



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, 2015

CITY OF REXBURG, IDAHO

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5-21
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position – Government Wide	23
Statement of Activities – Government Wide	24
Balance Sheet – Governmental Funds	25
Reconciliation of the Balance Sheet of Governmental Funds to The Statement of Net Position.....	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	28
Statement of Net Position – Proprietary Funds	29
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	30
Statement of Cash Flows--Proprietary Funds	31
Notes to Financial Statements:	
1 Summary of Significant Accounting Policies.....	32-38
2 Cash and Short-term Investments	38-40
3 Capital Assets.....	41-42
4 Revolving Loans Receivable	42-43
5 Property Taxes	44
6 Accrued Compensated Absences/Post Employment Health Plan	44-45
7 Health Reimbursement Arrangement (HRA).....	45

CITY OF REXBURG, IDAHO

TABLE OF CONTENTS (Continued)

8	Local Improvement Assessments.....	45
9	Local Improvement District Warrants Payable.....	46
10	Wastewater Revenue Bonds Payable	46
11	Obligations Under Capital Leases	47
12	Changes in Long-term Obligations	48
13	Bonded Debt Repayment Requirements	49
14	Retirement Plans.....	49-58
15	Other Required Individual Fund Disclosures	58-59
16	Component Unit--Rexburg Urban Renewal Agency	59-61
17	Interfund Transactions.....	62-64
18	Segment Information	64-65
19	Lease with Hospital	66
20	Fund Balances.....	66-68
21	Fund Balance Classifications.....	68
22	Prior Period Adjustment.....	69

REQUIRED SUPPLEMENTARY INFORMATION:

Budgetary Comparison Schedule – General Fund.....	71
Budgetary Comparison Schedule – Street Fund	72
Budgetary Comparison Schedule – Emergency Services Fund.....	73
Budgetary Comparison Schedule – Revolving Loan Fund.....	74
Schedule of Employer’s Share of Net Pension Liability.....	75
Schedule of Employer Contributions	76

OTHER SUPPLEMENTARY INFORMATION:

Combining Balance Sheet – Nonmajor Governmental Funds	78-82
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	83-87
Schedule of Expenditures of Federal Awards	88

CITY OF REXBURG, IDAHO

TABLE OF CONTENTS (Continued)

Notes to Schedule of Expenditures of Federal Awards 89

INDEPENDENT AUDITORS' 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*..... 90-91

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB
CIRCULAR A-133 92-94

Schedule of Findings and Questioned Costs 95-96



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, 2015, 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, 2015, 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.

Emphasis of Matter - Change in Accounting Principle

As described in Note 1 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions. As a result of this accounting policy change, the prior year net position is restated in the current year presentation. See Note 1 for further discussion on this restatement. The City also adopted new accounting guidance GASB No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. As a result of this accounting policy change, the City is required to recognize a beginning deferred outflow of resources for its pension contributions, if any were made subsequent to the measurement date of the beginning net pension liability. See Note 1 for further discussion on this item. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and information and schedule of pension liabilities and contributions on pages 5-21 and 71-

76 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedules of loans payable and the schedule of expenditures of federal awards 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, the schedules of loans payable and the schedule of expenditures of federal awards 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 26, 2016, 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.

Rudd & Company

Rexburg, Idaho
February 29, 2016



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, 2015. Please read this in conjunction with the City's financial statements, which begin on page 23.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at September 30, 2015 by \$94,197,907.

- Of this amount, (\$393,978) of unrestricted net position and \$20,396,136 of restricted assets is available to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased \$7,587,220 as a result of this year's operations, which includes an increase of governmental type net position by \$5,199,167 and of business-type net position by \$2,388,053.
- At fiscal year end, the City's governmental funds reported combined ending fund balances of \$9,379,328, an increase of \$861,056 from last year.
- The General Fund Balance was \$3,268,841 or 32.65% of the total General Fund Expenditures and Fund Transfers. This is an 11.71% increase over the prior year. Of this balance, a negative \$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 76 to 87 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 70 individual governmental funds which include all funds, except 10 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 Funds and the Golf Course Funds. 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, 2015 and September 30, 2014, Net Position changed as follows:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	All <u>Activities</u>
Net Position 9/30/14(restated)	\$ 49,296,746	\$ 37,313,941	\$ 86,610,687
Increase in Net Position	\$ 5,199,167	\$ 2,388,053	\$ 7,587,220
Net Position 9/30/15	\$ 54,495,913	\$ 39,701,994	\$ 94,197,907
Percent Increase	10.55%	6.40%	8.76%

Large item (over \$50,000) increases came from:

Purchase of new patrol vehicles/equipment (4)	\$ 148,850
Backhoe with bucket/plow blade	\$ 113,298
Bucket/Boom Truck 35'	\$ 64,370
Transportation Study	\$ 193,506
Purchase of old shop by Police in Impact Fees	\$ 300,000
Purchase water shop building-3 way split in joint venture	\$ 223,111
Donated vehicles to Museum-Contributed assets	\$ 114,300
New Shop Building-Began Construction	\$ 498,980
Water Meters	\$ 130,872
Water line replacement- from Center to College near 2 nd S	\$ 52,037
LID wastewater projects	\$ 153,711
Truck and Dump Trailer for Wastewater	\$ 97,582
Envision Madison Study-Partial Payment	\$ 96,000
Fire Station 2 nd Story Addition	\$ 1,839,338
Evergreen Park development-parking lot, fences, grass	\$ 134,250
Riverside Park-Complete Parking Lot/2 nd Access	\$ 556,433
Riverside-Begin construction of Grass Area behind Kmart	\$ 176,065
Seal coat and Chip Seal Street Projects	\$ 174,648
Reconstruct Airport Road	\$ 324,539
Add storm pumping capacity at 7 th S and "Gates"	\$ 132,837
Contracted engineering/oversight for airport projects	\$ 78,977
Airport-apron reconstruction	\$ 448,838
Airport-relocation master plan study	\$ 160,304
Airport-runway shoulder grading	\$ 184,058
Sidewalk, fence, landscape at Municipal Golf Course	\$ 87,103
Wastewater Plant improvements	\$ 354,724
LID 45-Street reconstruct-2 nd N from Center to 2 nd E	\$ 415,114
LID 45-Sewer line replacement-2 nd N from Center to 2 nd E	\$ 153,711
LID 44-Street reconstruct-2 nd W & 1 st N-URA/City Share	\$ 119,167
Right of Way Purchase-2 nd East-URA/City Share	\$ 396,234
Water line project-2 nd East-URA/City Share	\$ 67,761
Sewer lift station-2 nd East-URA/City Share	\$ 202,007

Also, see Note #3 on page 41 to 42.

Statement of Net Position Comparison (2015 vs. 2014)

	Governmental Activities		Business-type Activities		Total Activities		Favorable (Unfavorable) Change	Percent Change	
	2015	2014	2015	2014	2015	2014			
Current Assets	\$ 12,809,396	\$ 10,926,202	\$ 14,779,244	\$ 13,467,737	\$ 27,588,640	\$ 24,393,939	\$ 3,194,701	13%	(1)
Capital, Non-current Assets and Deferred Outflows of Resources	49,821,597	44,521,744	33,870,339	33,084,051	83,691,936	77,605,795	6,086,141	8%	(2)
Total Assets	62,630,993	55,447,946	48,649,583	46,551,788	111,280,576	101,999,734	9,280,842	9%	
Current Liabilities	3,649,944	2,607,156	1,152,671	1,264,229	4,802,615	3,871,385	(931,230)	-24%	(3)
Noncurrent Liabilities and Deferred Inflows	4,485,136	410,000	7,794,918	7,155,750	12,280,054	7,565,750	(4,714,304)	-62%	(4)
Total liabilities	8,135,080	3,017,156	8,947,589	8,419,979	17,082,669	11,437,135	(5,645,534)	-49%	
Net Positions:									
Capital Assets, Net of Related Debt	47,969,636	43,906,374	26,226,113	25,092,293	74,195,749	68,998,667	5,197,082	8%	(5)
Restricted	6,920,255	5,455,268	13,475,881	13,039,516	20,396,136	18,494,784	1,901,352	10%	(6)
Unrestricted	(393,978)	3,069,148	-	-	(393,978)	3,069,148	(3,463,126)	-113%	(6)
Total Net Positions	\$ 54,495,913	\$ 52,430,790	\$ 39,701,994	\$ 38,131,809	\$ 94,197,907	\$ 90,562,599	\$ 3,635,308	4%	
Less GASB 68*		(3,134,044)		(817,868)		(3,951,912)	3,951,912	-100%	
Adjusted Net Position		49,296,746		37,313,941		86,610,687	7,587,220	9%	

Notes to Statement of Net Position Comparison

- (1) Street Funds and Utility Funds have accumulated cash and receivables for next year's projects
- (2) The increase in capital assets due in large part to improvements made to fire station, airport, police shop and streets
- (3) Current Liabilities increased as normal with operation inflation
- (4) The major part of this increase is the accrual for the first time of the PERSI Net Pension Liability and Deferred Inflows therefrom
- (5) The increase in capital assets due in large part to improvements made to fire station, airport, police shop and streets
- (6) The net increase in Net Position is due to current cash surpluses

* Adjustments required by GASB 68, which affects the Reporting for PERSI pensions beginning in 2015, which includes Prior Period Adjustment to FY14

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.

A summary of long-term transactions of the City for the year ended September 30, 2015, is as follows:

Changes in Long-Term Liabilities:

	Long-Term Obligations September 30, 2014	Obligations Incurred	Obligations Paid	Long-Term Obligations September 30, 2015
Governmental activities:				
Local improvement district warrants payable (Note 9)	\$ 505,000	\$ -	\$ (95,000)	\$ 410,000
Accrued compensated absences (Note 6)	346,859	18,673		365,532
PERSI Net Pension Liability (See Notes)	1,345,754	1,034,989		2,380,743
Governmental Activity Long-Term Liabilities	\$ 2,197,613	\$ 1,053,662	\$ (95,000)	\$ 3,156,275
Business-type activities:				
Accrued compensated absences (Note 6)	\$ 46,622	\$ 1,668	\$ (3,772)	\$ 44,518
Obligations under capital Lease (Note 11)	21,500		(10,750)	10,750
PERSI Net Pension Liability (See Notes)	366,863	273,640		640,503
Wastewater revenue bonds payable (Note 10)	7,745,000	-	(600,000)	7,145,000
Business-type Activity Long-Term Liabilities	\$ 8,179,985	\$ 275,308	\$ (614,522)	\$ 7,840,771
Total Governmental and Business-type Activities Long-Term Liabilities	\$ 10,377,598	\$ 1,328,970	\$ (709,522)	\$ 10,997,046

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, 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. In an effort to provide the most efficient and effective funding of fire and ambulance services in Madison County, the City of Rexburg, the Madison County Ambulance district, and the Madison County Fire Protection District have formed a joint venture doing business as the Madison Fire Department. Madison County reimburses the City for Ambulance expenses and its portion of shared expenses. Madison County Fire Protection District also reimburses the City for its portion of shared expenses.

Parks, Recreation and Cultural Arts

The Parks Department is mostly funded by General Revenues. Only about \$9,800 was taken in as parks reservation fees in 2015.

The Recreation Administrative expenses are heavily subsidized by General Revenues, while the Recreation Programs are intended to be self-sufficient. In 2015, a transfer of over \$49,000 from the general fund was made to subsidize 2015 losses in the recreation program fund.

In 2015 the operating fund of the water park Rexburg Rapids experienced an operating loss substantially due to boiler repairs. The 2015 operating loss was \$30,300. 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 Romance Theater, the Rexburg Orchestra, the Rexburg Cultural Arts fund, and the Rexburg Arts Council Trust fund. 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 67% of the Rocky Mountain Power franchise fees that have been allocated to that fund.

Statement of Changes in Net Position (2015 vs. 2014)

	Governmental		Business-type		Total		Favorable	Percent
	Activities		Activities				(Unfavorable)	Change
	2015	2014	2015	2014	2015	2014	Change	Change
Revenues:								
Program Revenues:								
Charges for Services & Taxes								
General &								
Administrative	3,937,738	4,216,343			3,937,738	4,216,343	(278,605)	-7%
Public Safety	1,896,669	1,678,602			1,896,669	1,678,602	218,067	13% (1)
Parks, Rec. &								
Cultural Arts	643,544	572,172			643,544	572,172	71,372	12% (2)
Streets	3,118,204	3,009,904			3,118,204	3,009,904	108,300	4%
Water			2,361,471	2,206,649	2,361,471	2,206,649	154,822	7%
Waste Water			4,049,918	3,947,632	4,049,918	3,947,632	102,286	3%
Sanitation			1,878,130	1,715,349	1,878,130	1,715,349	162,781	9%
Golf Courses			371,948	376,990	371,948	376,990	(5,042)	-1%
Total	9,596,155	9,477,021	8,661,467	8,246,620	18,257,622	17,723,641	533,981	3%
Operating Grants and Contributions								
General &								
Administrative	405,748	403,207			405,748	403,207	2,541	1%
Public Safety	1,974,247	1,910,056			1,974,247	1,910,056	64,191	3%
Parks, Rec. &								
Cultural Arts	22,927	65,422			22,927	65,422	(42,495)	-65% (3)
Streets								
Total	2,402,922	2,378,685			2,402,922	2,378,685	24,237	1%
Capital Grants & Contributions								
General &								
Administrative	847,250	(17,786)			847,250	(17,786)	865,036	-4864% (4)
Public Safety	1,571,467	179,083			1,571,467	179,083	1,392,384	778% (5)
Parks, Rec. &								
Cultural Arts	907,443	1,346,050			907,443	1,346,050	(438,607)	-33% (6)
Streets	1,893,694	2,355,245			1,893,694	2,355,245	(461,551)	-20% (7)
Water			251,337	383,168	251,337	383,168	(131,831)	-34% (8)
Waste Water			792,456	974,872	792,456	974,872	(182,416)	-19% (9)
Golf Courses			82,100	18,000	82,100	18,000	64,100	356% (10)
Total	5,219,854	3,862,592	1,125,893	1,376,040	6,345,747	5,238,632	1,107,115	21%
General Revenues:								
Property Taxes	3,690,508	3,314,805			3,690,508	3,314,805	375,703	11%
Franchise Fees	493,346	508,657			493,346	508,657	(15,311)	-3%
State Taxes	1,387,927	1,276,679			1,387,927	1,276,679	111,248	9%
Investment								
Earnings	141,931	138,226	31,266	48,051	173,197	186,277	(13,080)	-7%
Miscellaneous	536,701	19,305			536,701	19,305	517,396	2680% (11)
Total	6,250,413	5,257,672	31,266	48,051	6,281,679	5,305,723	975,956	18%
Total Revenues	23,469,344	20,975,970	9,818,626	9,670,711	33,287,970	30,646,681	2,641,289	9%

