
Engineering	\$ 19,319
Shop	\$ 40,715
Parks	\$ 21,174
Miscellaneous (from ditch improvements/legislative tour)	\$ (11,049)
Transfer to Airport Construction	\$ (30,100)
Police Impact Fee Subsidy	\$ (36,000)
Charges for Services-Planning and Zoning	\$ (70,043)
Transfer to Arts Council	\$ (27,901)
Transfer to Romance Theatre	\$ (26,837)
Transfer to Recreation Program Fund to Zero Fund Deficit	\$ (35,346)
Transfer to Animal Control Fund for Operations	\$ 13,689
Transfer to Rexburg Rapids Capital Replacement Reserve	\$ (50,000)

STREET FUND BUDGETARY HIGHLIGHTS

Revenues

Total Budget of Revenues	\$ 6,388,700
Actual Revenues received	\$ 5,806,414
Surplus (Deficit) of Revenues vs. Budget	\$ (582,286)

Expenditures

Total Budget of Expenditures	\$ 6,388,700
Actual Expenditures	\$ 4,235,996
Surplus (Deficit) of Expenses vs. Budget	\$ 2,152,704
Excess (Deficiency) of Revenues vs. Expenses	\$ 1,570,418

Fund Balance

Beginning Fund Balance	\$ (467,761)
Ending Fund Balance	\$ 1,102,657

However, some individual accounts showed variations that are notable:

Significant Revenues Overage (Shortage)

Franchise Fees & Right of Way Fees	\$ 12,696
State Highway User Funds	\$ 11,307
County Road & Bridge	\$ 74,367
Miscellaneous	\$ 98,503
Sale of Equipment	\$ (33,500)
Contributions in operating fund	\$ 35,000
Contributions in Street Repair Fund from URA	\$ 549,153
Contributions in New Street Fund-URA and Others	\$ 370,672
Contributed Capital (new finished streets)	\$ (1,741,826)
Transfer in-From other funds	\$ 202,739

Significant Expenditures (Over Budget) Under Budget

Street Maintenance/New Streets-includes contributed assets	\$ 1,019,397
Capital Improvements	\$ 1,572,302
Transfers Out-Internal	\$ (10,429)
Transfers to Other Street Projects	\$ (728,566)

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 2014 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 personnel 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 51% of the costs during the past fiscal year. The City and the Madison Fire District each paid about 29% and 20% respectively.

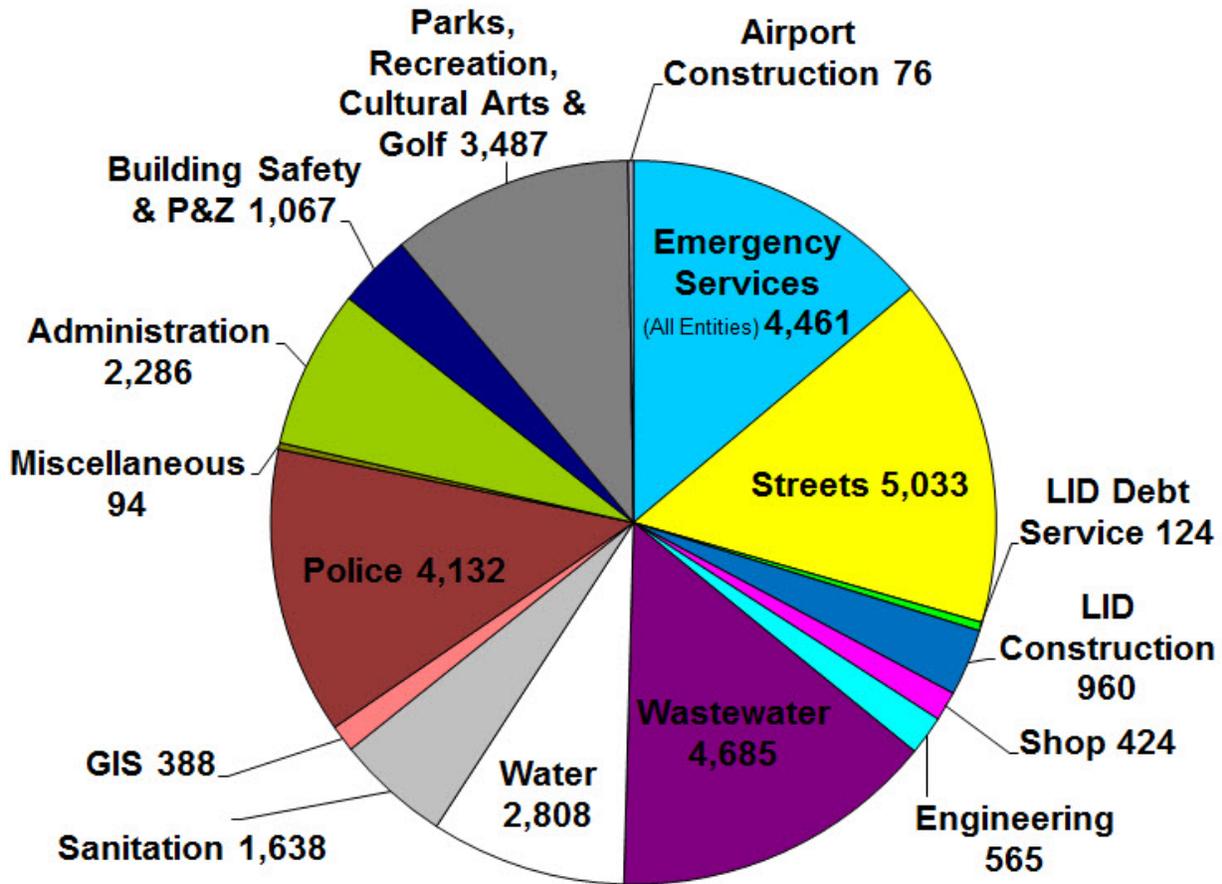
ESD Fund Revenues and Expenses were both approximately \$259,828 under budget – both because this fund is usually zeroed out at the end of the year and any savings or overruns are shared by the three entities immediately. Had a budget line item of \$280,000 for new ambulances not been included in the budget (expenses in this line item were zero because these expenses occur through the Ambulance District budget), the ESD fund would have been over budget by \$20,172. The City's share of expenses was \$691,323 of a \$694,000 budget, or \$2,677 under 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 2014 Total: \$32,228,521 (below in thousands)

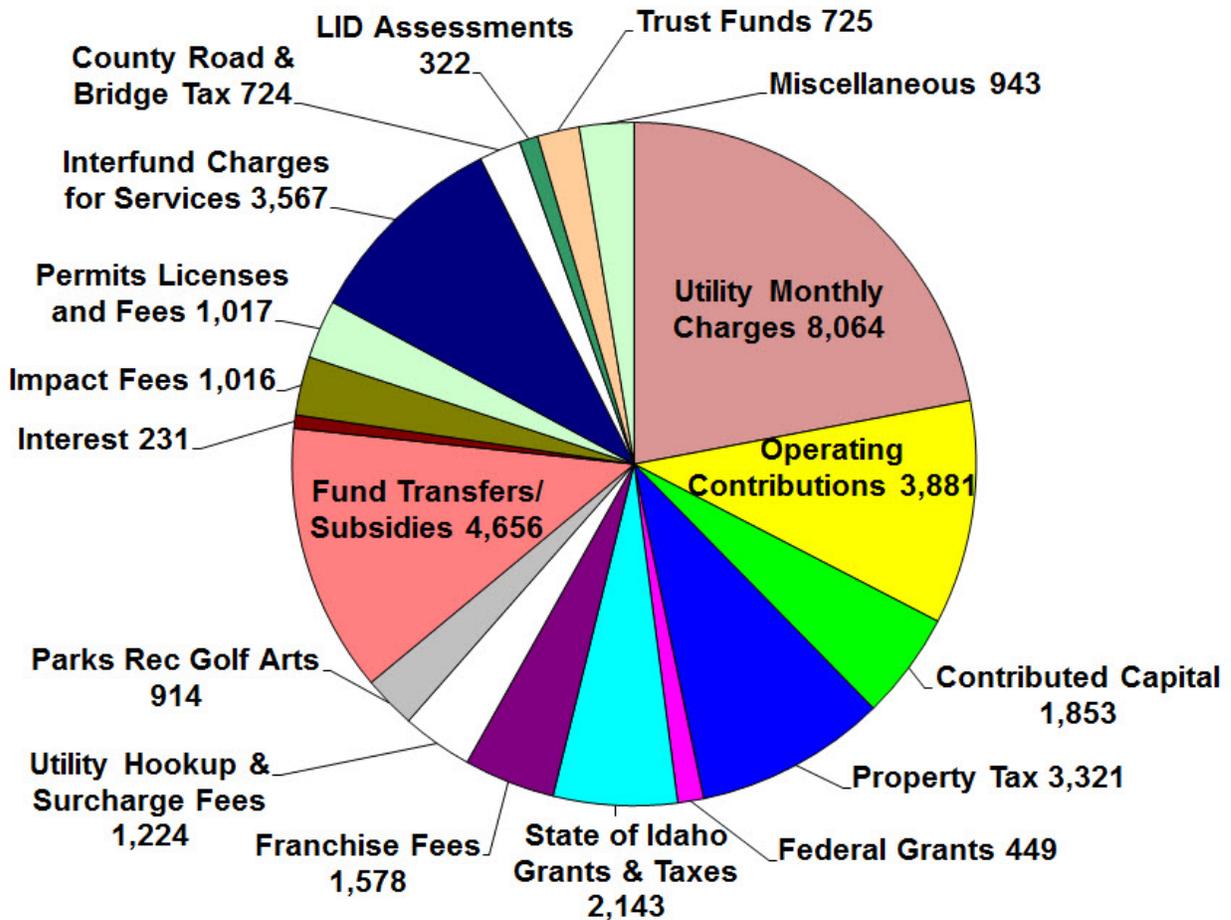


The Total Expense Budget pie chart shows the relative size of the departments or categories of expense budgets. Each Total Expense category includes both operating expense and capital purchase expense. Operating Expense does not include capital expense and is the amount needed to fund the day to day 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 2014 Total: \$36,628,569 (below in thousands)