Statement of Changes in Net Position (2015 vs. 2014)

	Governmental		Business-type		Total		Favorable	Percent
	Activities		Activities				(Unfavorable)	Change
	2015	2014	2015	2014	2015	2014	Change	Change
Expenses:								
General &								
Administrative	4,762,393	5,197,305			4,762,393	5,197,305	434,912	8%
Public Safety	7,339,150	6,921,256			7,339,150	6,921,256	(417,894)	-6%
Parks, Rec. & Arts	2,129,832	2,661,514			2,129,832	2,661,514	531,682	20% (12)
Streets	4,038,802	3,631,823			4,038,802	3,631,823	(406,979)	-11%
Water			1,950,749	1,956,373	1,950,749	1,956,373	5,624	0%
Waste Water			3,302,417	3,429,265	3,302,417	3,429,265	126,848	4%
Sanitation			1,736,308	1,637,540	1,736,308	1,637,540	(98,768)	-6%
Golf Course	-	-	441,099	436,444	441,099	436,444	(4,655)	-1%
Total Expenses	18,270,177	18,411,898	7,430,573	7,459,622	25,700,750	25,871,520	170,770	1%
Increase in								
Net Positions	5,199,167	2,564,072	2,388,053	2,211,089	7,587,220	4,775,161	2,812,059	59%
Net Position-Beginning	49,296,746	49,866,718	37,313,941	35,920,720	86,610,687	85,787,438	823,249	1%
Less GASB 68*		(3,134,044)		(817,868)	-	(3,951,912)	3,951,912	
Adjusted Beginning	49,296,746	46,732,674	37,313,941	35,102,852	86,610,687	81,835,526	4,775,161	1%
Net Position-Ending	54,495,913	49,296,746	39,701,994	37,313,941	94,197,907	86,610,687	7,587,220	60%

Notes to Statement of Changes in Net Position

- (1) Revenues for Wildland fire suppression and support is up
- (2) Pool and Cultural Arts Revenues increase due to good weather and more programs
- (3) Off year for the Legacy Flight Museum Airshow
- (4) Increase due to grants to the airport
- (5) Increase due to grants to new fire station
- (6) Decrease due to less donated by Urban Renewal
- (7) Decrease due to less donated by Urban Renewal
- (8) Developer contributed assets decreased significantly
- (9) Developer contributed assets decreased significantly
- (10) **Increased City and County Contributions**
- (11) Sale of two shop buildings to ESD and Police
- (12) Decrease in park development

* Adjustments required by GASB 68, which affects the Reporting for PERSI pensions beginning in 2015, which includes Prior Period Adjustment to FY14

Business-type Activities

Utility Funds

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 capacity 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 2015. 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 capital construction, sewer/water line extension, and the sewer plant construction funds, increased in cash and short term investments by \$1,155,682, ending the year with a balance of \$13,753,346.

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 6.2% of the total monthly billed revenue for the wastewater department.

Sewer rates were last increased on October 1, 2015. Water rates were last increased on October 1, 2015. Sanitation rates were last increased on October 1, 2015.

At the end of Fiscal Year 2015, we had received the final findings of the water facilities planning study and were still waiting to begin the construction in 2016. The projected improvements will require additional funding beyond that available in our capital and operating reserve funds. The water upgrades will be funded with a combination of reserves and a loan from the Department of Environmental Quality (DEQ) of up to \$11,100,000, which includes principal forgiveness of up to \$2,211,300. The water project will provide needed production, storage, and delivery capacity to meet the current water demands and future water demands as our population grows. The city is also planning a final phase of improvements over the next two years to the wastewater treatment plant to eliminate odors, add new capacity, and help with the disposal of bio-solids.

In 2012 the City began to provide curb-side pickup for recycling to single family residents at no additional cost to the customer. In 2015 the majority of single family residents were receiving the recycling option. The Recycling Program is a joint effort with Brigham Young University Idaho and a third party vendor. In both 2014 and 2015, it became necessary to increase the recycling contract expenses in order to maintain the program at its current service level. The city is not currently seeking to add the recycling option to commercial and multi-family users because the costs have increased and the value of the recycled products has dropped. When we recycle goods, it reduces the Madison County tipping fees expense we would otherwise pay for disposing goods.

Golf Fund

The golf courses, Teton Lakes of 27 holes and the Municipal Course (to be renamed in 2016 the "Legacy Golf 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 to act 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 \$595,863 (an increase of \$42,436 over the prior fiscal year), 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 71) increased by \$342,776 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 72) increased by \$244,059, leaving a fund balance of \$1,346,716. 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 73) is financed by three entities: the City of Rexburg (for fire suppression services), the Madison County Fire Protection 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 \$120,896, \$54,438, \$187,051, and \$670,875 respectively, totaling \$1,033,260 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 2015, the Police Impact Fee Fund was at a deficit of \$182,714 due to the purchase of the old street shop to be used as a storage/training facility. The Fire Impact Fee Fund had a balance of \$10,127, 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 was substantially completed in 2015. A transfer of \$59,400 was made from the Fire Impact Fee Fund to the second story main fire station construction fund. The Parks Impact Fee Fund balance was \$839,000 and is being accumulated for future projects, such as the addition of a baseball/softball quad, completion of Riverside Park behind Kmart, and a possible future park location, which we hope to identify in the next few years with a park study. 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 \$609,245.

The Joint Fire Equipment Fund has a positive fund balance of \$302,928, 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.

At the beginning of Fiscal Year 2015 it was decided to segregate the Sanitation, Water and Wastewater Departments from the Utility Operations Fund (Fund 25). Fund 25 will now be the Sanitation Fund, Fund 26 the Water Operations Fund, and Fund 27 the Wastewater Operations

Fund. These operating funds ended the year with net income of \$2,535,444, of which \$720,338 was due to contributed assets.

The Utility Operations Funds increased in cash by \$1,346,711 ending the year with a balance of \$9,507,385 in cash and investments. The Sanitation Fund ended with a balance of \$247,194. The Water Operation Fund ended with a balance of \$5,385,299. The Wastewater Operations Fund ended with a balance of \$3,874,892. The City expects to use a significant portion of the wastewater and water operating reserves for construction projects in 2016.

The Golf Course Fund (Operations Fund) had a decrease in cash and investments of (\$42,436), 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	\$10,190,000
Budgeted Cash Carryover (Deficit)	\$ (207,700)
Budgeted Revenues Expected Net of Carryover	\$10,397,700

Actual Revenues received	\$10,353,744
Surplus (Deficit) of Revenues vs. Budget	\$ (43,956)

Expenditures

Total Budget of Expenditures	\$10,190,000
Actual Expenditures	\$10,010,968
Under (Over) Budget	\$ 179,032

Excess (Deficiency) of Revenues over Expenditures	\$ 342,776
---	------------

Fund Balance

Beginning Fund Balance	\$ 2,926,065
Ending Fund Balance	\$ 3,268,841

However, some individual accounts showed variations that are notable:

Significant Revenues Overage (Shortage)

Franchise Fees- Intermountain Gas	\$ (18,914)
Franchise Tax-Cable One	\$ (8,036)
Federal Grants	\$ 10,016
State of Idaho Shared Revenues- Liquor Funds/Sales Tax	\$ 62,627
Permits-Parking	\$ (9,365)
Interest Earnings	\$ 7,629
Miscellaneous Revenues	\$ 10,667
Purchase Card/E-payables Rebate	\$ 5,814
Sale old water shop behind fire station	\$ (78,889)
Madison School District Resource Officers Reimbursement	\$ (22,000)
Engineering Project Charges	\$ (22,487)
Shop Charges	\$ (11,402)

Significant Expenditures (Over Budget) Under Budget

Information Technology	\$ 24,488
Financial Management	\$ 122,463
Police Patrol	\$ 53,404
Police Administration	\$ 33,881
Police Detectives	\$ 11,864
Police Community Policing	\$ 19,823
Engineering	\$ 14,479
Ball Diamonds	\$ 16,462
Transfer to Fire Station Construction	\$ (32,010)
Transfer to Planning and Zoning	\$ 21,942
Transfer to Cultural Arts	\$ (23,908)
Transfer to Recreation Program Fund to Zero Fund Deficit	\$ (49,635)
Transfer to Tabernacle	\$ 20,961
Transfer to Airport Relocation Reserve Fund	\$ (185,000)
Transfer to Joint Fire Operations	\$ 24,465

STREET FUND BUDGETARY HIGHLIGHTS

Revenues

Total Budget of Revenues	\$ 7,442,100
Actual Revenues received	\$ 4,609,877
Surplus (Deficit) of Revenues vs. Budget	\$(2,832,223)

Expenditures

Total Budget of Expenditures	\$ 7,442,100
Actual Expenditures	\$ 4,365,818
Surplus (Deficit) of Expenses vs. Budget	\$ 3,076,282
Excess (Deficiency) of Revenues vs. Expenses	\$ 244,059

Fund Balance

Beginning Fund Balance	\$ 1,102,657
Ending Fund Balance	\$ 1,346,716

However, some individual accounts showed variations that are notable:

Significant Revenues Overage (Shortage)

Franchise Fees & Right of Way Fees	\$ 29,300
State Grants	\$ (68,750)
State Highway User Funds	\$ 76,399
County Road & Bridge	\$ 65,016
Sale of Equipment	\$ (451,200)
Contributions in Street Repair Fund	\$ 175,022
Contributed Capital (new finished streets)	\$ (1,919,500)
Transfer in to Street Repair Fund from other street funds	\$ 100,060
Transfer in to New Street Construction Fund from DIF Fund	\$ 470,875
Contributions in New Street Fund-URA and Others	\$ (360,000)

Significant Expenditures (Over Budget) Under Budget

Street Maintenance/New Streets-includes contributed assets	\$ 78,090
Capital Improvements	\$ 2,705,871
Transfers Out-Internal	\$ (20,060)
Transfers to Other Street Projects	\$ (269,119)

EMERGENCY SERVICES DEPARTMENT FUND BUDGETARY HIGHLIGHTS

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

ESD Fund Revenues are almost all provided by the sharing of costs by three entities: the City of Rexburg and the Madison Fire Protection District through an Operating Transfer in, and the Madison Ambulance District through warrants paid to the City. Costs are reimbursed based on benefits received by the three entities. The 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 48% of the costs during the past fiscal year. The City and the Madison Fire District each paid about 31% and 21% respectively.

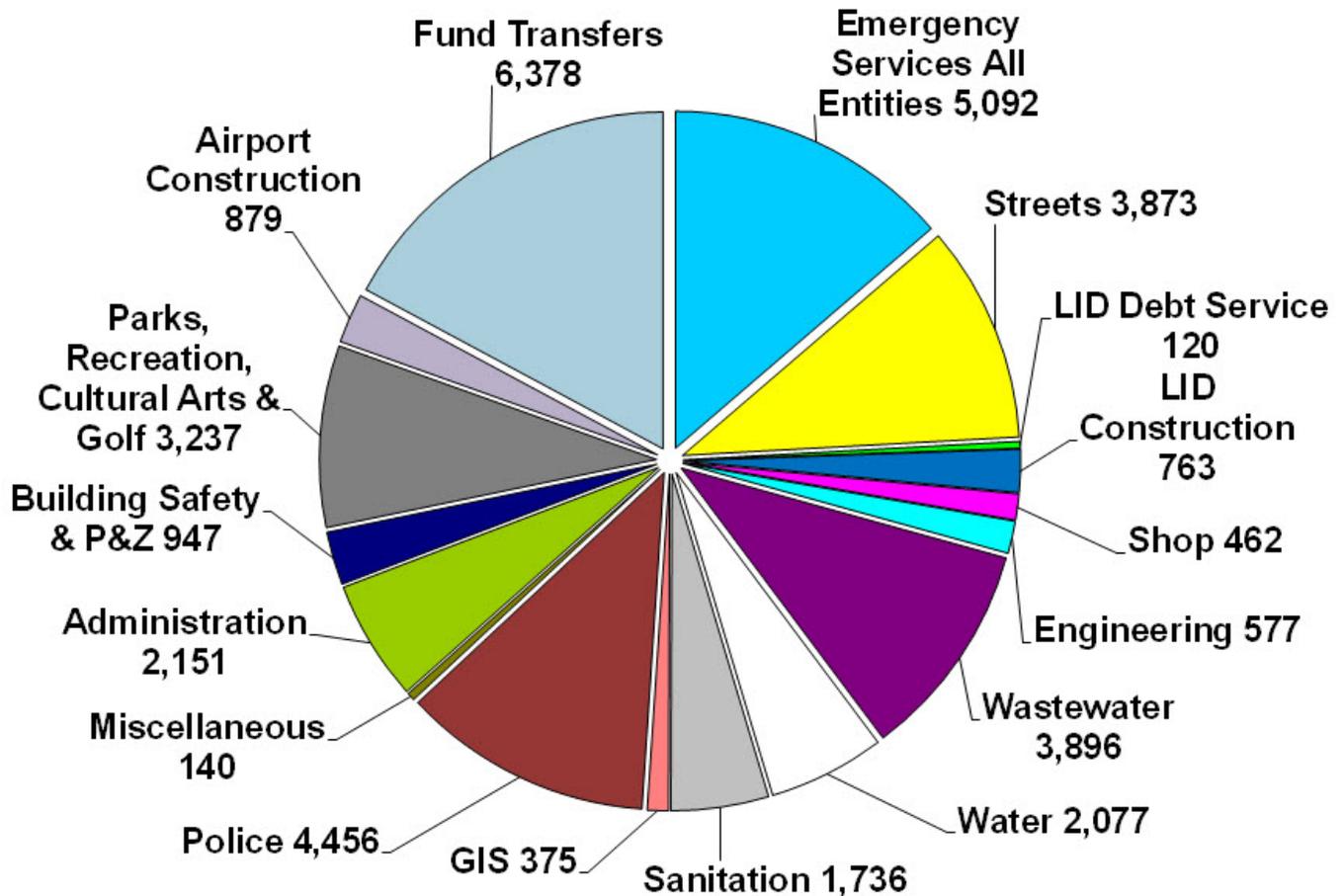
ESD Operating Fund Revenues and Expenses were both approximately \$186,366 under budget – both because this fund is usually zeroed out at the end of the year and any savings or overruns are shared by the three entities immediately. The City's share of expenses was \$826,835 of an \$851,300 budget, or \$24,465 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 2015 Total: \$37,157,276 (below in thousands)

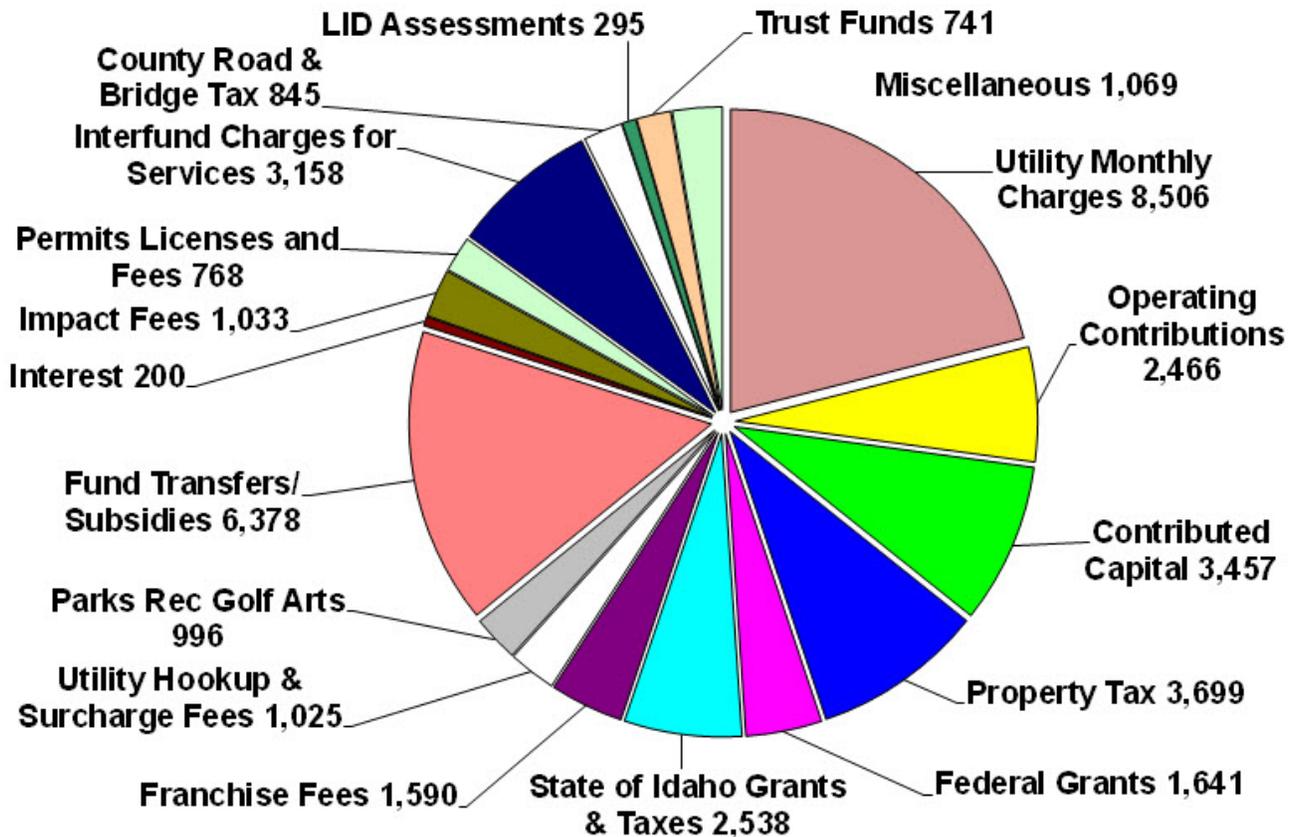


The Total Expense Budget pie chart shows the relative size of the departments or categories of expense budgets. Each Total Expense category includes both operating expense and capital purchase expense. Operating Expense does not include capital expense and is the amount needed to fund the day to day 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 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 2015 Total: \$40,406,379 (below in thousands)

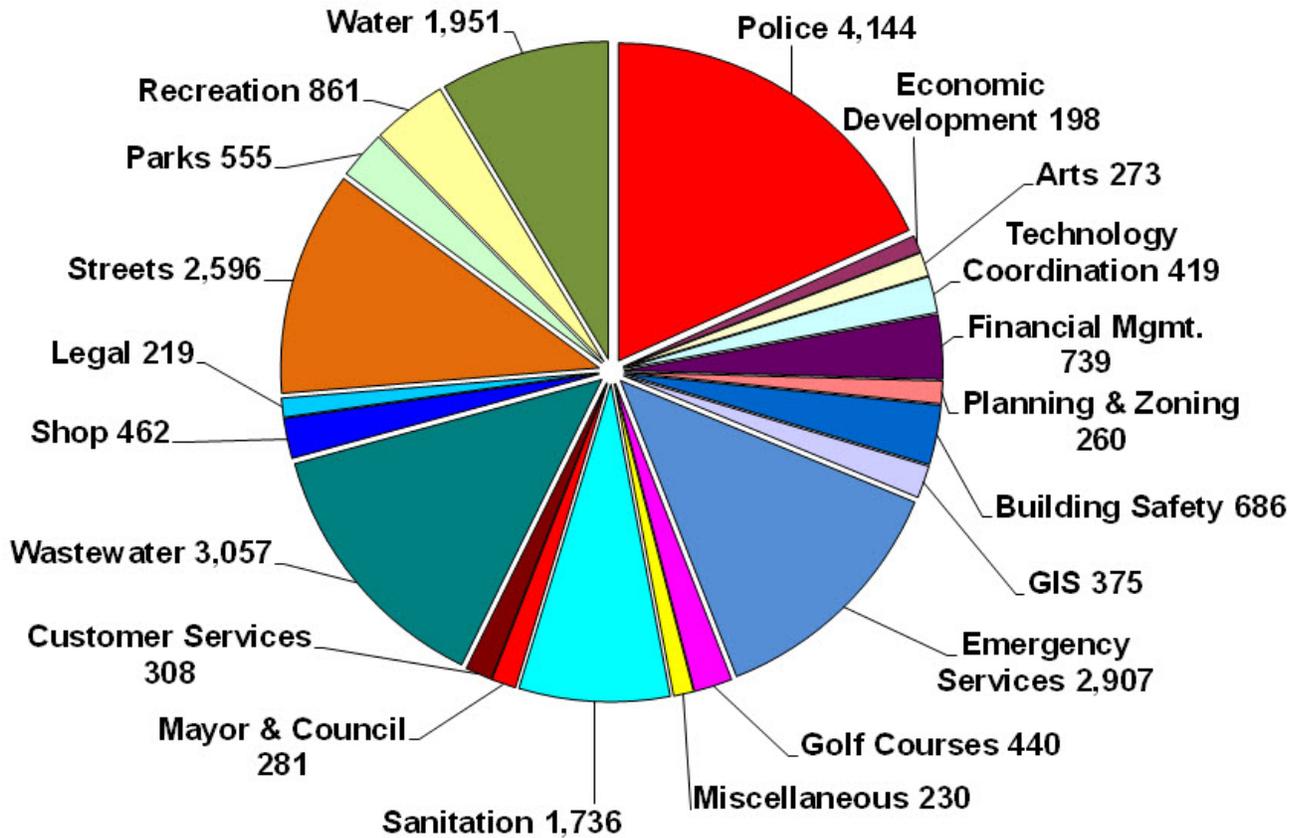


The Total Revenue Budget pie chart shows the relative size of the categories of revenue budget by source. Total Revenue categories include both operating revenue and revenue that is restricted to capital purchases. Operating Revenue does not include revenue reserved for capital purchases and is the amount 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 Transfers and Interfund Charges 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. LID 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 2015 \$22,696,020 (Chart in thousands)

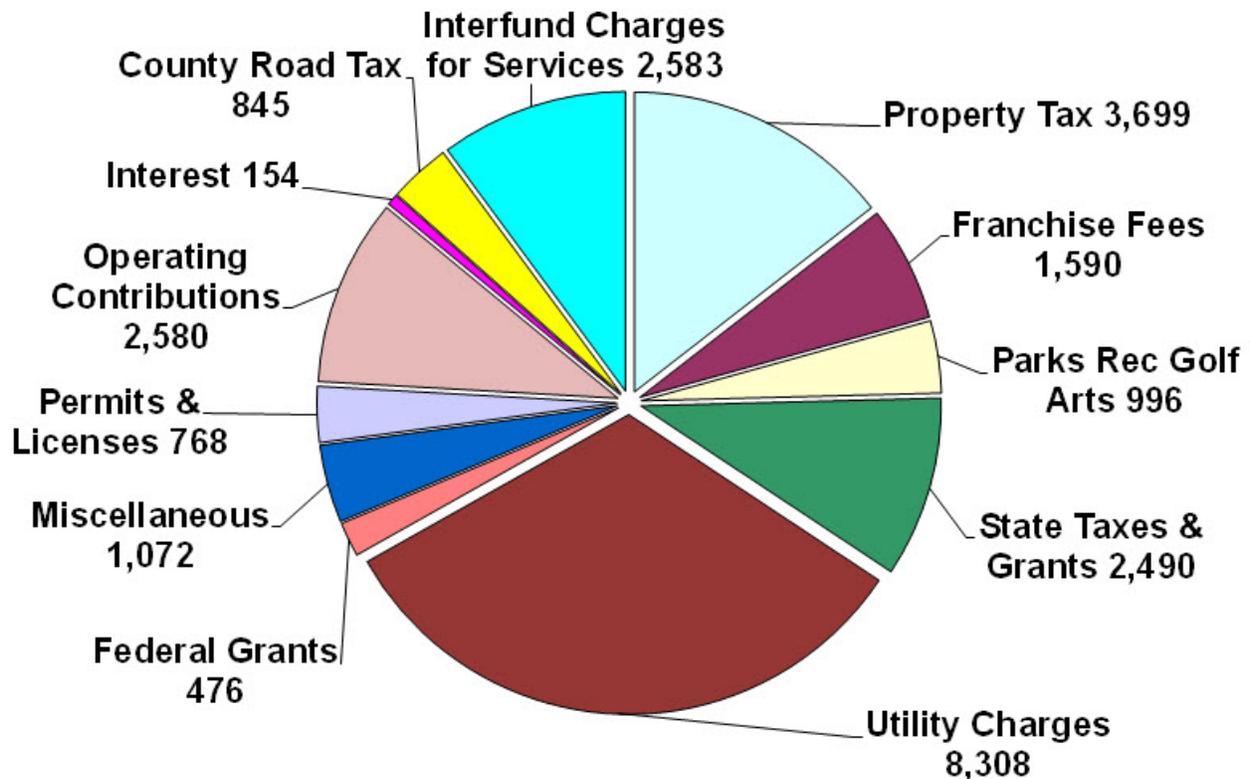


The Operating Expense Budget pie chart shows the relative size of the departments or categories of operating expense budgets. Operating Expense does not include capital expense funds and is the amount needed to fund the day to day operations of the City.

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

Actual Operating Revenue

FY 2015 \$25,561,566 (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 33% of the total. 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, 2015

	Primary Government			Component Unit (Rexburg Urban Renewal Agency)
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and Short-term Investments	\$ 7,996,360	\$ 13,753,346	\$ 21,749,706	\$ 2,713,136
Receivables	4,807,517	1,025,898	5,833,415	-
Supplies	5,519	-	5,519	-
Total Current Assets	12,809,396	14,779,244	27,588,640	2,713,136
Noncurrent Assets:				
Revolving Loan Receivable	599,563	-	599,563	-
Capital Assets:				
Capital Assets	72,921,430	52,397,979	125,319,409	746,887
Accumulated Depreciation	(24,951,794)	(18,811,207)	(43,763,001)	-
Net Capital Assets	47,969,636	33,586,772	81,556,408	746,887
Total Noncurrent Assets	48,569,199	33,586,772	82,155,971	746,887
TOTAL ASSETS	61,378,595	48,366,016	109,744,611	3,460,023
Deferred Outflows of Resources	1,252,398	283,567	1,535,965	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	62,630,993	48,649,583	111,280,576	3,460,023
LIABILITIES:				
Current Liabilities:				
Accounts Payable	3,153,437	380,270	3,533,707	-
Accrued Compensated Absences	365,532	44,516	410,048	-
Accrued Interest Payable	9,900	8,809	18,709	-
Other	26,075	88,326	114,401	-
Current Portion of Long-term Obligations	95,000	630,750	725,750	384,000
Total Current Liabilities	3,649,944	1,152,671	4,802,615	384,000
Noncurrent Liabilities:				
Noncurrent Portion of Long-term Obligations	315,000	6,525,000	6,840,000	2,754,000
Net Pension Liability	2,380,743	640,503	3,021,246	-
Total Noncurrent Liabilities	2,695,743	7,165,503	9,861,246	2,754,000
TOTAL LIABILITIES	6,345,687	8,318,174	14,663,861	3,138,000
DEFERRED INFLOWS OF RESOURCES				
Bond issue premium, net of amortization	-	196,099	196,099	-
Pension Deferred Inflows	1,789,393	433,316	2,222,709	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,789,393	629,415	2,418,808	
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	8,135,080	8,947,589	17,082,669	3,138,000
NET POSITION (DEFICIT):				
Invested In Capital Assets, Net of Related Debt	47,969,636	26,226,113	74,195,749	746,887
Restricted for:				
Capital projects	5,703,866	4,192,757	9,896,623	-
Debt service	165,020	-	165,020	-
Intergovernmental agreement	688,991	8,763	697,754	-
Operations	362,378	9,274,361	9,636,739	-
Unrestricted	(393,978)	-	(393,978)	(424,864)
TOTAL NET POSITION	\$ 54,495,913	\$ 39,701,994	\$ 94,197,907	\$ 322,023