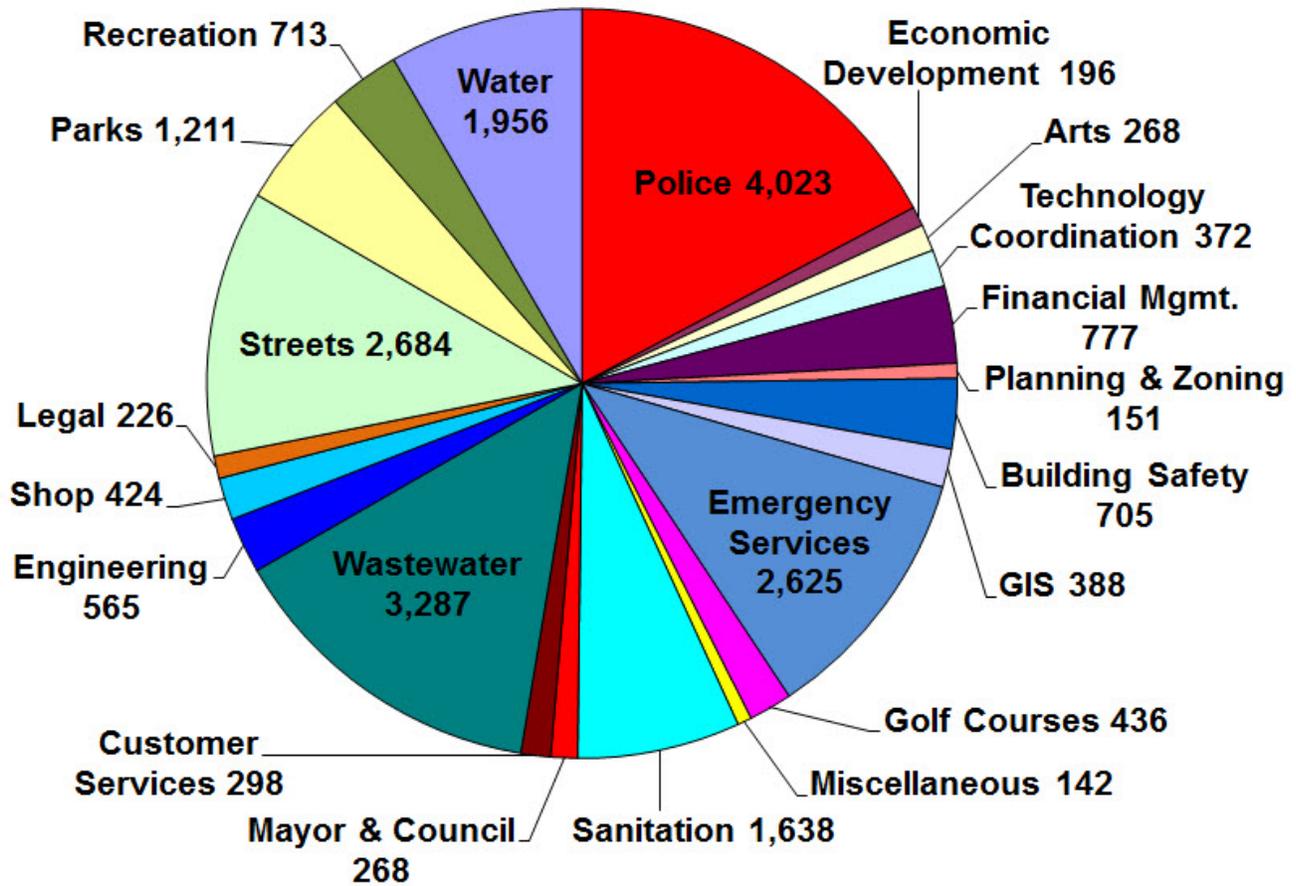


The Total Revenue Budget pie chart shows the relative size of the categories of revenue budget by source. Total Revenue categories include both operating revenue and revenue that is restricted to capital purchases. Operating Revenue does not include revenue reserved for capital purchases and is the amount 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 2014 \$ 23,351,435 (Chart in thousands)

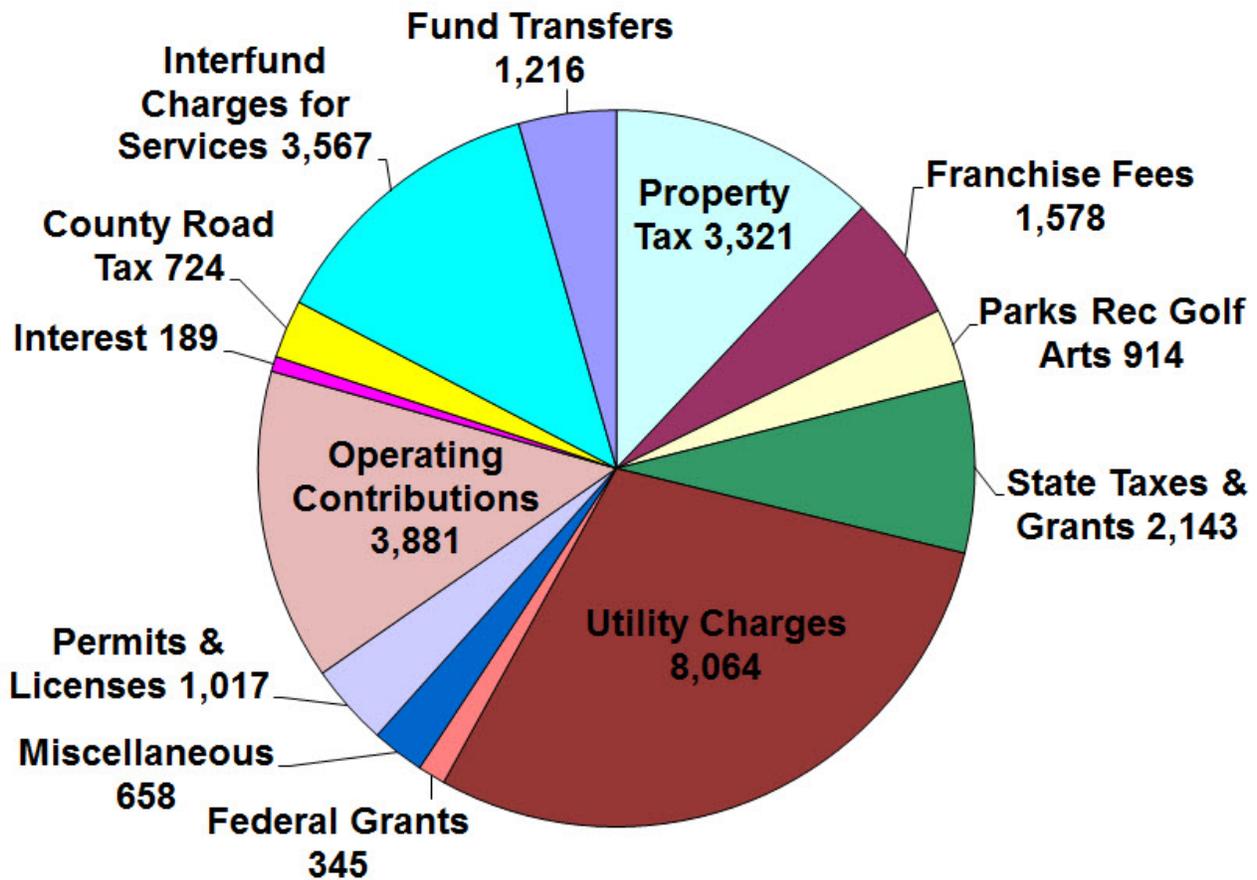


The Operating Expense Budget pie chart shows the relative size of the departments or categories of operating expense budgets. Operating Expense does not include capital expense and is the amount needed to fund the day to day operations of the City.

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 29% of the operating expenses of the budget, leaving about a 40% for the rest of the departments or categories.