The Accompanying Notes are an Integral Part of the Financial Statements

CITY OF REXBURG, IDAHO
STATEMENT OF ACTIVITIES
 GOVERNMENT WIDE
 September 30, 2015

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Total
		Charges for Services and Taxes	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
General and Administrative	\$ 4,762,393	\$ 3,937,738	\$ 405,748	\$ 847,250	\$ 428,343
Public Safety	7,339,150	1,896,669	1,974,247	1,571,467	\$ (1,896,767)
Parks, Recreation and Arts	2,129,832	643,544	22,927	907,443	\$ (555,918)
Streets	4,038,802	3,118,204	-	1,893,694	\$ 973,096
Total Governmental Activities	18,270,177	9,596,155	2,402,922	5,219,854	(1,051,246)
GENERAL REVENUES:					
Property Taxes Levied for General Purposes	-	3,690,508	-	-	3,690,508
Franchise Fees	-	493,346	-	-	493,346
State Taxes	-	1,387,927	-	-	1,387,927
Investment Earnings	-	141,931	-	-	141,931
Miscellaneous	-	536,701	-	-	536,701
Total General Revenue	-	6,250,413	-	-	6,250,413
Total Governmental Activities					5,199,167
NET GOVERNMENTAL ASSETS - BEGINNING BALANCE					49,296,746
NET GOVERNMENTAL ASSETS - ENDING BALANCE					\$ 54,495,913
BUSINESS-TYPE ACTIVITIES					
Water	\$ 1,950,749	\$ 2,361,471	\$ -	\$ 251,337	\$ 662,059
Waste Water	3,302,417	4,049,918	-	792,456	1,539,957
Sanitation	1,736,308	1,878,130	-	-	141,822
Golf Course	441,099	371,948	-	82,100	12,949
Total Business-type Activities	7,430,573	8,661,467	-	1,125,893	2,356,787
GENERAL REVENUES:					
Investment Earnings	-	31,266	-	-	31,266
Total Business Type Activities					2,388,053
NET BUSINESS-TYPE ASSETS - BEGINNING BALANCE					37,313,941
NET BUSINESS-TYPE ASSETS - ENDING BALANCE					\$ 39,701,994
TOTAL PRIMARY GOVERNMENT	\$ 25,700,750	\$ 24,539,301	\$ 2,402,922	\$ 6,345,747	\$ 7,587,220
TOTAL PRIMARY GOVERNMENT NET ASSETS - BEGINNING BALANCE					86,610,687
TOTAL PRIMARY GOVERNMENT NET ASSETS - ENDING BALANCE					\$ 94,197,907
COMPONENT UNIT (REXBURG URBAN RENEWAL AGENCY):					
General and Administrative	\$ 66,502	\$ -	\$ -	\$ -	\$ (66,502)
Property Transfer to City	-	-	-	-	-
Tax Reimbursement	219,127	-	-	-	(219,127)
Construction	1,195,026	-	-	-	(1,195,026)
Interest & Amortization Expense	155,986	-	-	-	(155,986)
Total Component Units	\$ 1,636,641	\$ -	\$ -	\$ -	(1,636,641)
GENERAL REVENUES:					
Property taxes levied for general purposes	-				1,945,520
Overhead Charges for Services					14,142
Investment Earnings					4,993
Total General Revenue					1,964,655
TOTAL COMPONENT UNIT ACTIVITIES					328,014
TOTAL COMPONENT UNIT - BEGINNING BALANCE					(5,991)
TOTAL COMPONENT UNIT - ENDING BALANCE					\$ 322,023

The Accompanying Notes are an Integral Part of the Financial Statements

CITY OF REXBURG, IDAHO
BALANCE SHEET
 GOVERNMENTAL FUNDS
 September 30, 2015

	General Fund	Street Fund	Emergency Service Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Short Term Investments	\$ 2,362,435	\$ 490,917	\$ -	\$ 656,515	\$ 4,486,493	\$ 7,996,360
Receivables	576,311	1,112,307	158,543	599,563	2,960,350	5,407,074
Inventory	5,519	-	-	-	-	5,519
Due from Other Funds	2,014,815	-	-	-	-	2,014,815
TOTAL ASSETS	\$ 4,959,080	\$ 1,603,224	\$ 158,543	\$ 1,256,078	\$ 7,446,843	\$ 15,423,768
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts Payable	\$ 1,617,067	\$ 236,903	\$ 84,794	\$ -	\$ 1,214,673	\$ 3,153,437
Due to Other Funds	-	-	73,749	-	1,941,066	2,014,815
Other	5,000	19,605	-	-	1,461	26,066
TOTAL LIABILITIES	1,622,067	256,508	158,543	-	3,157,200	5,194,318
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	68,172	-	-	-	781,950	850,122
FUND BALANCES:						
Nonspendable	5,519	-	-	-	-	5,519
Restricted	-	1,346,716	-	-	2,563,200	3,909,916
Committed	2,581,950	-	-	1,256,078	944,493	4,782,521
Assigned	-	-	-	-	-	-
Unassigned	681,372	-	-	-	-	681,372
TOTAL FUND BALANCES	3,268,841	1,346,716	-	1,256,078	3,507,693	9,379,328
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,959,080	\$ 1,603,224	\$ 158,543	\$ 1,256,078	\$ 7,446,843	\$ 15,423,768

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
September 30, 2015

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

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS \$ 9,379,328

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost of Assets	\$ 72,921,430	
Accumulated Depreciation	<u>(24,951,794)</u>	
Net Cost of Assets		47,969,636

Certain receivables are not financial resources and are reported as deferred revenues

Property tax deferred revenue	91,076
Special Assessment deferred revenue	756,173
Deferred recreation revenues	1,498
Deferred capital project grants and contributions	-
Deferred rent income	1,372

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds

Deferred Pension Outflows	1,252,398
Deferred Pension Inflows	(1,789,393)
Net Pension Liability	(2,380,743)
Long-term debt	(410,000)
Accrued compensated absences	(365,532)
Accrued interest payable	<u>(9,900)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 54,495,913

CITY OF REXBURG, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 September 30, 2015

	General Fund	Street Fund	Emergency Service Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 5,086,860	\$ 1,846,365	\$ -	\$ -	\$ 688,116	\$ 7,621,341
Grants and Contributions	639,016	294,050	1,331,234	-	4,224,889	6,489,189
Fees and Charges	3,889,378	1,103,426	44,124	-	3,472,109	8,509,037
Interest Earned	138,428	-	-	22,357	57,285	218,070
Miscellaneous	599,779	38,800	9,843	-	6,593	655,015
TOTAL REVENUES	10,353,461	3,282,641	1,385,201	22,357	8,448,992	23,492,652
EXPENDITURES:						
General and Administrative	3,142,658	-	-	45,466	1,952,118	5,140,242
Public Safety	3,685,725	-	2,535,540	-	528,873	6,750,138
Parks and Recreation	753,404	-	-	-	878,516	1,631,920
Streets	-	1,533,035	-	-	75,648	1,608,683
Interest on Bonds and Other Debt	-	-	-	-	28,694	28,694
Principal on Bonds and Other Debt	-	-	-	-	95,000	95,000
Capital Improvements	415,809	1,393,804	260,894	-	5,306,412	7,376,919
TOTAL EXPENDITURES	7,997,596	2,926,839	2,796,434	45,466	8,865,261	22,631,596
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,355,865	355,802	(1,411,233)	(23,109)	(416,269)	861,056
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	283	670,876	1,411,233	-	3,182,119	5,264,511
Operating Transfers Out	(2,013,372)	(782,619)	-	-	(2,468,520)	(5,264,511)
TOTAL OTHER FINANCING SOURCES (USES)	(2,013,089)	(111,743)	1,411,233	-	713,599	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	342,776	244,059	-	(23,109)	297,330	861,056
FUND BALANCE AT BEGINNING OF YEAR	2,926,065	1,102,657	-	1,279,187	3,210,363	8,518,272
FUND BALANCE AT END OF YEAR	\$ 3,268,841	\$ 1,346,716	\$ -	\$ 1,256,078	\$ 3,507,693	\$ 9,379,328

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
September 30, 2015

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

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 861,056

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	7,376,919
Depreciation expense	(3,249,701)
Basis in Assets disposed of	(63,955)

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

Special assessments levied	225,518
----------------------------	---------

Changes in Deferred Revenue not in Statement of Net Assets:

Special assessment deferred revenue	(239,293)
Property tax deferrals	(6,086)
Recreation and Cultural Arts revenue deferral	(1,625)
Airport lot rent deferral	1,372

Compensated absences accrual adjustment	(18,681)
Net Pension (Expense) Revenue	216,306

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	2,337
	2,337

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 5,199,167**

CITY OF REXBURG, IDAHO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015

	Business-type Activities - Proprietary Funds		
	Utility	Golf Course	Total
ASSETS			
Current Assets:			
Cash and Short-term Investments	\$ 13,753,346	\$ -	\$ 13,753,346
Due from Other Funds	595,863	-	595,863
Receivables	965,155	60,743	1,025,898
Total Current Assets	15,314,364	60,743	15,375,107
Noncurrent Assets:			
Capital Assets:			
Capital Assets	50,162,074	2,235,904	52,397,978
Accumulated Depreciation	(17,943,117)	(868,090)	(18,811,207)
Total Noncurrent Assets	32,218,957	1,367,814	33,586,771
TOTAL ASSETS	47,533,321	1,428,557	48,961,878
Deferred Outflows of Resources	283,567	-	283,567
TOTAL ASSETS AND DEFERRED OUTFLOWS	47,816,888	1,428,557	49,245,445
LIABILITIES:			
Current Liabilities:			
Accounts Payable	295,861	84,409	380,270
Accrued Compensated Absences	44,517	-	44,517
Accrued Interest Payable	8,809	-	8,809
Due to Other Funds	-	595,863	595,863
Other	88,324	-	88,324
Current Portion of Long-term Obligations	620,000	10,750	630,750
Total Current Liabilities	1,057,511	691,022	1,748,533
Noncurrent Liabilities:			
Noncurrent Portion of Long-term Obligations	6,525,000	-	6,525,000
Net Pension Liability	640,503	-	640,503
TOTAL LIABILITIES	8,223,014	691,022	8,914,036
DEFERRED INFLOWS OF RESOURCES:			
Bond issue premium, net of amortization	196,099	-	196,099
Deferred Inflows of Resources	433,316	-	433,316
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	8,852,429	691,022	9,347,352
NET POSITION:			
Invested in Capital Assets Net of Related Debt	24,869,049	1,357,064	26,226,113
Restricted for:			
Capital Projects	4,821,049	(628,292)	4,192,757
Intergovernmental Agreement	-	8,763	8,763
Operations	9,274,361	-	9,274,361
TOTAL NET POSITION	\$ 38,964,459	\$ 737,535	\$ 39,701,994

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
September 30, 2015

	Business-type Activities - Enterprise Funds		
	Utility	Golf Course	Totals
OPERATING REVENUES:			
Monthly Utility Services	\$ 8,034,247	\$ -	\$ 8,034,247
One Time Fees	195,406	-	195,406
Golf Course Fees	-	363,583	363,583
Miscellaneous	15,209	7,862	23,071
TOTAL OPERATING REVENUES	8,244,862	371,445	8,616,307
OPERATING EXPENSES:			
Utility Expenses	5,245,398	-	5,245,398
Pro Shop & Greens Maintenance	-	393,295	393,295
Depreciation and Amortization	1,459,491	46,796	1,506,287
TOTAL OPERATING EXPENSES	6,704,889	440,091	7,144,980
OPERATING INCOME	1,539,973	(68,646)	1,471,327
NON-OPERATING REVENUES / EXPENSES:			
Sale of Capacity and Contributions	1,043,793	82,100	1,125,893
Contributed Capital	-	-	-
Sale of Assets	13,128	500	13,628
Basis in Assets Sold	(39,585)	-	(39,585)
Interest Income	62,794	-	62,794
Interest Expense	(245,000)	(1,006)	(246,006)
TOTAL NON-OPERATING REVENUES / EXPENSES	835,130	81,594	916,724
CHANGE IN NET POSITION	2,375,103	12,948	2,388,051
TOTAL NET POSITION - BEGINNING BALANCE	36,589,356	724,587	37,313,943
TOTAL NET POSITION - ENDING BALANCE	\$ 38,964,459	\$ 737,535	\$ 39,701,994

The Accompanying Notes are an Integral Part of the Financial Statements

CITY OF REXBURG
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
September 30, 2015

	Business-type Activities - Enterprise Funds		
	Utility	Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 8,121,188	\$ 370,140	\$ 8,491,328
Payments to Suppliers	(1,821,503)	(73,455)	(1,894,958)
Payments to Employees	(1,298,537)	(405)	(1,298,942)
Payments for Labor Contracts	-	(237,000)	(237,000)
Internal Activity - Payments to Other Funds for Services	(2,106,918)	(31,159)	(2,138,077)
Other Payments	(1,159)	-	(1,159)
Other Receipts	-	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,893,071	28,121	2,921,192
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Loan Paid to/from Other Funds	(42,438)	42,438	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Sale of Capacity and Contributions	1,043,793	82,100	1,125,893
Acquisitions of Property, Plant and Equipment	(1,961,492)	(87,103)	(2,048,595)
Increase (Decrease) in Lease Payable on Assets	-	(10,750)	(10,750)
Increase (Decrease) in Accounts Payable on Capital	(17,995)	-	(17,995)
Increase (Decrease) in Accounts Receivable for Capital	29,741	(54,300)	(24,559)
Proceeds from Sale of Assets	13,558	500	14,058
Interest Income	62,794	-	62,794
Principal Payments on Revenue Bonds	(600,000)	-	(600,000)
Interest Payments on Bonds and Leases	(265,350)	(1,006)	(266,356)
Contributed Capital	-	-	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,694,951)	(70,559)	(1,765,510)
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	1,155,682	-	1,155,682
CASH AND INVESTMENTS AT BEGINNING OF YEAR	12,597,664	-	12,597,664
CASH AND INVESTMENTS AT END OF THE YEAR	\$ 13,753,346	\$ -	\$ 13,753,346
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ 1,539,973	\$ (68,646)	\$ 1,471,327
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	1,459,491	46,796	1,506,287
Net Pension Expense (Revenue)	(27,614)		(27,614)
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(130,385)	(1,307)	(131,692)
Increase(decrease) in accounts payable	44,983	51,278	96,261
Increase (decrease) in accrued compensated absences	(2,104)	-	(2,104)
Increase (decrease) in deposits payable	8,727	-	8,727
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,893,071	\$ 28,121	\$ 2,921,192

The Accompanying Notes are an Integral Part of the Financial Statements

CITY OF REXBURG, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2015

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 position and the statement of changes in net position) 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.

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.

- 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 funds:

- The Utility Funds are the funds that account for the activities provided to the residents of the City for its utilities. These utilities include water, wastewater and sanitation. In 2015 these operating services were split to their own respective funds and we hope to split the respective funds on the financial statements in the near future.
- The Golf Course Fund accounts for the activities of the two golf courses owned by the City and County.

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 of the City. It derives its revenues from the incremental tax increases that all taxing districts forfeit from increase in value of the land and buildings in the new construction areas.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. The City considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which multiple classifications may be included in a fund balance. For example, restricted amounts are used first, followed by committed, assigned, and unassigned amounts in that order, for purposes of reporting fund balance.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Property, Plant and Equipment

Property, plant and equipment used in governmental fund type operations (those items which relate to the general activities and services of the City) are accounted for in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 (see Resolution 2012-02), with an estimated useful life in excess of two years. Property, plant and equipment used in proprietary fund type operations (i.e., the Utility and the Golf Course Funds) are 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:

Server/Software.....	6 years
Office Equipment	10 years
Furniture	20 years
Vehicles	7 years
Light Equipment.....	10 years
Heavy Equipment	20 years
Buildings	40 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 outflow of resources (expense/expenditure) until then.

The City has only one type of deferred outflows of resources. This amount relates to the City's allocable share of the effect of changes during the year on the valuation of the net pension liability. This amount is reported only in the business-type funds and in the government-wide financial statements.

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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has three types of items in this area. One item, which arises only under a modified accrual basis of accounting, unavailable revenue, is reported only in the governmental funds balance sheet and represents unavailable revenues from property taxes and grant revenues received in advance. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government also has a deferred premium on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding. The third type of deferred inflows of resources relates to the effect of changes during the year in the calculation of the net pension liability.

Pensions

For purposes of measuring the net pension liability and pension expense (revenue), information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and the Firefighters' Retirement Fund Plan (FRF) and additions to/deductions from Base Plan's and FRF's fiduciary net position have been determined on the same basis as they are reported by the Base Plan and FRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2015 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.

New Accounting Pronouncements

During the year, the County implemented *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*, (GASB No. 68). This Statement addresses accounting and financial reporting for pensions that are provided to the employees, of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics: 1) Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable, 2) Pension plan assets are dedicated to providing pensions to plan members in accordance with benefit terms. 3) Pension plan assets are legally protected from creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members. The Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenditures. This Statement also identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to

their actuarial present value and attribute that present value to periods of employee service.

The City also implemented GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. This Statement is an amendment to GASB No. 68 and is required to be implemented simultaneously with GASB No. 68. This Statement requires the City to recognize a beginning deferred outflow of resources for its pension contributions, if any were made subsequent to the measurement date of the beginning net pension liability.

Subsequent Events

In preparing these financial statements, the management of the City has evaluated events and transactions for potential recognition and disclosure through February 29, 2016, 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, 2015, the carrying amount of the City's bank deposits including Certificates of Deposits (CDs) was \$9,711,467, of which \$6,274,749 were insured with the FDIC and \$3,436,365 was collateralized through Zions Bank.

- 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, 2015, \$353 of the City’s total deposits in Zions Bank was not covered by federal depository insurance, and thus was exposed to custodial credit risk.
- Investments – As of September 30, 2015, the City had the following investments:

As of Sept 30, 2015

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	\$ 7,184,135	\$ -	\$ 7,184,135	\$ -	\$ -
State Investment Pool	N/A	3,888,729	3,888,729	-	-	-
Certificates of Deposit	N/A	700,353	250,000	450,353	-	-
CDARS Program	N/A	4,979,460	4,979,460	-	-	-
Federal Agency Notes & Bonds	N/A	964,320	-	964,320	-	-
Collateralized Municipal MM Fund	N/A	3,436,365	3,436,365	-	-	-
		\$ 21,153,362	\$ 12,554,554	\$ 8,598,808	\$ -	\$ -

- 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 Local Government 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, 2015 was 96 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 had a return that exceeded the Barclay’s US Intermediate Aggregate xBaa index during fiscal year 2015. The average weighted maturity of the fund at September 30, 2015 is 4.06 years.

- The CDARS program is through a local bank and invests the funds in less than \$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.

- The following is a reconciliation of the City's deposit and investment balance as of September 30, 2015:

Petty Cash	\$	1,050
Bank Deposits		595,289
State and Bank Investments		21,153,362
Other Investments		-
Total		<u>\$21,749,701</u>

3. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2015, was as follows:

PRIMARY GOVERNMENT:	30-Sep 2014	Increases	Decreases	30-Sep 2015
GOVERNMENTAL ACTIVITIES:				
Capital assets, not being depreciated:				
Land	\$ 2,467,773	\$ -	\$ -	\$ 2,467,773
Total capital assets, not being depreciated	2,467,773	-	-	2,467,773
Capital assets, being depreciated				
Office	2,486,688	76,687	(1,303)	2,562,072
Legal	5,437	-	-	5,437
Archer station	1,686,543	-	(13,021)	1,673,522
Police	3,334,606	585,682	(149,595)	3,770,693
Fire	5,053,359	2,199,235	(13,335)	7,239,259
Inspection	371,460	1,584	(17,647)	355,397
GIS	124,660	3,240	-	127,900
Community development	144,359	102,682	(4,554)	242,487
Streets	36,823,892	2,349,956	(94,558)	39,079,290
Shop	284,106	-	-	284,106
Parks	3,666,703	990,927	-	4,657,630
Merry-go-round	143,091	-	-	143,091
Ball diamond	40,893	-	-	40,893
Airport	1,652,607	893,998	(8,500)	2,538,105
Fiber	72,617	-	-	72,617
Recreation	6,015,594	25,796	(18,020)	6,023,370
Romance Theatre	401,670	27,443	-	429,113
Legacy of Flight Museum	494,162	114,300	-	608,462
Tabernacle	594,823	5,389	-	600,212
Total capital assets, being depreciated	63,397,271	7,376,919	(320,533)	70,453,656
Less accumulated depreciation	(21,958,669)	(3,249,701)	256,576	(24,951,794)
Total capital assets, being depreciated, net	41,438,602	4,127,218	(63,957)	45,501,863
GOVERNMENTAL ACTIVITIES CAPITAL				
ASSETS, NET	\$ 43,906,375	\$ 4,127,218	\$ (63,957)	\$ 47,969,636

Depreciation expense was charged to the government activities as follows:

General and Administrative	1,078,191
Public Safety	2,784,917
Parks and Recreation	1,163,855
Street	<u>2,349,956</u>
Total Depreciation	<u>\$ 7,376,919</u>

	30-Sep 2014	Increases	Decreases	30-Sep 2015
PRIMARY GOVERNMENT:				
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	2,435,018	281,857	(132,431)	2,584,444
Water	13,782,984	559,498	(6,446)	14,336,036
Wastewater	32,031,235	1,120,137	(27,658)	33,123,714
Golf Course	1,840,660	87,104	-	1,927,764
Total capital assets, being depreciated	50,089,897	2,048,596	(166,535)	51,971,958
Less accumulated depreciation:				
Sanitation	(1,301,868)	(138,210)	105,944	(1,334,134)
Water	(4,713,830)	(393,039)	2,321	(5,104,548)
Wastewater	(10,594,876)	(928,243)	18,684	(11,504,435)
Golf Course	(821,294)	(46,797)	-	(868,091)
Total accumulated depreciation	(17,431,868)	(1,506,289)	126,949	(18,811,208)
Total capital assets, being depreciated, net	32,658,029	542,307	(39,586)	33,160,750
BUSINESS-TYPE ACTIVITIES CAPITAL				
ASSETS, NET	\$ 33,084,051	\$ 542,307	\$ (39,586)	33,586,772

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, 2015 are as follows:

Recipient	Repayment Terms	Amount
The Development Co.	Repayment to be made in FY 2016	\$ 30,500
Smith Family Properties	Receivable in monthly installments including interest through 2019.	19,069
Robertson Taylor, LLC	Receivable in monthly installments including interest through 2028.	107,078
Patriot Company	Receivable in monthly installments including interest through 2034.	234,868
Appible, LLC	Receivable in monthly installments including interest through 2017.	40,442
Clear Water Hackle	Receivable in monthly installments including interest through 2019.	42,605
The Development Co.	Terms of repayment not finalized. This was matching funds to create the USDA Rural Development IRP Revolving Loan Fund	<u>125,000</u>
		<u>\$ 599,562</u>

The Development Company is holding \$277,686 in an interest bearing account for the City, which is available for future revolving loan projects.

In fiscal year 2015 the City began discussing the \$30,500 loan being held in a reserve account for the ARTCO Day Care building with The Development Company and determined that we would divest from any fractional ownership in this investment in fiscal year 2016.

A loan for CS Nelson Enterprises (Mommy & Me) was written off in 2015 with the approval of the City Council in the amount of \$38,217.52. The business was closed and payments had not been received since May of 2014. The owners had liquidated all assets and we did not see the potential of receiving further payments through other legal action.

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, 2015, are based on the assessed values and tax revenues established in 2014.

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.

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 obtain one of the following requirements:

- 1) They 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.
- 2) They meet the age requirements of a PERSI Service Retirement.
- 3) The employee is terminated without cause.

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 obtain one of the three requirements identified above, 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, 2015, was as follows:

Description	Interest Rate	Fiscal Years	Balance
LID No. 35 Warrant 2008 (original amount - \$350,000)	5.5%	2016 to 2018	\$ 105,000
LID No. 36 Warrant 2009 (original amount - \$275,000)	4.5%	2016 to 2018	82,500
LID No. 38 Warrant 2008 (original amount - \$75,000)	5.5%	2016 to 2021	30,000
LID No. 40 Warrant 2012 (original amount - \$275,000)	4% to 5%	2016 to 2022	<u>192,500</u>
			<u>\$ 410,000</u>

10. WASTEWATER REVENUE BONDS PAYABLE

Wastewater Revenue Bonds outstanding at September 30, 2015, were as follows:

Wastewater Revenue Bonds - Series			
2010C (original amount \$10,000,000)	2% to 4%	2016 to 2025	<u>\$ 7,145,000</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 costs and the premium are being amortized over the life of the bond.

11. OBLIGATIONS UNDER CAPITAL LEASES

The City entered into an agreement to purchase equipment through a capital 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	\$ 43,250	\$ 10,750
	<u>\$ 43,250</u>	<u>\$ 10,750</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, 2015. There is no interest on this lease

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

12. CHANGES IN LONG-TERM OBLIGATIONS

A summary of long-term transactions of the City for the year ended September 30, 2015, is as follows:

	Long-Term Obligations September 30, 2014	Obligations Incurred	Obligations Paid	Long-Term Obligations September 30, 2015	Due Within One Year
Governmental activities:					
Local improvement district warrants payable (Note 9)	\$ 505,000	\$ -	\$ (95,000)	\$ 410,000	\$ 95,000
Accrued compensated absences (Note 6)	346,859	18,673		365,532	365,532
PERSI Net Pension Liability (See Notes)	1,345,754	1,034,989		2,380,743	
Governmental Activity Long-Term Liabilities	\$ 2,197,613	\$ 1,053,662	\$ (95,000)	\$ 3,156,275	\$ 460,532
Business-type activities:					
Accrued compensated absences (Note 6)	\$ 46,622	\$ 1,668	\$ (3,772)	\$ 44,518	44,518
Obligations under capital Lease (Note 11)	21,500		(10,750)	10,750	10,750
PERSI Net Pension Liability (See Notes)	366,863	273,640		640,503	
Wastewater revenue bonds payable (Note 10)	7,745,000	-	(600,000)	7,145,000	620,000
Business-type Activity Long-Term Liabilities	\$ 8,179,985	\$ 275,308	\$ (614,522)	\$ 7,840,771	\$ 675,268
Total Governmental and Business-type Activities Long-Term Liabilities	\$ 10,377,598	\$ 1,328,970	\$ (709,522)	\$ 10,997,046	\$ 1,135,800

13. BONDED DEBT REPAYMENT REQUIREMENTS

The annual requirements to amortize all bonded debt outstanding as of September 30, 2015, including interest, are as follows:

Year Ending September 30,	Local Improvement Warrants	Wastewater Revenue Bonds	Total
2016	115,625	867,350	982,975
2017	110,950	863,750	974,700
2018	106,138	864,700	970,838
2019	38,825	865,050	903,875
2020	37,175	864,800	901,975
Thereafter	64,400	4,326,700	4,391,100
Total Commitment	\$ 473,113	\$ 8,652,350	\$ 9,125,463
Interest Portion	\$ 63,113	\$ 1,507,350	\$ 1,570,463

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

14. RETIREMENT PLANS

Public Employee Retirement System of Idaho

Plan Description

The City contributes to the Base Plan and FRF, which are cost-sharing multiple-employer defined benefit pension plans administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies, and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plans. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan and FRF is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Employee membership data related to the System, as of June 30, 2015, was as follows:

	<u>Base Plan</u>	<u>FRF</u>
Retirees and beneficiaries currently receiving benefits	42,657	2
Terminated employees entitled to but not yet receiving benefits	11,859	-
Active plan members	<u>67,008</u>	<u>535</u>
	<u>121,524</u>	<u>537</u>

Pension Benefits

The Base Plan and FRF provide retirement, disability, death, and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointment officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan and FRF are calculated using a benefit formula adopted by the Idaho Legislature. The FRF cost of living increase is based on the increase in the statewide average firefighter's wage. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan and FRF are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees covered under the Base Plan are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2015, the employee contribution rate was 6.79% for

general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters of covered compensation. The City's contributions required and paid to the Base Plan were \$754,259 for the year ended September 30, 2015.