Actual Operating Revenue

FY 2014 \$27,617,159 (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 29% 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, 2014

	Primary Government			Component Unit (Rexburg Urban Renewal Agency)
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and Short-term Investments	\$ 7,549,367	\$ 12,597,664	\$ 20,147,031	\$ 2,739,122
Receivables	3,354,278	870,073	4,224,351	-
Supplies	22,557	-	22,557	-
Total Current Assets	10,926,202	13,467,737	24,393,939	2,739,122
Noncurrent Assets:				
Revolving Loan Receivable	615,369	-	615,369	-
Capital Assets:				
Capital Assets	65,865,043	50,515,919	116,380,962	746,887
Accumulated Depreciation	(21,958,668)	(17,431,868)	(39,390,536)	-
Net Capital Assets	43,906,375	33,084,051	76,990,426	746,887
Total Noncurrent Assets	44,521,744	33,084,051	77,605,795	746,887
TOTAL ASSETS	55,447,946	46,551,788	101,999,734	3,486,009
LIABILITIES:				
Current Liabilities:				
Accounts Payable	2,115,522	302,004	2,417,526	-
Accrued Compensated Absences	346,859	46,622	393,481	-
Accrued Interest Payable	12,237	9,549	21,786	-
Other	37,538	79,595	117,133	-
Current Portion of Long-term Obligations	95,000	610,750	705,750	354,000
Total Current Liabilities	2,607,156	1,048,520	3,655,676	354,000
Noncurrent Liabilities:				
Noncurrent Portion of Long-term Obligations	410,000	7,155,750	7,565,750	3,138,000
TOTAL LIABILITIES	3,017,156	8,204,270	11,221,426	3,492,000
DEFERRED INFLOWS OF RESOURCES				
Bond issue premium, net of amortization	-	215,709	215,709	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,017,156	8,419,979	11,437,135	3,492,000
NET POSITION (DEFICIT):				
Invested In Capital Assets, Net of Related Debt	43,906,374	25,092,293	68,998,667	746,887
Restricted for:				
Capital projects	3,248,572	4,354,106	7,602,678	-
Debt service	136,835	-	136,835	-
Intergovernmental Agreement	1,273,950	45,863	1,319,813	-
Other purposes	795,911	8,639,547	9,435,458	-
Unrestricted	3,069,148	-	3,069,148	(752,878)
TOTAL NET POSITION	\$ 52,430,790	\$ 38,131,809	\$ 90,562,599	\$ (5,991)

The Accompanying Notes are an Integral Part of the Financial Statements

CITY OF REXBURG, IDAHO
STATEMENT OF ACTIVITIES
 GOVERNMENT WIDE
 Year Ended September 30, 2014

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	\$ 5,197,305	\$ 4,216,343	\$ 403,207	\$ (17,786)	\$ (595,541)
Public Safety	6,921,256	1,678,602	1,910,056	179,083	(3,153,515)
Parks, Recreation and Arts	2,661,514	572,172	65,422	1,346,050	(677,870)
Streets	3,631,823	3,009,904	-	2,355,245	1,733,326
Total Governmental Activities	18,411,898	9,477,021	2,378,685	3,862,592	(2,693,600)
GENERAL REVENUES:					
Property Taxes Levied for General Purposes	-	3,314,805	-	-	3,314,805
Franchise Fees	-	508,657	-	-	508,657
State Taxes	-	1,276,679	-	-	1,276,679
Investment Earnings	-	138,226	-	-	138,226
Miscellaneous	-	19,305	-	-	19,305
Total General Revenue	-	5,257,672	-	-	5,257,672
Total Governmental Activities					2,564,072
NET GOVERNMENTAL ASSETS - BEGINNING BALANCE					49,866,718
NET GOVERNMENTAL ASSETS - ENDING BALANCE					\$ 52,430,790
BUSINESS-TYPE ACTIVITIES					
Water	\$ 1,956,373	\$ 2,206,649	\$ -	\$ 383,168	\$ 633,444
Waste Water	3,429,265	3,947,632	-	974,872	1,493,239
Sanitation	1,637,540	1,715,349	-	-	77,809
Golf Course	436,444	376,990	-	18,000	(41,454)
Total Business-type Activities	7,459,622	8,246,620	-	1,376,040	2,163,038
GENERAL REVENUES:					
Investment Earnings	-	48,051	-	-	48,051
Total Business Type Activities					2,211,089
NET BUSINESS-TYPE ASSETS - BEGINNING BALANCE					35,920,720
NET BUSINESS-TYPE ASSETS - ENDING BALANCE					\$ 38,131,809
TOTAL PRIMARY GOVERNMENT	\$ 25,871,520	\$ 23,029,364	\$ 2,378,685	\$ 5,238,632	\$ 4,775,161
TOTAL PRIMARY GOVERNMENT NET ASSETS - BEGINNING BALANCE					85,787,438
TOTAL PRIMARY GOVERNMENT NET ASSETS - ENDING BALANCE					\$ 90,562,599
COMPONENT UNIT (REXBURG URBAN RENEWAL AGENCY):					
General and Administrative	\$ 67,381	\$ -	\$ -	\$ -	\$ (67,381)
Property Transfer to City	830,872	-	-	-	(830,872)
Tax Reimbursement	196,632	-	-	-	(196,632)
Construction	482,189	-	-	-	(482,189)
Interest & Amortization Expense	168,510	-	-	-	(168,510)
Total Component Units	\$ 1,745,584	\$ -	\$ -	\$ -	(1,745,584)
GENERAL REVENUES:					
Property taxes levied for general purposes					1,897,679
Overhead Charges for Services					7,058
Investment Earnings					1,711
Total General Revenue					1,906,448
TOTAL COMPONENT UNIT ACTIVITIES					160,864
TOTAL COMPONENT UNIT - BEGINNING BALANCE					(166,855)
TOTAL COMPONENT UNIT - ENDING BALANCE					\$ (5,991)

The Accompanying Notes are an Integral Part of the Financial Statements

CITY OF REXBURG, IDAHO
BALANCE SHEET
 GOVERNMENTAL FUNDS
 September 30, 2014

	General Fund	Street Fund	Emergency Service Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Short Term Investments	\$ 3,219,928	\$ 203,701	\$ -	\$ 663,968	\$ 3,461,770	\$ 7,549,367
Receivables	586,831	1,331,763	77,885	615,369	1,357,793	3,969,641
Inventory	22,569	-	-	-	-	22,569
Due from Other Funds	590,624	-	-	-	-	590,624
TOTAL ASSETS	\$ 4,419,952	\$ 1,535,464	\$ 77,885	\$ 1,279,337	\$ 4,819,563	\$ 12,132,201
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts Payable	\$ 1,412,291	\$ 414,907	\$ 25,924	\$ 150	\$ 262,250	\$ 2,115,522
Due to Other Funds	-	-	51,961	-	538,663	590,624
Other	5,000	17,900	-	-	14,648	37,548
TOTAL LIABILITIES	1,417,291	432,807	77,885	150	815,561	2,743,694
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	76,596	-	-	-	793,639	870,235
FUND BALANCES:						
Nonspendable	22,557	-	-	-	-	22,557
Restricted	-	1,102,657	-	-	2,107,038	3,209,695
Committed	2,439,875	-	-	1,279,187	1,103,325	4,822,387
Assigned	-	-	-	-	-	-
Unassigned	463,633	-	-	-	-	463,633
TOTAL FUND BALANCES	2,926,065	1,102,657	-	1,279,187	3,210,363	8,518,272
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,419,952	\$ 1,535,464	\$ 77,885	\$ 1,279,337	\$ 4,819,563	\$ 12,132,201

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, 2014

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

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS		\$ 8,518,272
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of Assets	\$ 65,865,043	
Accumulated Depreciation	<u>(21,958,668)</u>	
Net Cost of Assets		43,906,375
Certain receivables are not financial resources and are reported as deferred revenues		
Property tax deferred revenue		97,163
Special Assessment deferred revenue		769,950
Deferred recreation revenues		3,126
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		(505,000)
Accrued compensated absences		(346,859)
Accrued interest payable		<u>(12,237)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 52,430,790</u>

CITY OF REXBURG, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended September 30, 2014

	General Fund	Street Fund	Emergency Service Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 4,545,893	\$ 1,580,374	\$ -	\$ -	\$ 673,396	\$ 6,799,663
Grants and Contributions	1,212,874	1,720,638	1,233,451	-	750,770	4,917,733
Fees and Charges	3,906,193	1,170,199	10,808	7,494	3,608,872	8,703,566
Interest Earned	135,901	135	-	33,769	59,710	229,515
Miscellaneous	51,293	66,500	23,151	-	301,364	442,308
TOTAL REVENUES	9,852,154	4,537,846	1,267,410	41,263	5,394,112	21,092,785
EXPENDITURES:						
General and Administrative	3,318,269	-	-	14,628	1,223,838	4,556,735
Public Safety	3,544,350	-	2,391,200	-	390,569	6,326,119
Parks and Recreation	642,158	-	-	-	828,004	1,470,162
Streets	-	1,976,403	-	-	67,200	2,043,603
Interest on Bonds and Other Debt	-	-	-	-	29,995	29,995
Principal on Bonds and Other Debt	-	-	-	-	95,000	95,000
Capital Improvements	1,049,452	765,198	47,671	-	2,519,914	4,382,235
TOTAL EXPENDITURES	8,554,229	2,741,601	2,438,871	14,628	5,154,520	18,903,849
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,297,925	1,796,245	(1,171,461)	26,635	239,592	2,188,936
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	-	502,739	1,171,461	-	1,313,090	2,987,290
Operating Transfers Out	(1,138,095)	(728,566)	-	-	(1,120,629)	(2,987,290)
TOTAL OTHER FINANCING SOURCES (USES)	(1,138,095)	(225,827)	1,171,461	-	192,461	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	159,830	1,570,418	-	26,635	432,053	2,188,936
FUND BALANCE AT BEGINNING OF YEAR	2,766,235	(467,761)	-	1,252,552	2,778,310	6,329,336
FUND BALANCE AT END OF YEAR	\$ 2,926,065	\$ 1,102,657	\$ -	\$ 1,279,187	\$ 3,210,363	\$ 8,518,272

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, 2014

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

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 2,188,936

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:

Capital expenditures capitalized as fixed assets	4,461,914
Depreciation expense	(3,029,832)
Basis in Assets disposed of	(1,033,366)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Special assessments levied	79,827
Property tax deferrals	(14,375)
Recreation revenue deferral	(3,006)