The total FRF employer contribution rate through December 31, 2014 was 28.90%. This includes the employer excess class D Rate of 17.24% plus the PERSI class 2 firefighters rate of 11.66%. As of January 1, 2015, the total employer rate was reduced to 16.66% which includes the lower employer excess class D rate of 5% plus the PERSI class 2 firefighters rate of 11.66%. The City's contributions to FRF were \$41,203 for the year ended September 30, 2015.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015, the City reported a liability for its proportionate share of the net pension liability of the Base Plan and an asset for its proportionate share of the net pension asset of FRF. The net pension asset of FRF and net pension liability of the Base Plan were measured as of July 1, 2015, and the total pension liability used to calculate the net pension asset/liability were determined by an actuarial valuation as of that date. The City's proportion of the net pension liability of the Base Plan was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2015, the City's proportion was .2354998 percent. The City's proportion of the net pension asset of FRF was based on the City's share of contributions in the FRF pension plan relative to the total contributions of all participating FRF employers. At July 1, 2015, the City's proportion was .3367268 percent.

For the year ended September 30, 2015, the City recognized pension expense (revenue) of:

PERSI Base Plan:	\$(134,489)
PERSI FRF:	\$(109,430)

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the Base Plan pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 1,141,309	\$ 1,628,524
Changes in assumptions or other inputs	112,939	-
Net difference between projected and actual earnings on pension plan investments	-	371,761
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	97,713
Employer contributions subsequent to the measurement date	190,930	-
Total	\$ 1,445,178	\$ 2,097,998

\$190,930 reported as deferred outflows of resources related to Base Plan pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2015, the beginning of the measurement period ended June 30, 2015, is 5.6 years.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the FRF pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 76,463	\$ 109,470
Changes in assumptions or other inputs	3,567	-
Net difference between projected and actual earnings on pension plan investments	-	11,742
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	3,499
Employer contributions subsequent to the measurement date	10,757	-
Total	\$ 90,787	\$ 124,711

\$10,757 reported as deferred outflows of resources related to FRF pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2015, the beginning of the measurement period ended June 30, 2015, is 1 year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Fiscal Year		Base Plan		FRF
2016		\$ (318,113)		\$ (9,449)
2017		(318,113)		(9,449)
2018		(318,113)		(9,449)
2019		2,279,742		10,332
2020		(225,933)		

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322. Idaho Code, is 25 years. Unfunded actuarial accrued liability for FRF is the difference between the actuarial present value of the FRF benefits not provided by the Base Plan and the FRF assets. Currently FRF assets exceed this actuarial present value; therefore there is not an unfunded liability to amortize at this time. The maximum amortization period for FRF permitted under Section 59-1394. Idaho Code, is 50 years.

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Base Plan</u>	<u>FRF</u>
Inflation	3.25%	3.25%
Salary increases	4.25 - 10.25%	3.75%
Salary inflation	3.75%	3.75%
Investment rate of return	7.10% *	7.10% *
Cost-of-living adjustments	1.00%	3.75%

*net of investment expenses

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability (Asset) as of June 30, 2015 is based on the results of an actuarial valuation date of July 1, 2015.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2014.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000/Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long-Term Expected Rate of Return, Net of Investment Expenses			7.10%

*Arithmetic return

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	Base Plan		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$7,553,273	\$3,101,149	\$(600,201)
	FRF		
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$ 70,348	\$181,868	\$275,871

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

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 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.

The City's total 2015 fiscal year payroll for all employees was \$7,790,501 of which \$4,369,794 was for covered payroll for employees who were members of the Plan. Employer and employee contributions to the Plan were 2.59% and 4.94% respectively, of covered payroll. Total contributions to the Plan for the fiscal year by the City and the employees were \$113,254 and \$215,763 respectively. The Plan had \$4,247,251 in net assets at September 30, 2015.

15. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

The City expenditures exceeded the budgeted amounts in the following funds during the year ended September 30, 2015:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Amount Exceeded</u>
Recreation Programs Fund	180,600	187,244	\$ 6,644
Police Impact Fee Fund	258,200	303,440	\$ 45,240
Fire Impact Fee Fund	80,100	99,400	\$ 19,300
Revolving Loan Fund	18,000	45,465	\$ 27,465
Street Impact Fee Fund	200,000	670,876	\$ 470,876
Romance Theatre Fund	76,800	77,361	\$ 561
Mayor's Youth Advisory Board	3,500	4,035	\$ 535
Airport Operations Fund	20,100	47,288	\$ 27,188
LID 44 Debt Service Fund	30,000	107,712	\$ 77,712
Rexburg Cultural Arts Fund	86,200	119,822	\$ 33,622

The following individual funds had fund deficits on September 30, 2015:

Orchestra Fund--There is a fund deficit of \$5,028. 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 \$182,714 that was created from the purchase of the old street shop to be used as a police storage facility building and training area. The City expects to eliminate this deficit as police impact fees are received.

DARE Fund--There is a fund deficit of \$932. The City expects to eliminate this deficit with future revenues and transfers from other funds.

Airport Operation Fund – There is a fund deficit of \$23,902. Much of this deficit was created from the purchase and equipment repair of a used truck to provide snow maintenance. The City expects to eliminate this through program revenues, city fund transfers from the general fund, and contributions from Madison County.

LID Debt Service Fund-- There is a fund deficit of \$181,152. 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 \$3,124. The City expects to eliminate this deficit with future sponsor donation revenues and transfers from the General Fund.

North 2nd East Construction Fund--There is a fund deficit of \$397,567. The City expects to eliminate this deficit with revenues from the Rexburg Urban Renewal Agency and transfers from other capital reserve accounts.

Golf Course Construction Fund-- There is a fund deficit of \$628,293. The City expects to reduce/eliminate this deficit from transfers each year from the golf operations fund, the general fund, and contributions from Madison County. Although the loan is guaranteed 50% by the City, thru the Revolving Loan Fund, and 50% by Madison County, the actual loan is shown on the financials as due to the utility funds.

16. COMPONENT UNIT – REXBURG URBAN RENEWAL AGENCY

Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Generally Accepted Accounting Principles. The basic, but not the only, criterion for including a potential component within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability

for fiscal matters. Other criteria used to evaluate potential component units for inclusion or exclusion from the reporting entity include the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of the component units addressed in defining the government's reporting entity.

Included with the reporting entity:

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

Cash and Investments – The component unit had total cash and investment balances of \$2,713,136, broken down as follows:

Wells Fargo bank deposits of \$35,198, covered by FDIC insurance up to \$250,000.

US Bank CD Deposits of \$272,227 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 \$2,372,428 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, 2015 were as follows:

Description	Interest Rate	Fiscal Years	September 30, 2015 Balance
Revenue Allocation Bonds	3.17%		
Series 2010, Dated June 2, 2010 (original amount - \$ 4,656,000)	to 4.06%	2016 to 2022	\$ 3,138,000

Year Ending September 30,	Revenue Allocation Bonds Principle and Interest
2016	525,619
2017	517,261
2018	530,738
2019	533,688
2020	537,477
Thereafter	1,083,646
Total Commitment	\$ 3,728,429
Interest Portion	\$ 590,429

17. INTERFUND TRANSACTIONS

Transfers between funds during the year were as follows:

Governmental:	Operating Transfers Out	Operating Transfers In
General Fund	\$ 2,013,372	\$ 283
Street Fund (02, 43, 44)	\$ 782,619	\$ 670,876
Recreation Fund	-	49,635
Tabernacle Fund	-	51,439
Rexburg Orchesta Fund	-	7,500
Police Impact Fee Fund	3,440	-
Police DARE Fund	-	7,500
Police Drug Enforcement Fund	-	17,777
Police Animal Control Fund	-	96,295
Emergency Services Fund	-	1,411,233
Joint Fire Equipment Fund	-	150,000
Madison County Fire District Fund	1,185,398	-
Fire Impact Fee Fund	99,400	-
Rexburg Rapids Operations Fund	-	50,000
Legacy Flight Museum Fund	-	9,971
Community Development Fund	-	215,658
New Shop Building Fund	-	650,000
Fire Station Construction Fund	-	737,412
Street Impact Fee Fund	670,876	-
Arts Promulgation Fund	33,766	-
ESD Paramedic Unit Fund	120,000	-
Parks Impact Fee Fund	96,643	-
Madison Trails Committee Fund	-	93
Romance Theatre Fund	-	56,162
Riverside Park Construction Fund	-	96,550
Mayors Youth Advisory Board	-	3,500
Airport Construction Fund	-	32,919
Airport Relocation Reserve Fund	-	185,000
LID Construction Funds	-	660,674
LID Debt Service Funds	258,714	30,659
Rexburg Cultural Arts Fund	-	68,375
MEPI Fiber Optic Fund	283	-
EIBC Fund	-	5,000
	<u>\$ 5,264,511</u>	<u>\$ 5,264,511</u>

The General Fund transfers cash to cover deficits in the Tabernacle Fund, Rexburg Orchestra Fund, Police Animal Control Fund, the Airport Construction Fund, the Mayors Youth Advisory Board Fund, the Recreation Programs Fund, Romance Theatre Fund, the Dare Fund, and the Community Development Fund to cover the costs associated with Planning and Zoning. 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, 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. Beginning in 2015, the City transferred \$185,000 into the Airport Relocation Reserve Fund and may transfer this amount back to the general fund if a decision is made in the future not to relocate the Airport after reviewing the relocation study findings. The City intends to continue to transfer some amount from the General Fund to the Airport Relocation Reserve Fund each year until a decision is made as to proceed or not proceed with the relocation. In 2015 the City also transferred one time amounts of \$32,010 to the Fire Station Construction Fund for the 2nd Story addition and \$300,000 to the New Shop Building Fund.

Street Fund transfers cash to cover street expenses in the LID funds. In 2015 this fund also transferred \$350,000 to the New Shop Building Fund

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. A transfer in 2015 of \$526,000 from this fund was also made to the Fire Station Construction Fund for their share of the costs for the 2nd story addition project.

The ESD Paramedic Care Unit Fund transferred \$120,000 to the Fire Station Construction 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.

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, 2015:

	Due From <u>Other Funds</u>	Due To <u>Other Funds</u>
Primary Government:		
General Fund*	\$ 2,014,815	\$ -
Emergency Services Fund	-	73,749
Rexburg Orchestra Fund	-	4,615
Police Impact Fee Fund	-	182,714
Police Small Grants Fund		11,833
Geographic Information Systems Fund	-	36,335
Fire Station Construction Fund		130,155
ESD Paramedic Care Unit Fund	-	278,986
Riverside Park Construction Fund	-	449,211
Airport Operation Fund	-	23,205
Airport Construction Fund	-	195,899
LID Debt Service Funds	-	225,533
EIBC Fund	-	5,624
North 2nd East Construction Fund		396,956
Utility Fund	595,863	-
Golf Course Fund	-	595,863
	<u>\$ 2,610,678</u>	<u>\$ 2,610,678</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. Investors in those bonds rely solely on the revenue generated by the individual activities for repayment. Beginning in 2015, the City separated 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. Summary financial information for each department is presented below as of September 30, 2015.

	Sanitation Department	Water Department	Wastewater Department	Total
CONDENSED STATEMENT OF NET POSITION				
Assets:				
Current assets	\$ 497,830	\$ 7,108,156	\$ 7,708,378	15,314,364
Capital assets	1,250,310	9,231,487	21,737,160	32,218,957
Total assets	1,748,140	16,339,643	29,445,538	47,533,321
Deferred Outflows of Resources	56,487	78,074	149,006	283,567
Total Assets and Deferred Outflows of Resources	1,804,627	16,417,717	29,594,544	47,816,888
Liabilities:				
Current liabilities	90,640	253,374	713,497	1,057,511
Noncurrent liabilities	126,086	173,566	6,865,851	7,165,503
Total Liabilities	216,726	426,940	7,579,348	8,223,014
Deferred Inflows of Resources				
Bond issue premium, net of amortization			196,099	196,099
Deferred Inflows of Resources	85,301	117,421	230,594	433,316
Total Deferred Inflows of Resources	85,301	117,421	426,693	629,415
Total Liabilities and Deferred Inflows of Resources	302,027	544,361	8,006,041	8,852,429
Net Position:				
Invested in capital assets, net of related debt	1,250,310	9,231,487	14,387,252	24,869,049
Restricted for Capital Projects	-	1,354,306	3,466,743	4,821,049
Restricted for Operations	252,290	5,287,563	3,734,508	9,274,361
Total Net Position	1,502,600	15,873,356	21,588,503	38,964,459

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Operating revenues	\$ 1,869,084	\$ 2,347,642	\$ 4,028,136	8,244,862
Depreciation expense	(138,209)	(393,038)	(928,244)	(1,459,491)
Other operating expenses	(1,571,612)	(1,553,585)	(2,120,201)	(5,245,398)
Operating income	159,263	401,019	979,691	1,539,973
Nonoperating revenues (expenses):				
Sale of Capacity and Contributions	-	253,701	790,092	1,043,793
Investment income	7,935	17,979	36,880	62,794
Interest expense	-	-	(245,000)	(245,000)
Disposal of assets	(25,008)	(1,800)	351	(26,457)
Capital contributions	-	-	-	-
Change in Net Position	142,190	670,899	1,562,014	2,375,103
Beginning Net Position	1,360,411	15,202,459	20,026,486	36,589,356
Ending Net Position	\$ 1,502,601	\$ 15,873,358	\$ 21,588,500	\$ 38,964,459

CONDENSED STATEMENT OF CASH FLOWS

Net cash provided (used) by:				
Operating activities	\$ 120,173	\$ 814,137	\$ 1,958,761	2,893,071
Noncapital financing activities	-	-	(42,438)	(42,438)
Capital and related financing activities	(280,378)	(280,846)	(1,196,521)	(1,757,745)
Investing activities	7,935	17,979	36,880	62,794
Net increase (decrease) in Cash	\$ (152,270)	\$ 551,270	\$ 756,682	1,155,682

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 \$78,396 for the year ended September 30, 2015. Future Lease income is expected to be \$78,396 for 2016.