Deferred Revenue not in Statement of Net Assets:

Special assessment deferred revenue	(183,243)
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Compensated absences accrual adjustment	951
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Governmental funds report principal repayment on debt as an expenditure. However, in the statement of activities debt payment are not an expense:

Proceeds from borrowing	-
Principal payments on long-term liabilities	95,000
Changes in accrued interest	1,266
	1,266

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 2,564,072**

CITY OF REXBURG, IDAHO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2014

	Business-type Activities - Proprietary Funds		
	Utility	Golf Course	Total
ASSETS			
Current Assets:			
Cash and Short-term Investments	\$ 12,597,664	\$ -	\$ 12,597,664
Due from Other Funds	553,427	-	553,427
Receivables	864,937	5,136	870,073
Total Current Assets	14,016,028	5,136	14,021,164
Noncurrent Assets:			
Capital Assets:			
Capital Assets	48,367,117	2,148,802	50,515,919
Accumulated Depreciation	(16,610,575)	(821,293)	(17,431,868)
Total Noncurrent Assets	31,756,542	1,327,509	33,084,051
TOTAL ASSETS	45,772,570	1,332,645	47,105,215
LIABILITIES:			
Current Liabilities:			
Accounts Payable	268,874	33,130	302,004
Accrued Compensated Absences	46,622	-	46,622
Accrued Interest Payable	9,549	-	9,549
Due to Other Funds	-	553,427	553,427
Other	79,595	-	79,595
Current Portion of Long-term Obligations	600,000	10,750	610,750
Total Current Liabilities	1,004,640	597,307	1,601,947
Noncurrent Liabilities:			
Noncurrent Portion of Long-term Obligations	7,145,000	10,750	7,155,750
TOTAL LIABILITIES	8,149,640	608,057	8,757,697
DEFERRED INFLOWS OF RESOURCES:			
Bond issue premium, net of amortization	215,709	-	215,709
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	8,365,349	608,057	8,973,406
NET POSITION:			
Invested in Capital Assets Net of Related Debt	23,786,284	1,306,009	25,092,293
Restricted for:			
Capital Projects	4,981,391	(627,285)	4,354,106
Intergovernmental Agreement	-	45,863	45,863
Operations	8,639,547	-	8,639,547
TOTAL NET POSITION	\$ 37,407,222	\$ 724,587	\$ 38,131,809

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, 2014

	Business-type Activities - Enterprise Funds		
	Utility	Golf Course	Totals
OPERATING REVENUES:			
Monthly Utility Services	\$ 7,573,953	\$ -	\$ 7,573,953
One Time Fees	174,261	-	174,261
Golf Course Fees	-	350,380	350,380
Miscellaneous	31,469	8,610	40,079
TOTAL OPERATING REVENUES	7,779,683	358,990	8,138,673
OPERATING EXPENSES:			
Utility Expenses	5,236,885	-	5,236,885
Pro Shop & Greens Maintenance	-	389,844	389,844
Depreciation and Amortization	1,412,636	45,928	1,458,564
TOTAL OPERATING EXPENSES	6,649,521	435,772	7,085,293
OPERATING INCOME	1,130,162	(76,782)	1,053,380
NON-OPERATING REVENUES / EXPENSES:			
Contributed Capital	133,650	-	133,650
Sale of Capacity and Contributions	1,224,390	36,000	1,260,390
Disposal of Assets	(48,729)	-	(48,729)
Interest Income	76,000	-	76,000
Interest Expense	(262,932)	(670)	(263,602)
TOTAL NON-OPERATING REVENUES / EXPENSES	1,122,379	35,330	1,157,709
CHANGE IN NET POSITION	2,252,541	(41,452)	2,211,089
TOTAL NET POSITION - BEGINNING BALANCE	35,154,681	766,039	35,920,720
TOTAL NET POSITION - ENDING BALANCE	\$ 37,407,222	\$ 724,587	\$ 38,131,809

The Accompanying Notes are an Integral Part of the Financial Statements

CITY OF REXBURG
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended September 30, 2014

	Business-type Activities - Enterprise Funds		
	Utility	Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 7,829,148	\$ 359,521	\$ 8,188,669
Payments to Suppliers	(1,899,802)	(101,492)	(2,001,294)
Payments to Employees	(1,305,760)	(1,081)	(1,306,841)
Payments for Labor Contracts	-	(236,358)	(236,358)
Internal Activity - Payments to Other Funds for Services	(2,079,093)	(28,258)	(2,107,351)
Other Payments	(174)	-	(174)
Other Receipts	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,544,319	(7,668)	2,536,651
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Loan Paid to/from Other Funds	(9,573)	9,573	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisitions of Property, Plant and Equipment	(2,169,450)	(26,485)	(2,195,935)
Sale of Capacity and Contributions	1,224,390	36,000	1,260,390
Increase (Decrease) in Lease Payable on Assets	-	(10,750)	(10,750)
Increase (Decrease) in Accounts Payable on Capital	(197,950)	-	(197,950)
Increase (Decrease) in Accounts Receivable for Capital	81,373	-	81,373
Proceeds from Sale of Assets	62,000	-	62,000
Interest Income	76,000	-	76,000
Principal Payments on Revenue Bonds	(585,000)	-	(585,000)
Interest Payments on Bonds and Leases	(283,263)	(670)	(283,933)
Contributed Capital	133,650	-	133,650
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,658,250)	(1,905)	(1,660,155)
NET INCREASE IN CASH AND INVESTMENTS	876,496	-	876,496
CASH AND INVESTMENTS AT BEGINNING OF YEAR	11,721,168	-	11,721,168
CASH AND INVESTMENTS AT END OF THE YEAR	\$ 12,597,664	\$ -	\$ 12,597,664
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ 1,130,162	\$ (76,782)	\$ 1,053,380
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	1,412,636	45,928	1,458,564
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	50,420	529	50,949
Increase(decrease) in accounts payable	(50,059)	22,657	(27,402)
Increase (decrease) in accrued compensated absences	2,124	-	2,124
Increase (decrease) in deposits payable	(964)	-	(964)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,544,319	\$ (7,668)	\$ 2,536,651

The Accompanying Notes are an Integral Part of the Financial Statements

CITY OF REXBURG, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2014 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 27, 2015, 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, 2014, the carrying amount of the City's deposits was \$4,568,795, of which \$572,859 were insured with FDIC and \$3,796,719 was collateralized through Zions Bank. The City had \$772,076 in checking deposits as of September 30, 2014.
- 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, 2014, \$217,180 of the City's total deposits in Zions Bank was not covered by federal depository insurance, and thus was exposed to custodial risk.

2. CASH AND SHORT-TERM INVESTMENTS (Continued)

- Investments – As of September 30, 2014, 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	\$ 7,041,579	\$ -	\$ 7,041,579	\$ -	\$ -
State Investment Pool	N/A	2,026,999	2,026,999	-	-	-
Certificates of Deposit	N/A	249,193	249,193	-	-	-
CDARS Program	N/A	5,089,867	5,089,867	-	-	-
Federal Agency Notes & Bonds	N/A	1,105,132	708,302	396,830		
Collateralized Municipal MM Fund	N/A	3,796,719	3,796,719	-	-	-
		\$ 19,309,489	\$ 11,871,080	\$ 7,438,409	\$ -	\$ -

- 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, 2014 was 144 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, 2014 is 4.05 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, 2014:

Petty Cash	\$ 1,050
Bank Checking Deposits	772,076
State and Bank Investments	19,309,489
Other Investments	64,416
Total	<u>\$20,147,031</u>

3. CAPITAL ASSETS

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

	30-Sep 2013	Increases	Decreases	30-Sep 2014
PRIMARY GOVERNMENT:				
GOVERNMENTAL ACTIVITIES:				
Capital assets, not being depreciated:				
Land	\$ 1,446,046	\$ 1,021,727	\$ -	\$ 2,467,773
Total capital assets, not being depreciated	1,446,046	1,021,727	-	2,467,773
Capital assets, being depreciated				
Office	2,467,757	30,708	(6,873)	2,491,592
Legal	5,437	-	-	5,437
Archer station	1,693,318	-	(6,775)	1,686,543
Police	3,134,438	282,812	(87,548)	3,329,702
Fire	4,608,109	647,231	(201,981)	5,053,359
Inspection	392,991	-	(20,031)	372,960
GIS	108,656	19,050	(3,046)	124,660
Community development	95,581	48,778	-	144,359
Streets	34,862,111	2,100,956	(139,175)	36,823,892
Shop	277,664	6,442	-	284,106
Parks	3,483,097	188,606	(5,000)	3,666,703
Merry-go-round	143,091	-	-	143,091
Ball diamond	40,893	-	-	40,893
Airport	1,898,374	57,349	(303,116)	1,652,607
Recreation	6,072,676	-	(57,081)	6,015,595
Romance Theatre	392,023	11,515	(1,868)	401,670
Legacy of Flight Museum	1,292,663	-	(800,000)	492,663
Tabernacle	566,047	32,623	(3,847)	594,823
Fiber	58,499	14,119	-	72,618
Total capital assets, being depreciated	61,593,423	3,440,189	(1,636,341)	63,397,271
Less accumulated depreciation	(19,531,810)	(3,029,833)	602,974	(21,958,669)
Total capital assets, being depreciated, net	42,061,613	410,356	(1,033,367)	41,438,602
GOVERNMENTAL ACTIVITIES CAPITAL				
ASSETS, NET	\$ 43,507,659	\$ 1,432,083	\$(1,033,367)	43,906,375