20. FUND BALANCES

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

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

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

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

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

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

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

Detail of constraints on fund balances of governmental funds:

09/30/15

	Major Revenue Funds				Non-Major Funds	Total	Capital Projects
	General	Streets	Emergency Services	Revolving Loan			
Fund Balances:							
Nonspendable:							
Inventory	\$ 5,519	\$ -	\$ -	\$ -	\$ -	\$ 5,519	
Prepays	-	-	-	-	-	-	
Restricted for:							
Streets	-	1,346,716	-	-	-	1,346,716	\$ 1,346,716
Emergency Services	-	-	-	-	-	-	
Police Impact	-	-	-	-	(182,714)	(182,714)	\$ (182,714)
DARE	-	-	-	-	(932)	(932)	
Police Drug Enforcement	-	-	-	-	20,011	20,011	
Police Small Grants	-	-	-	-	2,531	2,531	
Joint Fire Equipment	-	-	-	-	302,928	302,928	\$ 302,928
Madison County Fire Prot. District	-	-	-	-	546,845	546,845	
Fire Impact	-	-	-	-	10,127	10,127	\$ 10,127
ESD Rexburg Employees	-	-	-	-	38,339	38,339	
Shop Building Construction	-	-	-	-	851,110	851,110	\$ 851,110
Madison Fire Dept. Station	-	-	-	-	27,791	27,791	\$ 27,791
Street Impact	-	-	-	-	-	-	\$ -
ESD Paramedic Care	-	-	-	-	78,654	78,654	
Parks Impact	-	-	-	-	839,000	839,000	\$ 839,000
Trails of Madison County	-	-	-	-	-	-	\$ -
Riverside Park Construction	-	-	-	-	-	-	\$ -
Airport Operations	-	-	-	-	(23,902)	(23,902)	
Airport Construction	-	-	-	-	18,863	18,863	\$ 18,863
Airport Reserve	-	-	-	-	185,000	185,000	\$ 185,000
LID Construction	-	-	-	-	-	-	\$ -
LID Debt Service	-	-	-	-	(181,152)	(181,152)	
2nd East Construction	-	-	-	-	(397,567)	(397,567)	\$ (397,567)
MEPI Fiber Initiative Fund	-	-	-	-	-	-	
Veterans Memorial	-	-	-	-	5,510	5,510	\$ 5,510
Shop with a Cop	-	-	-	-	19,991	19,991	
ESD Pipes and Drums	-	-	-	-	5,200	5,200	
Committed to:							
Stabilization	2,581,950	-	-	-	-	2,581,950	
Revolving Loans	-	-	-	1,256,078	-	1,256,078	
Recreation	-	-	-	-	-	-	
Tabernacle	-	-	-	-	-	-	\$ -
Orchestra	-	-	-	-	(5,028)	(5,028)	
Police Animal Control	-	-	-	-	-	-	
Aquatic Center Operations	-	-	-	-	192,313	192,313	
Community Development	-	-	-	-	876,218	876,218	
GIS	-	-	-	-	-	-	
Legacy Flight Museum	-	-	-	-	49,989	49,989	
Arts Promulgation	-	-	-	-	73,458	73,458	
Romance Theatre	-	-	-	-	-	-	\$ -
Mayors Youth Advisory	-	-	-	-	3,283	3,283	
Rexburg Cultural Arts	-	-	-	-	-	-	
Eastern Idaho Business Comp.	-	-	-	-	(3,124)	(3,124)	
Community Safety Lighting	-	-	-	-	154,951	154,951	\$ 154,951
Assigned to:							
Unassigned:	681,372	-	-	-	-	681,372	
Total Fund Balances	\$ 3,268,841	\$ 1,346,716	\$ -	\$ 1,256,078	\$ 3,507,693	\$ 9,379,328	\$ 3,161,715

	Major Revenue Funds				Non-Major Funds	Total	Capital Projects
	General	Streets	Emergency Services	Revolving Loan			
Fund Balances:							
Nonspendable	\$ 5,519	\$ -	\$ -	\$ -	\$ -	5,519	\$ -
Restricted	\$ -	\$ 1,346,716	\$ -	\$ -	\$ 2,165,633	3,512,349	\$ 3,006,764
Committed	\$ 2,581,950	\$ -	\$ -	\$ 1,256,078	\$ 1,342,060	5,180,088	\$ 154,951
Assigned	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
Unassigned	\$ 681,372	\$ -	\$ -	\$ -	\$ -	681,372	\$ -
Total Fund Balances	\$ 3,268,841	\$ 1,346,716	\$ -	\$ 1,256,078	\$ 3,507,693	9,379,328	\$ 3,161,715

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 15 for the funds that had negative fund balances.

22. PRIOR PERIOD ADJUSTMENT

Below is a summary of the balances on the statement of net position affected by the prior period adjustment:

	Governmental Activities		
	Previously Reported	Change	Restated
Deferred outflows of resources	\$ -	\$ 302,219	\$ 302,219
Deferred inflows of resources	-	2,090,507	2,090,507
Net pension liability	-	1,345,756	1,345,756
Net Position	52,430,790	(3,134,044)	49,296,746

	Business-Type Activities - Utility Funds		
	Previously Reported	Change	Restated
Deferred outflows of resources	\$ -	\$ 54,024	\$ 54,024
Deferred inflows of resources	215,709	505,030	720,739
Net pension liability	-	366,862	366,862
Net Position	38,131,809	(817,868)	37,313,941

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF REXBURG, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended September 30, 2015

	Original Budget Amount	Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 5,013,600	\$ 5,013,600	\$ 5,086,860	\$ 73,260
Grants & Contributions	646,000	651,000	639,016	(11,984)
Fees & Charges	3,795,600	3,943,200	3,889,378	(53,822)
Interest Earned	130,600	130,600	138,428	7,828
Miscellaneous	742,000	451,600	600,062	148,462
TOTAL REVENUES	10,327,800	10,190,000	10,353,744	163,744
EXPENDITURES:				
General and Administrative Operations	3,236,600	3,244,000	3,142,658	101,342
Public Safety Operations	3,758,000	3,793,200	3,685,725	107,475
Parks and Recreation	721,900	764,000	753,404	10,596
Capital Improvements	738,600	521,300	415,809	105,491
Transfers	1,669,000	1,791,500	2,013,372	(221,872)
Contingency	203,700	76,000	-	76,000
TOTAL EXPENDITURES	10,327,800	10,190,000	10,010,968	179,032
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	342,776	342,776
FUND BALANCE AT BEGINNING OF YEAR	-	-	2,926,065	2,926,065
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 3,268,841	\$ 3,268,841

See Independent Auditor's Report

CITY OF REXBURG, IDAHO
BUDGETARY COMPARISON SCHEDULE
STREET FUND

Year Ended September 30, 2015

	Original Budget Amount	Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 1,556,200	\$ 1,742,600	\$ 1,846,365	\$ 103,765
Grants & Contributions	2,035,000	\$ 2,395,000	294,050	(2,100,950)
Fees & Charges	1,069,800	1,069,800	1,103,426	33,626
Interest Earned	-	-	-	-
Miscellaneous	26,000	490,000	38,800	(451,200)
Transfers In -Internal	556,300	556,300	656,360	100,060
Transfers in from Other Funds	200,000	200,000	670,876	470,876
Fund Balance Carryover	988,400	988,400	-	(988,400)
TOTAL REVENUES	6,431,700	7,442,100	- 4,609,877	(2,832,223)
EXPENDITURES:				
Street Maintenance	3,138,700	2,238,000	1,533,035	704,965
Capital Improvements	2,595,000	3,472,800	1,393,804	2,078,996
Contingency	128,200	581,500	-	581,500
Transfers Out-Internal	556,300	636,300	656,360	(20,060)
Transfers to Other Street Projects	13,500	513,500	782,619	(269,119)
TOTAL EXPENDITURES	6,431,700	7,442,100	4,365,818	3,076,282
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	244,059	244,059
FUND BALANCE AT BEGINNING OF YEAR	-	-	1,102,657	1,102,657
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 1,346,716	\$ 1,346,716

See Independent Auditor's Report

CITY OF REXBURG, IDAHO
BUDGETARY COMPARISON SCHEDULE
EMERGENCY SERVICES FUND
Year Ended September 30, 2015

	Original Budget Amount	Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:				
Grants & Contributions	1,501,400	\$ 1,463,000	1,331,234	(131,766)
Fees & Charges	-	-	44,124	44,124
Miscellaneous	36,500	36,500	9,843	(26,657)
Transfers in from Other Funds	1,483,300	1,483,300	1,411,233	(72,067)
TOTAL REVENUES	3,021,200	2,982,800	2,796,434	(186,366)
EXPENDITURES:				
Public Safety Operations	2,612,800	2,574,400	2,535,540	38,860
Capital Improvements	408,400	408,400	260,894	147,506
TOTAL EXPENDITURES	3,021,200	2,982,800	2,796,434	186,366
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, 2015

	Original Budget Amount	Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:				
Interest Earned	\$ 18,000	\$ 18,000	\$ 22,357	\$ 4,357
Fund Balance Carryover	-	-	-	-
Fees & Charges	-	-	-	-
TOTAL REVENUES	18,000	18,000	22,357	4,357
EXPENDITURES:				
General and Administrative	\$ 18,000	\$ 18,000	7,249	10,751
Contingency	-	-	-	-
Bad Debt Writeoff	-	-	38,217	(38,217)
Transfers	-	-	-	-
TOTAL EXPENDITURES	18,000	18,000	45,466	(27,466)
EXCESS OF REVENUES OVER EXPENDITURES	-	-	(23,109)	(23,109)
FUND BALANCE AT BEGINNING OF YEAR	-	-	1,279,187	1,279,187
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 1,256,078	\$ 1,256,078

See Independent Auditor's Report

CITY OF REXBURG, IDAHO
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
PERSI BASE PLAN - LAST 10 FISCAL YEARS*

	2015	
	Base Plan	FRF
Employer's Portion of net the pension liability	1.326%	11.398%
Employer's proportionate share of the net pension liability (asset)	\$ 17,464,709	\$ (6,156,281)
Employer's covered-employee payroll	\$ 37,181,721	\$ 7,607,246
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	46.97%	-80.93%
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.38%	118.08%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Data reported is measured as of September 30, 2015 (measurement date)

CITY OF REXBURG, IDAHO
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERSI BASE PLAN - LAST 10 FISCAL YEARS*

	2015	
	Base Plan	FRF
Statutorily required contribution	\$ 4,338,228	\$ -
Contributions in relation to the statutorily required contribution	4,256,266	673,565
Contribution (deficiency) excess	(81,962)	673,565
Employer's covered-employee payroll	37,181,721	7,607,246
Contributions as a percentage of covered-employee payroll	11.45%	8.85%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Data reported is measured as of September 30, 2015 (measurement date)

OTHER SUPPLEMENTARY INFORMATION

CITY OF REXBURG, IDAHO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

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	\$ 5,190	\$ 2,773	\$ -	\$ -	\$ 6,760	\$ 20,011	\$ -
Receivables	1,048	783	-	-	-	-	14,518
TOTAL ASSETS	\$ 6,238	\$ 3,556	\$ -	\$ -	\$ 6,760	\$ 20,011	\$ 14,518
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts Payable	\$ 4,882	\$ 3,406	\$ 413	\$ -	\$ 7,692	\$ -	\$ 154
Due to Other Funds	-	-	4,615	182,714	-	-	11,833
Other	-	150	-	-	-	-	-
TOTAL LIABILITIES	4,882	3,556	5,028	182,714	7,692	-	11,987
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenues	1,356	-	-	-	-	-	-
FUND BALANCES (DEFICIT):							
Restricted	-	-	-	(182,714)	(932)	20,011	2,531
Committed	-	-	(5,028)	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	-	-	(5,028)	(182,714)	(932)	20,011	2,531
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,238	\$ 3,556	\$ -	\$ -	\$ 6,760	\$ 20,011	\$ 14,518

14	18	19	20	21	23	24	28	31	29
Police Animal Control Fund	Joint Fire Equipment Fund	Madison County Fire Protection District Fund	Fire Impact Fee Fund	ESD Rexburg Employee Fund	Rexburg Rapid Operations Fund	Legacy Flight Museum Fund	Community Development Fund	Street Shop uilding Const Fund	Geographic Information Systems Fund
\$ 3,320	\$ 244,167	\$ 846,696	\$ 10,127	\$ 38,339	\$ 203,204	\$ 49,721	\$ 787,065	\$ 950,774	\$ -
445	69,160	22,904	-	-	627	1,178	96,000	-	45,015
\$ 3,765	\$ 313,327	\$ 869,600	\$ 10,127	\$ 38,339	\$ 203,831	\$ 50,899	\$ 883,065	\$ 950,774	\$ 45,015
\$ 3,765	\$ 10,399	\$ 299,851	\$ -	\$ -	\$ 11,518	\$ 910	\$ 5,836	\$ 99,664	\$ 8,680
-	-	-	-	-	-	-	-	-	36,335
-	-	-	-	-	-	-	1,011	-	-
3,765	10,399	299,851	-	-	11,518	910	6,847	99,664	45,015
-	-	22,904	-	-	-	-	-	-	-
-	302,928	546,845	10,127	38,339	-	-	-	851,110	-
-	-	-	-	-	192,313	49,989	876,218	-	-
-	-	-	-	-	-	-	-	-	-
-	302,928	546,845	10,127	38,339	192,313	49,989	876,218	851,110	-
\$ 3,765	\$ 313,327	\$ 869,600	\$ 10,127	\$ 38,339	\$ 203,831	\$ 50,899	\$ 883,065	\$ 950,774	\$ 45,015

CITY OF REXBURG, IDAHO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

Fund Number	32	33	36	37	38	39	40
	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
ASSETS							
Cash and Short Term Investments	\$ -	\$ -	\$ 73,458	\$ -	\$ 825,103	\$ -	\$ 1,389
Receivables	313,000	-	-	369,181	25,000	-	470
TOTAL ASSETS	\$ 313,000	\$ -	\$ 73,458	\$ 369,181	\$ 850,103	\$ -	\$ 1,859
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts Payable	\$ 155,054	\$ -	\$ -	\$ 11,541	\$ 11,103	\$ -	\$ 1,559
Due to Other Funds	130,155	-	-	278,986	-	-	-
Other	-	-	-	-	-	-	300
TOTAL LIABILITIES	285,209	-	-	290,527	11,103	-	1,859
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenues	-	-	-	-	-	-	-
FUND BALANCES (DEFICIT):							
Restricted	27,791	-	-	78,654	839,000	-	-
Committed	-	-	73,458	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	27,791	-	73,458	78,654	839,000	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 313,000	\$ -	\$ 73,458	\$ 369,181	\$ 850,103	\$ -	\$ 1,859