3. CAPITAL ASSETS (Continued)

Depreciation expense was charged to the government activities as follows:

General and Administrative	\$ 250,817
Public Safety	630,869
Parks and Recreation	451,088
Street	<u>1,697,057</u>
Total Depreciation	<u>\$ 3,029,831</u>

PRIMARY GOVERNMENT:	30-Sep 2013	Increases	Decreases	30-Sep 2014
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	2,222,127	212,891	-	2,435,018
Water	12,924,082	866,269	(7,367)	13,782,984
Wastewater	31,284,280	1,090,290	(343,335)	32,031,235
Golf Course	1,814,174	26,486	-	1,840,660
Total capital assets, being depreciated	48,244,663	2,195,936	(350,702)	50,089,897
Less accumulated depreciation:				
Sanitation	(1,158,120)	(143,748)	-	(1,301,868)
Water	(4,341,486)	(375,235)	2,891	(4,713,830)
Wastewater	(9,938,305)	(893,653)	237,082	(10,594,876)
Golf Course	(775,365)	(45,929)	-	(821,294)
Total accumulated depreciation	(16,213,276)	(1,458,565)	239,973	(17,431,868)
Total capital assets, being depreciated, net	32,031,387	737,371	(110,729)	32,658,029
BUSINESS-TYPE ACTIVITIES CAPITAL				
ASSETS, NET	\$ 32,457,409	\$ 737,371	\$ (110,729)	33,084,051

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, 2014 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.	22,027
Robertson Taylor, LLC	Receivable in monthly installments including interest through 2028.	114,367
Patriot Company	Receivable in monthly installments including interest through 2034.	242,003
Appible, LLC	Receivable in monthly installments including interest through 2014.	41,590
CS Nelson	Receivable in monthly installments including interest through 2019.	38,218
JJST	Receivable in monthly installments including interest through 2015.	1,664
East Central Idaho Planning and Development	Terms of repayment not finalized.	125,000
		<u>\$ 615,369</u>

ECIPDA is holding \$142,429 in an interest bearing account for the City, which is available for future revolving loan projects. The City guaranteed a Regional Development Alliance (RDA) Revolving Loan for \$149,500 to FFF, Inc., who borrowed this money for remodeling expenses at Ferrin Square at 30 College Avenue in Rexburg. The guarantee will reduce proportionately as the \$299,000 loan from RDA is paid off. This guarantee has been reduced to \$ 34,741 as of September 30, 2014 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, 2014, are based on the assessed values and tax revenues established in 2012.

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, 2014, was as follows:

Description	Interest Rate	Fiscal Years	Balance
LID No. 35 Warrant 2008 (original amount - \$350,000)	5.5%	2014 to 2018	\$ 140,000
LID No. 36 Warrant 2009 (original amount - \$275,000)	4.5%	2014 to 2018	110,000
LID No. 38 Warrant 2008 (original amount - \$75,000)	5.5%	2014 to 2021	35,000
LID No. 40 Warrant 2012 (original amount - \$275,000)	4% to 5%	2014 to 2022	<u>220,000</u>
			<u>\$ 505,000</u>

10. WASTEWATER REVENUE BONDS PAYABLE

Wastewater Revenue Bonds outstanding at September 30, 2014, were as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Fiscal Years</u>	<u>Balance</u>
Wastewater Revenue Bonds - Series 2010C (original amount \$10,000,000)	2% to 4%	2014 to 2025	<u>\$ 7,745,000</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. The bonds sold at a premium of \$294,149. The premium is 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 lease 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>\$ 21,500</u>
	<u>\$ 43,250</u>	<u>\$ 21,500</u>

The following is a schedule by year of future lease payments with the present value of the net minimum lease payments as of September 30, 2014. There is no interest on this lease

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

12. CHANGES IN LONG-TERM OBLIGATIONS

A summary of long-term transactions of the City for the year ended September 30, 2014, is as follows:

	Long-Term Obligations September 30, 2013	Obligations Incurred	Obligations Paid	Long-Term Obligations September 30, 2014	Due Within One Year
Governmental activities:					
Local improvement district warrants payable (Note 9)	\$ 600,000	\$ -	\$ (95,000)	\$ 505,000	\$ 95,000
Accrued compensated absences (Note 6)	347,811		(952)	346,859	346,859
Governmental Activity Long-Term Liabilities	\$ 947,811	\$ -	\$ (95,952)	\$ 851,859	\$ 441,859
Business-type activities:					
Accrued compensated absences (Note 6)	\$ 44,497	\$ 2,125	\$ -	\$ 46,622	46,622
Obligations under capital Lease (Note 11)	32,250		(10,750)	21,500	10,750
Wastewater revenue bonds payable (Note 10)	8,330,000	-	(585,000)	7,745,000	600,000
Business-type Activity Long-Term Liabilities	\$ 8,406,747	\$ 2,125	\$ (595,750)	\$ 7,813,122	\$ 657,372
Total Governmental and Business-type Activities Long-Term Liabilities	\$ 9,354,558	\$ 2,125	\$ (691,702)	\$ 8,664,981	\$ 1,099,231

13. BONDED DEBT REPAYMENT REQUIREMENTS

The annual requirements to amortize all bonded debt outstanding as of September 30, 2014, including interest, are as follows:

Year Ending September 30,	Local Improvement Warrants	Wastewater Revenue Bonds	Total
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
2019	68,713	865,050	933,763
Thereafter	71,687	5,191,501	5,263,188
Total Commitment	\$ 593,413	\$ 9,517,701	\$ 10,111,114
Interest Portion	\$ 88,413	\$ 1,772,701	\$ 1,861,114

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, 2014, the required contribution rate as a percentage of covered payroll for members was 6.79% for general members and 8.36% for police/firefighter members. The employer rate as a percent of covered payroll was 11.32% for general members and 11.66% for police/firefighter members. The City of Rexburg contributions required and paid were \$796,780, \$737,568, and \$662,482 for the three years ended September 30, 2014, 2013, and 2012, 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 2014 fiscal year payroll for all employees was \$7,442,875 of which \$4,091,949 was for covered payroll for employees who were members of the Plan. Employer and employee contributions to the Plan were 2.0% and 6.0% respectively, of covered payroll. Total contributions to the Plan for the fiscal year by the City and the employees were \$81,839 and \$245,622 respectively. The Plan had \$4,196,274 in net assets at September 30, 2014.

15. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

The City expenditures exceeded the budgeted amounts in the following funds during the year ended September 30, 2014:

Fund	Budget	Actual	Amount Exceeded
Police Small Grants Fund	62,200	63,295	\$ 1,095
Fire Station Construction Fund	-	128,915	\$ 128,915
Street Impact Fee Fund	325,000	502,739	\$ 177,739
Romance Theatre Fund	65,000	76,946	\$ 11,946
Mayor's Youth Advisory Borad	3,500	4,035	\$ 535
Airport Operations Fund	21,500	30,544	\$ 9,044
LID 35 Debt Service Fund	44,500	44,625	\$ 125
LID 38 Debt Service Fund	7,100	7,200	\$ 100
LID 40 Debt Service Fund	35,600	39,325	\$ 3,725
Rexburg Arts Council Fund	78,900	86,985	\$ 8,085
MEPI Fiber Initiative Fund	-	14,117	\$ 14,117
EI Business Competition Fund	11,200	13,235	\$ 2,035
Community Safety Lighting Fund	276,400	294,501	\$ 18,101

The following individual funds had fund deficits on September 30, 2014:

Orchestra Fund--There is a fund deficit of \$5,596. 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 \$201. The City expects to eliminate this deficit as police impact fees are received.

DARE Fund--There is a fund deficit of \$5,074. The City expects to eliminate this deficit with future revenues and transfers from other funds.

Main Fire Station Addition Fund--There is a fund deficit of \$128,915. This deficit will be eliminated by revenues and transfers in 2015.

Airport Operation Fund – There is a fund deficit of \$8,086. The City expects to eliminate this through program revenues.

LID Construction Fund-- There is a fund deficit of \$101,094. The City expects to eliminate this deficit through transfers from other appropriate funds.

15. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (Continued)

LID Debt Service Fund-- There is a fund deficit of \$128,114. 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 \$6,556. The City expects to eliminate this deficit with future sponsor revenues and transfers from the General Fund.

Golf Course Construction Fund-- There is a fund deficit of \$627,286. The City expects to reduce/eliminate this deficit from transfers in each year from the golf operations fund. The loan is also guaranteed 50% by the City, thru the Revolving Loan Fund, and 50% by Madison County.

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.

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

Cash and Investments – The component unit had total cash and investment balances of \$2,739,122, broken down as follows:

Wells Fargo bank deposits of \$276,137, covered by FDIC insurance up to \$250,000.

US Bank CD Deposits of \$272,166 covered by FDIC insurance up to \$250,000.

Citizens Community Bank CD Deposits of \$33,283 all FDIC insured.

Idaho State Local Government Investment Pool of \$2,157,536 which is diversified to reduce risk and is mostly invested in US Government securities.

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.

Revenue Bonds Outstanding at September 30, 2014 were as follows:

Description	Interest Rate	Fiscal Years	Balance
Revenue Allocation Bonds	3.17%		
Series 2010, Dated June 2, 2010	to 4.06%	2015 to 2022	<u>\$3,492,000</u>
(original amount - \$ 4,656,000)			
Year Ending	Revenue Allocation		
September 30,	Bonds and		
	Interest		
2015	\$	509,992	
2016		525,619	
2017		517,261	
2018		530,738	
2019		533,688	
Thereafter		1,621,123	
Total Commitment	\$	4,238,421	
Interest Portion	\$	746,421	

17. INTERFUND TRANSACTIONS

Transfers between funds during the year were as follows:

Governmental:	Operating Transfers Out	Operating Transfers In
General Fund	\$ 1,138,095	\$ -
Recreation Fund	-	35,347
Tabernacle Fund	-	59,166
Rexburg Orchesta Fund	-	7,500
Police Impact Fee Fund	-	36,000
Police DARE Fund	-	7,500
Police Drug Enforcement Fund	7,500	-
Police Animal Control Fund	-	73,311
Emergency Services Fund	-	1,171,461
Joint Fire Equipment Fund	-	150,000
Madison County Fire District Fund	555,137	-
Fire Impact Fee Fund	30,000	-
Rexburg Rapids Operations Fund	-	50,000
Legacy Flight Museum Fund	-	8,607
Street Impact Fee Fund	502,739	-
Arts Promulgation Fund	26,319	-
Romance Theatre Fund	-	62,338
Street Fund	728,566	502,739
Mayors Youth Advisory Board	-	3,500
Airport Construction Fund	-	35,400
LID Construction Funds	-	727,500
LID Debt Service Funds	(1,066)	-
Rexburg Arts Council Fund	-	54,221
EIBC Fund	-	2,700
	<u>\$ 2,987,290</u>	<u>\$ 2,987,290</u>

The General Fund transfers cash to cover deficits in the Tabernacle Fund, Rexburg Orchestra Fund, Police Impact Fee Fund, Police Animal Control Fund, the Airport Construction Fund, the Mayors Youth Advisory Board Fund, the Recreation Programs 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 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.

Beginning in 2013, the City also began to transfer \$50,000/year into the Rexburg Rapids Fund to cover the future cost of replacing capital or adding features to the Aquatic facility.

Street Fund transfers cash to cover street expenses in the LID funds.

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

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 Arts Promulgation Fund transfers cash to cover a portion of the costs for the Arts Council staff.

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, 2014:

	Due From Other Funds	Due To Other Funds
Primary Government:		
General Fund*	\$ 590,624	\$ -
Emergency Services Fund	-	51,961
Rexburg Orchestra Fund	-	5,553
Police Impact Fee Fund	-	201
Police Small Grants Fund	-	32,052
Fire Impact Fee Fund	-	-
Geographic Information Systems Fund	-	29,892
Fire Station Construction Fund	-	104,487
ESD Paramedic Care Unit Fund	-	71,285
Romance Theatre Fund	-	-
Airport Operation Fund	-	10,009
Airport Construction Fund	-	39,775
LID Construction Fund	-	43,275
LID Debt Service Funds	-	195,578
EIBC Fund	-	6,556
Utility Fund	553,427	-
Golf Course Fund	-	553,427
	<u>\$ 1,144,051</u>	<u>\$ 1,144,051</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. In fiscal year 2015, the City plans to separate each of the utility departments into their own respective funds. 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)

Summary financial information for each department is presented below as of September 30, 2014:

	Sanitation Department	Water Department	Wastewater Department	Shared	Total
CONDENSED STATEMENT OF NET POSITION					
Assets:					
Current assets	\$ -	\$ 1,282,286	\$ 3,759,439	\$ 8,974,303	14,016,028
Capital assets	1,133,150	9,069,153	21,554,239	-	31,756,542
Total assets	1,133,150	10,351,439	25,313,678	8,974,303	45,772,570
Liabilities:					
Current liabilities	-	23,211	646,670	334,759	1,004,640
Noncurrent liabilities	-	-	7,145,000	-	7,145,000
Total Liabilities	-	23,211	7,791,670	334,759	8,149,640
Deferred Inflows of Resources					
Bond issue premium, net of amortization			215,709		215,709
Total Liabilities and Deferred Outflows of Resources	-	23,211	8,007,379	334,759	8,365,349
Net assets:					
Invested in capital assets, net of related debt	1,133,150	9,045,942	13,607,192	-	23,786,284
Restricted for Capital Projects	-	1,282,284	3,699,107		4,981,391
Restricted for Operations	-	-	-	8,639,547	8,639,547
Total net assets	\$ 1,133,150	\$ 10,328,226	\$ 17,306,299	\$ 8,639,547	\$ 37,407,222
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS					
Operating revenues	\$ 1,715,351	\$ 2,206,649	\$ 3,857,683	\$ -	7,779,683
Depreciation expense	(143,748)	(375,234)	(893,654)	-	(1,412,636)
Other operating expenses	(1,493,791)	(1,576,667)	(2,166,427)	-	(5,236,885)
Operating income	77,812	254,748	797,602	-	1,130,162
Nonoperating revenues (expenses):					
Sale of Capacity and Contributions	-	281,918	942,472	-	1,224,390
Investment income	-	7,944	68,056	-	76,000
Interest expense	-	-	(262,932)	-	(262,932)
Disposal of assets	-	(4,477)	(44,252)	-	(48,729)
Capital contributions	-	101,250	32,400	-	133,650
Change in net assets	77,812	641,383	1,533,346	-	2,252,541
Beginning Net Assets	1,064,008	9,999,658	16,909,998	7,181,017	35,154,681
Reallocation of cash	(8,670)	(312,815)	(1,137,045)	1,458,530	-
Ending Net Assets	\$ 1,133,150	\$ 10,328,226	\$ 17,306,299	\$ 8,639,547	\$ 37,407,222
CONDENSED STATEMENT OF CASH FLOWS					
Net cash provided (used) by:					
Operating activities	\$ 221,563	\$ 629,105	\$ 1,691,257	\$ 2,394	2,544,319
Noncapital financing activities	-	-	-	-	-
Capital and related financing activities	(212,891)	(542,976)	(978,383)		(1,734,250)
Investing activities	-	7,944	68,056	-	76,000
Net increase (decrease) in Cash	\$ 8,672	\$ 94,073	\$ 780,930	\$ 2,394	886,069

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, 2014. Future Lease income is expected to be \$78,400 for 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 amounts 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)

Details of constraints on fund balances of governmental funds:

	Major Revenue Funds				Non-Major Funds	Total	Capital Projects
	General	Streets	Emergency Services	Revolving Loan			
Fund Balances:							
Nonspendable:							
Inventory	\$ 22,557	\$ -	\$ -	\$ -	\$ -	\$ 22,557	
Prepays	-	-	-	-	-	-	
Restricted for:							
Streets	-	1,102,657	-	-	-	1,102,657	\$ 1,102,657
Emergency Services	-	-	-	-	-	-	
Police Impact	-	-	-	-	(201)	(201)	\$ (201)
DARE	-	-	-	-	(5,074)	(5,074)	
Police Drug Enforcement	-	-	-	-	3,002	3,002	
Police Small Grants	-	-	-	-	3,095	3,095	
Joint Fire Equipment	-	-	-	-	117,401	117,401	\$ 117,401
Madison County Fire Prot. District	-	-	-	-	1,040,096	1,040,096	
Fire Impact	-	-	-	-	55,032	55,032	\$ 55,032
ESD Rexburg Employees	-	-	-	-	34,481	34,481	
Madison Fire Dept. Station	-	-	-	-	(128,915)	(128,915)	\$ (128,915)
Street Impact	-	-	-	-	-	-	\$ -
ESD Paramedic Care	-	-	-	-	162,916	162,916	
Parks Impact	-	-	-	-	936,485	936,485	\$ 936,485
Trails of Madison County	-	-	-	-	-	-	
Riverside Park Construction	-	-	-	-	78,980	78,980	\$ 78,980
Airport Operations	-	-	-	-	(8,086)	(8,086)	
Airport Construction	-	-	-	-	24,936	24,936	\$ 24,936
LID Construction	-	-	-	-	(101,094)	(101,094)	\$ (101,094)
LID Debt Service	-	-	-	-	(128,114)	(128,114)	
MEPI Fiber Initiative Fund	-	-	-	-	283	283	
Veterans Memorial	-	-	-	-	5,198	5,198	\$ 5,198
Shop with a Cop	-	-	-	-	11,547	11,547	
ESD Archer Employees	-	-	-	-	-	-	
ESD Pipes and Drums	-	-	-	-	5,070	5,070	
Committed to:							
Stabilization	2,439,875	-	-	-	-	2,439,875	
Revolving Loans	-	-	-	1,279,187	-	1,279,187	
Recreation	-	-	-	-	-	-	
Tabernacle	-	-	-	-	-	-	\$ -
Orchestra	-	-	-	-	(5,596)	(5,596)	
Police Animal Control	-	-	-	-	-	-	
Aquatic Center Operations	-	-	-	-	172,683	172,683	
Community Development	-	-	-	-	760,493	760,493	
GIS	-	-	-	-	-	-	
Legacy Flight Museum	-	-	-	-	49,614	49,614	
Arts Promulgation	-	-	-	-	80,339	80,339	\$ 80,339
Romance Theatre	-	-	-	-	-	-	\$ -
Mayors Youth Advisory	-	-	-	-	2,692	2,692	
Rexburg Arts Council	-	-	-	-	-	-	
Eastern Idaho Business Comp.	-	-	-	-	(6,556)	(6,556)	
Community Safety Lighting	-	-	-	-	49,656	49,656	\$ 49,656
Assigned to:							
Unassigned:	463,633	-	-	-	-	463,633	
Total Fund Balances	\$ 2,926,065	\$ 1,102,657	\$ -	\$ 1,279,187	\$ 3,210,363	\$ 8,518,272	\$ 2,220,474