41 Riverside Park Fund	45 Mayor's Youth Advisory Board Fund	47 Airport Operation Fund	48 Airport Construction Fund	49 Airport Reserve Fund	53-58 LID Construction Funds	59-79 LID Debt Service Funds	81 Rexburg Cultural Arts Fund	82 Fiber Initiative Fund	83 Eastern Idaho Business Competition Fund
\$ -	\$ 3,380	\$ -	\$ -	\$ 185,000	\$ 37,182	\$ -	\$ 679	\$ -	\$ -
581,647	-	766	590,064	-	-	826,041	-	-	2,500
\$ 581,647	\$ 3,380	\$ 766	\$ 590,064	\$ 185,000	\$ 37,182	\$ 826,041	\$ 679	\$ -	\$ 2,500
\$ 132,436 449,211 -	\$ 97 -	\$ 91 23,205 -	\$ 375,302 195,899	\$ - -	\$ 37,182 -	\$ 25,487 225,533 -	\$ 534 -	\$ -	\$ - 5,624 -
581,647	97	23,296	571,201	-	37,182	251,020	534	-	5,624
-	-	1,372	-	-	-	756,173	145	-	-
-	-	(23,902)	18,863	185,000	-	(181,152)	-	-	-
-	3,283	-	-	-	-	-	-	-	(3,124)
-	3,283	(23,902)	18,863	185,000	-	(181,152)	-	-	(3,124)
\$ 581,647	\$ 3,380	\$ 766	\$ 590,064	\$ 185,000	\$ 37,182	\$ 826,041	\$ 679	\$ -	\$ 2,500

See Independent Auditor's Report

CITY OF REXBURG, IDAHO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

Fund Number	84 North 2nd East Construc- tion Fund	85 Community Safety Lighting Fund	90 Veterans Memorial Fund	91 Shop with a Cop Fund	93 ESD Pipes & Drums Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash and Short Term Investments	\$ -	\$ 161,109	\$ 5,693	\$ 20,153	\$ 5,200	\$ 4,486,493
Receivables		3	-	-	-	2,960,350
TOTAL ASSETS	\$ -	\$ 161,112	\$ 5,693	\$ 20,153	\$ 5,200	\$ 7,446,843
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts Payable	\$ 611	\$ 6,161	\$ 183	\$ 162	\$ -	\$ 1,214,673
Due to Other Funds	396,956	-	-	-	-	1,941,066
Other		-	-	-	-	1,461
TOTAL LIABILITIES	397,567	6,161	183	162	-	3,157,200
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues		-	-	-	-	781,950
FUND BALANCES (DEFICIT):						
Restricted		-	5,510	19,991	5,200	2,563,200
Committed	(397,567)	154,951	-	-	-	944,493
Unassigned		-	-	-	-	-
Total Fund Balances	(397,567)	154,951	5,510	19,991	5,200	- 3,507,693
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 161,112	\$ 5,693	\$ 20,153	\$ 5,200	\$ - \$ 7,446,843

CITY OF REXBURG, IDAHO
**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

	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	211	436	456	-	12,200	-	53,361
Fees and Charges	137,398	16,431	-	120,896	-	-	-
Interest Earned	-	-	-	31	-	-	-
Miscellaneous	-	-	-	-	-	445	-
TOTAL REVENUES	137,609	16,867	456	120,927	12,200	445	53,361
EXPENDITURES:							
General and Administrative	-	-	-	-	-	-	-
Public Safety	-	-	-	-	15,558	1,213	39,486
Parks and Recreation and Arts	187,244	62,917	7,388	-	-	-	-
Streets	-	-	-	-	-	-	-
Interest on Debt	-	-	-	-	-	-	-
Principal on Debt	-	-	-	-	-	-	-
Capital Improvements	-	5,389	-	300,000	-	-	14,439
TOTAL EXPENDITURES	187,244	68,306	7,388	300,000	15,558	1,213	53,925
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(49,635)	(51,439)	(6,932)	(179,073)	(3,358)	(768)	(564)
OTHER FINANCING SOURCES (USES):							
Proceeds from Borrowing	-	-	-	-	-	-	-
Transfers In	49,635	51,439	7,500	-	7,500	17,777	-
Transfers Out	-	-	-	(3,440)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	49,635	51,439	7,500	(3,440)	7,500	17,777	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	568	(182,513)	4,142	17,009	(564)
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	-	-	(5,596)	(201)	(5,074)	3,002	3,095
FUND BALANCES (DEFICITS) AT END OF YEAR	\$ -	\$ -	\$ (5,028)	\$ (182,714)	\$ (932)	\$ 20,011	\$ 2,531

See Independent Auditor's Report

14	18	19	20	21	23	24	28	29
Police Animal Control Fund	Joint Fire Equipment Fund	Madison County Fire Protection District Fund	Fire Impact Fee Fund	ESD Rexburg Employee Fund	Rexburg Rapids Operations Fund	Legacy Flight Museum Fund	Community Development Fund	Geographic Information Systems Fund
\$ -	\$ -	\$ 688,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,205	1,031	-	-	-	1,300	135,011	-	374,748
21,793	69,859	-	54,438	16,936	372,145	19,605	846,935	35
-	611	1,472	57	37	160	23	-	-
-	-	6,148	-	-	-	-	-	-
22,998	71,501	695,736	54,495	16,973	373,605	154,639	846,935	374,783
-	-	-	-	-	-	-	842,601	371,543
115,853	-	3,589	-	13,115	-	-	-	-
-	-	-	-	-	397,385	49,935	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,440	35,974	-	-	-	6,590	114,300	104,267	3,240
119,293	35,974	3,589	-	13,115	403,975	164,235	946,868	374,783
(96,295)	35,527	692,147	54,495	3,858	(30,370)	(9,596)	(99,933)	-
-	-	-	-	-	-	-	-	-
96,295	150,000	-	-	-	50,000	9,971	215,658	-
-	-	(1,185,398)	(99,400)	-	-	-	-	-
96,295	150,000	(1,185,398)	(99,400)	-	50,000	9,971	215,658	-
-	185,527	(493,251)	(44,905)	3,858	19,630	375	115,725	-
-	117,401	1,040,096	55,032	34,481	172,683	49,614	760,493	-
\$ -	\$ 302,928	\$ 546,845	\$ 10,127	\$ 38,339	\$ 192,313	\$ 49,989	\$ 876,218	\$ -

CITY OF REXBURG, IDAHO
**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

	31	32	33	36	37	38
	Street Shop Building Const Fund	Main Fire Station Addn Fund	Street Impact Fee Fund	Arts Promulgation Fund	ESD Paramedic Care Unit Fund	Parks Impact Fee Fund
REVENUES:						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and Contributions	350,000	1,321,659	-	-	-	-
Fees and Charges	-	-	670,876	26,885	369,235	187,051
Interest Earned	-	-	-	-	-	752
Miscellaneous	-	-	-	-	-	-
	350,000	1,321,659	670,876	26,885	369,235	187,803
EXPENDITURES:						
General and Administrative	-	-	-	-	-	-
Public Safety	-	-	-	-	333,497	-
Parks and Recreation and Arts	-	-	-	-	-	3,818
Streets	-	-	-	-	-	-
Interest on Bonds and Other Debt	-	-	-	-	-	3,191
Principal on Bonds and Other Debt	-	-	-	-	-	-
Capital Improvements	148,890	1,902,365	-	-	-	181,636
TOTAL EXPENDITURES	148,890	1,902,365	-	-	333,497	188,645
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	201,110	(580,706)	670,876	26,885	35,738	(842)
OTHER FINANCING SOURCES (USES):						
Proceeds from Borrowing	-	-	-	-	-	-
Transfers In	650,000	737,412	-	-	-	-
Transfers Out	-	-	(670,876)	(33,766)	(120,000)	(96,643)
TOTAL OTHER FINANCING SOURCES (USES)	650,000	737,412	(670,876)	(33,766)	(120,000)	(96,643)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	851,110	156,706	-	(6,881)	(84,262)	(97,485)
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	-	(128,915)	-	80,339	162,916	936,485
FUND BALANCES (DEFICITS) AT END OF YEAR	\$ 851,110	\$ 27,791	\$ -	\$ 73,458	\$ 78,654	\$ 839,000

39	40	41	45	47	48	49	53-58	59-79	81
Trails of Madison County Fund	Romance Theatre Fund	Riverside Park Fund	Mayor's Youth Advisory Board Fund	Airport Operation Fund	Airport Construction Fund	Airport Reserve Fund	LID Construction Funds	LID Debt Service Funds	Rexburg Cultural Arts Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	5,000	581,649	-	-	839,684	-	203,223	-	-
-	16,197	-	809	31,487	-	-	-	241,200	51,446
-	-	-	-	-	-	-	-	54,117	-
-	-	-	-	-	-	-	-	-	-
-	21,197	581,649	809	31,487	839,684	-	203,223	295,317	51,446
-	-	-	3,718	31,778	-	-	369,967	-	-
-	-	-	-	-	-	-	-	-	-
93	49,915	-	-	-	-	-	-	-	119,821
-	-	-	-	-	-	-	-	-	-
-	-	-	-	25	178	-	-	25,300	-
-	-	-	-	-	-	-	-	95,000	-
-	27,444	757,179	-	15,500	878,498	-	392,836	-	-
93	77,359	757,179	3,718	47,303	878,676	-	762,803	120,300	119,821
(93)	(56,162)	(175,530)	(2,909)	(15,816)	(38,992)	-	(559,580)	175,017	(68,375)
-	-	-	-	-	-	-	-	-	-
93	56,162	96,550	3,500	-	32,919	185,000	660,674	30,659	68,375
-	-	-	-	-	-	-	-	(258,714)	-
93	56,162	96,550	3,500	-	32,919	185,000	660,674	(228,055)	68,375
-	-	(78,980)	591	(15,816)	(6,073)	185,000	101,094	(53,038)	-
-	-	78,980	2,692	(8,086)	24,936	-	(101,094)	(128,114)	-
\$ -	\$ -	\$ -	\$ 3,283	\$ (23,902)	\$ 18,863	\$ 185,000	\$ -	\$ (181,152)	\$ -

CITY OF REXBURG, IDAHO
**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

	82	83	84	85	90	91	93	Total
	MEPI Fiber Initiative Fund	Eastern Idaho Business Competition Fund	North 2nd East Construc- tion Fund	Community Safety Lighting Fund	Veterans Memorial Fund	Shop with a Cop Fund	ESD Pipes & Drums Fund	Nonmajor Governmental Funds
REVENUES:								
Property Taxes		\$ -		\$ -	\$ -	\$ -	\$ -	\$ 688,116
Grants and Contributions	-	11,000	306,794		696	20,628	4,597	4,224,889
Fees and Charges				198,362			2,090	3,472,109
Interest Earned					4	16	5	57,285
Miscellaneous								6,593
	-	11,000	306,794	198,362	700	20,644	6,692	8,448,992
EXPENDITURES:								
General and Administrative		12,568	307,355		388	12,200		1,952,118
Public Safety							6,562	528,873
Parks and Recreation and Arts								878,516
Streets			772	74,876				75,648
Interest on Bonds and Other Debt								28,694
Principal on Bonds and Other Debt								95,000
Capital Improvements	-		396,234	18,191				5,306,412
TOTAL EXPENDITURES	-	12,568	704,361	93,067	388	12,200	6,562	8,865,261
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,568)	(397,567)	105,295	312	8,444	130	(416,269)
OTHER FINANCING SOURCES (USES):								
Proceeds from Borrowing								-
Transfers In		5,000						3,182,119
Transfers Out	(283)							(2,468,520)
TOTAL OTHER FINANCING SOURCES (USES)	(283)	5,000	-	-	-	-	-	713,599
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(283)	3,432	(397,567)	105,295	312	8,444	130	297,330
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR	283	(6,556)	-	49,656	5,198	11,547	5,070	3,210,363
FUND BALANCES (DEFICITS) AT END OF YEAR	\$ -	\$ (3,124)	\$ (397,567)	\$ 154,951	\$ 5,510	\$ 19,991	\$ 5,200	\$ 3,507,693

See Independent Auditor's Report

CITY OF REXBURG, IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2015

	Federal CFDA Number	Expenditures	Revenues Cash Basis
Department of Commerce:			
* Community Development Block Grant	14.228	\$ 310,250	\$ 310,250
Department of Justice			
Vest Grant		290	290
Federal Aviation Administration:			
* Airport Improvement Program	20.106	784,960	231,498
Department of Transportation:			
Pass Through the State of Idaho:			
Highway Planning and Construction Program	20.205	8,593	8,593
State and Community Highway Safety Cluster:			
State and Community Highway Safety	20.600	18,413	9,413
Alcohol Traffic Safety and Drunk Driving Prevention	20.616	36,772	36,772
Total Cluster		55,185	46,185
Total Department of Transportation		63,778	54,778
Department of Homeland Security:			
Military Division-Radio Equipment for police/fire	97.067	22,516	-
TOTAL FEDERAL ASSISTANCE		\$ 1,181,794	\$ 596,817

* Major Program

CITY OF REXBURG, IDAHO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2015

1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Rexburg, Idaho and is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general-purpose financial statements.



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, 2015, 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 29, 2016.

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

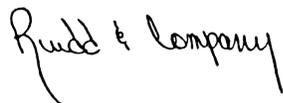
we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 29, 2016



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited City of Rexburg, Idaho's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Rexburg, Idaho's major federal programs for the year ended September 30, 2015. City of Rexburg, Idaho's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Rexburg, Idaho's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Rexburg, Idaho's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Rexburg, Idaho's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Rexburg, Idaho, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of City of Rexburg, Idaho, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Rexburg, Idaho's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Rexburg, Idaho's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rudd & Company

Rexburg, Idaho
February 29, 2016

CITY OF REXBURG, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Section I - Summary of Auditors' Results

(i) Financial Statements

Type of auditors' report issued: Qualified

Internal control over financial reporting:

Material weaknesses identified? No

Reportable conditions identified
that are not considered to be
material weaknesses? No

Noncompliance material to financial
statements noted? No

(ii) Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Reportable conditions identified
that are not considered to be
material weaknesses? No

Type of auditors' report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with section 510(a)
of Circular A-133? No

Identification of major programs:

CFDA Number(s)

Name of Federal Program

14.228

Community Development Block Grant

20.106

Airport Improvement Program

Dollar threshold used to distinguish
between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

No

Section II – Financial Statement Finding

None

Section III – Federal Award Findings and Questioned Costs

None