20. FUND BALANCES (Continued)

	Major Revenue Funds					Total	Capital Projects
	General	Streets	Emergency Services	Revolving Loan	Non-Major Funds		
Fund Balances:							
Nonspendable	\$ 22,557	\$ -	\$ -	\$ -	\$ -	22,557	\$ -
Restricted	\$ -	\$ 1,102,657	\$ -	\$ -	\$ 2,107,038	3,209,695	\$ 2,090,479
Committed	\$ 2,439,875	\$ -	\$ -	\$ 1,279,187	\$ 1,103,325	4,822,387	\$ 129,995
Assigned	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
Unassigned	\$ 463,633	\$ -	\$ -	\$ -	\$ -	463,633	\$ -
Total Fund Balances	\$ 2,926,065	\$ 1,102,657	\$ -	\$ 1,279,187	\$ 3,210,363	8,518,272	\$ 2,220,474

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. See Note 20 for the funds that had negative fund balances.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF REXBURG, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended September 30, 2014

	Original Budget Amount	Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 4,568,700	\$ 4,568,700	\$ 4,598,147	\$ 29,447
Grants & Contributions	579,000	1,209,900	1,281,621	71,721
Fees & Charges	3,738,100	3,738,100	3,785,194	47,094
Interest Earned	91,200	91,200	135,901	44,701
Miscellaneous	151,600	151,600	51,292	(100,308)
TOTAL REVENUES	9,128,600	9,759,500	9,852,155	92,655
EXPENDITURES:				
General and Administrative Operations	3,184,300	3,200,300	3,318,270	(117,970)
Public Safety Operations	3,693,300	3,678,600	3,544,350	134,250
Parks and Recreation	685,500	689,700	642,158	47,542
Capital Improvements	375,400	1,055,100	1,049,452	5,648
Transfers	1,090,100	1,090,100	1,138,095	(47,995)
Contingency	100,000	45,700	-	45,700
TOTAL EXPENDITURES	9,128,600	9,759,500	9,692,325	67,175
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	159,830	159,830
FUND BALANCE AT BEGINNING OF YEAR	-	-	2,766,235	2,766,235
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 2,926,065	\$ 2,926,065

See Independent Auditor's Report

CITY OF REXBURG, IDAHO
BUDGETARY COMPARISON SCHEDULE
STREET FUND

Year Ended September 30, 2014

	Original Budget Amount	Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
EVENUES:				
Taxes	\$ 1,494,700	\$ 1,494,700	\$ 1,580,375	\$ 85,675
Grants & Contributions	2,500,000	\$ 2,500,000	1,720,638	(779,362)
Fees & Charges	1,059,000	1,059,000	1,170,200	111,200
Interest Earned	-	-	132	132
Miscellaneous	100,000	100,000	66,501	(33,499)
Transfers In -Internal	755,400	755,400	765,829	10,429
Transfers in from Other Funds	300,000	300,000	502,739	202,739
Fund Balance Carryover	179,600	179,600	-	(179,600)
TOTAL REVENUES	6,388,700	6,388,700	- 5,806,414	(582,286)
EXPENDITURES:				
Street Maintenance	3,013,800	3,013,800	1,994,403	1,019,397
Capital Improvements	2,319,500	2,319,500	747,198	1,572,302
Contingency	300,000	300,000	-	300,000
Transfers Out-Internal	755,400	755,400	765,829	(10,429)
Transfers to Other Street Projects	-	-	728,566	(728,566)
TOTAL EXPENDITURES	6,388,700	6,388,700	4,235,996	2,152,704
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	1,570,418	1,570,418
UNDEVELOPED BALANCE AT BEGINNING OF YEAR	-	-	(467,761)	(467,761)
UNDEVELOPED BALANCE AT END OF YEAR	\$ -	\$ -	\$ 1,102,657	\$ 1,102,657

See Independent Auditor's Report

CITY OF REXBURG, IDAHO
BUDGETARY COMPARISON SCHEDULE
EMERGENCY SERVICES FUND
Year Ended September 30, 2014

	Original Budget Amount	Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:				
Grants & Contributions	1,489,800	\$ 1,490,500	1,233,451	(257,049)
Fees & Charges	2,000	2,000	10,808	8,808
Miscellaneous	18,100	18,100	23,151	5,051
Transfers in from Other Funds	1,188,100	1,188,100	1,171,461	(16,639)
TOTAL REVENUES	2,698,000	2,698,700	2,438,871	(259,829)
EXPENDITURES:				
Public Safety Operations	2,345,100	2,345,800	2,391,200	(45,400)
Capital Improvements	352,900	352,900	47,671	305,229
TOTAL EXPENDITURES	2,698,000	2,698,700	2,438,871	259,829
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, 2014

	Original Budget Amount	Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:				
Interest Earned	\$ 52,000	\$ 52,000	\$ 33,769	\$ (18,231)
Fund Balance Carryover	-	-	-	-
Fees & Charges	7,500	7,500	7,494	(6)
TOTAL REVENUES	59,500	59,500	41,263	(18,237)
EXPENDITURES:				
General and Administrative	\$ 59,500	\$ 59,500	14,628	44,872
Contingency	-	-	-	-
Bad Debt Writeoff	-	-	-	-
Transfers	-	-	-	-
TOTAL EXPENDITURES	59,500	59,500	14,628	44,872
EXCESS OF REVENUES OVER EXPENDITURES	-	-	26,635	26,635
FUND BALANCE AT BEGINNING OF YEAR	-	-	1,252,552	1,252,552
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 1,279,187	\$ 1,279,187

See Independent Auditor's Report

OTHER SUPPLEMENTARY INFORMATION

CITY OF REXBURG, IDAHO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2014

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	\$ 12,910	\$ 22	\$ -	\$ -	\$ 2,254	\$ 48,036	\$ -
Receivables	1,461	500	-	-	-	-	44,104
TOTAL ASSETS	\$ 14,371	\$ 522	\$ -	\$ -	\$ 2,254	\$ 48,036	\$ 44,104
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts Payable	\$ 11,248	\$ 522	\$ 43	\$ -	\$ 7,328	\$ 45,034	\$ 8,957
Due to Other Funds	-	-	5,553	201	-	-	32,052
Other	-	-	-	-	-	-	-
TOTAL LIABILITIES	11,248	522	5,596	201	7,328	45,034	41,009
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenues	3,123	-	-	-	-	-	-
FUND BALANCES (DEFICIT):							
Restricted	-	-	-	(201)	(5,074)	3,002	3,095
Committed	-	-	(5,596)	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	-	-	(5,596)	(201)	(5,074)	3,002	3,095
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,371	\$ 522	\$ -	\$ -	\$ 2,254	\$ 48,036	\$ 44,104

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
\$ 963	\$ 57,942	\$ 1,040,214	\$ 55,032	\$ 34,481	\$ 190,271	\$ 48,223	\$ 780,239	\$ -
-	65,459	20,566	-	-	141	3,775	-	50,199
\$ 963	\$ 123,401	\$ 1,060,780	\$ 55,032	\$ 34,481	\$ 190,412	\$ 51,998	\$ 780,239	\$ 50,199
\$ 963	\$ 6,000	\$ 118	\$ -	\$ -	\$ 17,729	\$ 2,384	\$ 5,313	\$ 20,307
-	-	-	-	-	-	-	-	29,892
-	-	-	-	-	-	-	14,433	-
963	6,000	118	-	-	17,729	2,384	19,746	50,199
-	-	20,566	-	-	-	-	-	-
-	117,401	1,040,096	55,032	34,481	-	-	-	-
-	-	-	-	-	172,683	49,614	760,493	-
-	-	-	-	-	-	-	-	-
-	117,401	1,040,096	55,032	34,481	172,683	49,614	760,493	-
\$ 963	\$ 123,401	\$ 1,060,780	\$ 55,032	\$ 34,481	\$ 190,412	\$ 51,998	\$ 780,239	\$ 50,199

CITY OF REXBURG, IDAHO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2014

Fund Number	32	33	36	37	38	39	40	41	45
	Main Fire Station Addn Fund	Street Impact Fee Fund	Arts Promulgation Fund	ESD Paramedic Care Unit Fund	Parks Impact Fee Fund	Trails of Madison County Fund	Romance Theatre Fund	Riverside Park Fund	Mayor's Youth Advisory Board Fund
ASSETS									
Cash and Short Term Investments	\$ -	\$ -	80,339	\$ -	946,651	\$ -	3,475	\$ 78,980	\$ 2,899
Receivables	-	-	-	235,767	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ -	80,339	\$ 235,767	\$ 946,651	\$ -	3,475	\$ 78,980	\$ 2,899
LIABILITIES AND FUND BALANCES									
LIABILITIES:									
Accounts Payable	\$ 24,428	\$ -	-	1,566	\$ 10,166	\$ -	3,260	\$ -	\$ 207
Due to Other Funds	104,487	-	-	71,285	-	-	-	-	-
Other	-	-	-	-	-	-	215	-	-
TOTAL LIABILITIES	128,915	-	-	72,851	10,166	-	3,475	-	207
DEFERRED INFLOWS OF RESOURCES:									
Unavailable revenues	-	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICIT):									
Restricted	(128,915)	-	-	162,916	936,485	-	-	78,980	-
Committed	-	-	80,339	-	-	-	-	-	2,692
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	(128,915)	-	80,339	162,916	936,485	-	-	78,980	2,692
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ -	80,339	\$ 235,767	\$ 946,651	\$ -	3,475	\$ 78,980	\$ 2,899

47	48	53-58	59-79	81	82	83	85	90	91	92	93	Total Nonmajor Governmental Funds
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	
\$ -	\$ -	\$ -	\$ -	\$ 1,605	\$ 283	\$ -	\$ 54,904	\$ 5,198	\$ 11,771	\$ -	\$ 5,078	\$ 3,461,770
2,661	69,211	-	863,949	-	-	-	-	-	-	-	-	1,357,793
\$ 2,661	\$ 69,211	\$ -	\$ 863,949	\$ 1,605	\$ 283	\$ -	\$ 54,904	\$ 5,198	\$ 11,771	\$ -	\$ 5,078	\$ 4,819,563
<hr/>												
\$ 738	\$ 4,500	\$ 57,819	\$ 26,535	\$ 1,605	\$ -	\$ -	\$ 5,248	\$ -	\$ 224	\$ -	\$ 8	\$ 262,250
10,009	39,775	43,275	195,578	-	-	6,556	-	-	-	-	-	538,663
-	-	-	-	-	-	-	-	-	-	-	-	14,648
10,747	44,275	101,094	222,113	1,605	-	6,556	5,248	-	224	-	8	815,561
-	-	-	769,950	-	-	-	-	-	-	-	-	793,639
(8,086)	24,936	(101,094)	(128,114)	-	283	-	-	5,198	11,547	-	5,070	2,107,038
-	-	-	-	-	-	(6,556)	49,656	-	-	-	-	1,103,325
-	-	-	-	-	-	-	-	-	-	-	-	-
(8,086)	24,936	(101,094)	(128,114)	-	283	(6,556)	49,656	5,198	11,547	-	5,070	3,210,363
\$ 2,661	\$ 69,211	\$ -	\$ 863,949	\$ 1,605	\$ 283	\$ -	\$ 54,904	\$ 5,198	\$ 11,771	\$ -	\$ 5,078	\$ 4,819,563

CITY OF REXBURG, IDAHO
**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2014

	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	-	754	173	-	12,500	-	66,390
Fees and Charges	117,959	13,245	-	55,391	-	-	-
Interest Earned	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	10,442	-
TOTAL REVENUES	117,959	13,999	173	55,391	12,500	10,442	66,390
EXPENDITURES:							
General and Administrative	-	-	-	-	-	-	-
Public Safety	-	-	-	-	14,551	2,858	58,403
Parks and Recreation and Arts	153,306	61,785	6,812	-	-	-	-
Streets	-	-	-	-	-	-	-
Interest on Debt	-	-	-	125	-	-	-
Principal on Debt	-	-	-	-	-	-	-
Capital Improvements	-	35,116	434	-	-	23,000	4,892
TOTAL EXPENDITURES	153,306	96,901	7,246	125	14,551	25,858	63,295
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(35,347)	(82,902)	(7,073)	55,266	(2,051)	(15,416)	3,095
OTHER FINANCING SOURCES (USES):							
Proceeds from Borrowing	-	-	-	-	-	-	-
Transfers In	35,347	59,166	7,500	36,000	7,500	-	-
Transfers Out	-	-	-	-	-	(7,500)	-
TOTAL OTHER FINANCING SOURCES (USES)	35,347	59,166	7,500	36,000	7,500	(7,500)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	(23,736)	427	91,266	5,449	(22,916)	3,095
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	-	23,736	(6,023)	(91,467)	(10,523)	25,918	-
FUND BALANCES (DEFICITS) AT END OF YEAR	\$ -	\$ -	\$ (5,596)	\$ (201)	\$ (5,074)	\$ 3,002	\$ 3,095

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
\$ -	\$ -	\$ 673,396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
780	-	-	-	-	-	64,673	-	387,956
22,820	65,365	-	44,922	33,894	345,891	19,954	1,186,450	123
-	384	1,792	-	24	53	1	-	-
-	-	5,853	-	-	-	-	-	-
23,600	65,749	681,041	44,922	33,918	345,944	84,628	1,186,450	388,079
-	-	-	-	-	-	-	804,173	361,922
98,478	-	83	-	24,969	-	-	-	-
-	-	-	-	-	383,407	72,544	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	473,517	7,040	-	-	-	-	51,826	26,157
98,478	473,517	7,123	-	24,969	383,407	72,544	855,999	388,079
(74,878)	(407,768)	673,918	44,922	8,949	(37,463)	12,084	330,451	-
-	-	-	-	-	-	-	-	-
73,311	150,000	-	-	-	50,000	8,607	-	-
-	-	(555,137)	(30,000)	-	-	-	-	-
73,311	150,000	(555,137)	(30,000)	-	50,000	8,607	-	-
(1,567)	(257,768)	118,781	14,922	8,949	12,537	20,691	330,451	-
1,567	375,169	921,315	40,110	25,532	160,146	28,923	430,042	-
\$ -	\$ 117,401	\$ 1,040,096	\$ 55,032	\$ 34,481	\$ 172,683	\$ 49,614	\$ 760,493	\$ -

(Continued)

CITY OF REXBURG, IDAHO
**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2014

	32	33	36	37	38	39	40	41	45
	Main Fire Station Addn Fund	Street Impact Fee Fund	Arts Promulgation Fund	ESD Paramedic Care Unit Fund	Parks Impact Fee Fund	Trails of Madison County Fund	Romance Theatre Fund	Riverside Park Fund	Mayor's Youth Advisory Board Fund
REVENUES:									
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and Contributions	-	-	-	-	-	-	-	-	-
Fees and Charges	-	502,739	16,898	239,733	413,212	-	14,608	-	1,051
Interest Earned	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	285,069	-	-	-	-
	-	502,739	16,898	239,733	698,281	-	14,608	-	1,051
EXPENDITURES:									
General and Administrative	-	-	-	-	-	-	-	-	4,035
Public Safety	-	-	-	182,160	-	-	-	-	-
Parks and Recreation and Arts	-	-	-	-	-	-	63,165	-	-
Streets	-	-	-	-	-	-	-	-	-
Interest on Bonds and Other Debt	-	-	-	-	-	-	-	-	-
Principal on Bonds and Other Debt	-	-	-	-	-	-	-	-	-
Capital Improvements	128,915	-	-	3,594	471,056	-	13,781	2,535	-
TOTAL EXPENDITURES	128,915	-	-	185,754	471,056	-	76,946	2,535	4,035
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(128,915)	502,739	16,898	53,979	227,225	-	(62,338)	(2,535)	(2,984)
OTHER FINANCING SOURCES (USES):									
Proceeds from Borrowing	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	62,338	-	3,500
Transfers Out	-	(502,739)	(26,319)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(502,739)	(26,319)	-	-	-	62,338	-	3,500
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(128,915)	-	(9,421)	53,979	227,225	-	-	(2,535)	516
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	-	-	89,760	108,937	709,260	-	-	81,515	2,176
FUND BALANCES (DEFICITS) AT END OF YEAR	\$ (128,915)	\$ -	\$ 80,339	\$ 162,916	\$ 936,485	\$ -	\$ -	\$ 78,980	\$ 2,692

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
\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 673,396
-	73,562	131,868	-	(6)	-	4,000	-	660	11,407	(9,498)	5,551	750,770
22,547	-	-	264,599	32,770	-	3	192,828	-	-	-	1,870	3,608,872
-	-	-	57,453	-	-	-	-	-	-	-	3	59,710
-	-	-	-	-	-	-	-	-	-	-	-	301,364
22,547	73,562	131,868	322,052	32,764	-	4,003	192,828	660	11,407	(9,498)	7,424	5,394,112
30,514	-	-	-	-	-	13,239	-	-	9,955	-	-	1,223,838
-	-	-	-	-	-	-	-	-	-	-	9,067	390,569
-	-	-	-	86,985	-	-	-	-	-	-	-	828,004
-	-	-	-	-	-	-	67,200	-	-	-	-	67,200
36	-	-	29,834	-	-	-	-	-	-	-	-	29,995
-	-	-	95,000	-	-	-	-	-	-	-	-	95,000
-	75,576	960,462	-	-	14,118	-	227,301	594	-	-	-	2,519,914
30,550	75,576	960,462	124,834	86,985	14,118	13,239	294,501	594	9,955	-	9,067	5,154,520
(8,003)	(2,014)	(828,594)	197,218	(54,221)	(14,118)	(9,236)	(101,673)	66	1,452	(9,498)	(1,643)	239,592
-	35,400	727,500	-	54,221	-	2,700	-	-	-	-	-	1,313,090
-	-	-	1,066	-	-	-	-	-	-	-	-	(1,120,629)
-	35,400	727,500	1,066	54,221	-	2,700	-	-	-	-	-	192,461
(8,003)	33,386	(101,094)	198,284	-	(14,118)	(6,536)	(101,673)	66	1,452	(9,498)	(1,643)	432,053
(83)	(8,450)	-	(326,398)	-	14,401	(20)	151,329	5,132	10,095	9,498	6,713	2,778,310
\$ (8,086)	\$ 24,936	\$ (101,094)	(128,114)	\$ -	\$ 283	\$ (6,556)	\$ 49,656	\$ 5,198	\$ 11,547	\$ -	\$ 5,070	\$ 3,210,363



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, 2014, 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 27, 2015.

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

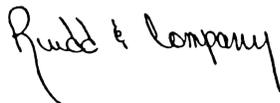
we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Rexburg, Idaho
February 27, 2015