

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

Financial Statements
and
Required Supplementary Information
with
Independent Auditors' Report

September 30, 2020

REXBURG URBAN RENEWAL AGENCY
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September 30, 2020

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RUDD & COMPANY^{INC.}

certified public accountants | business consultants

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Rexburg Urban Renewal Agency
Rexburg, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities and each major fund of the Rexburg Urban Renewal Agency (the Agency), a component unit of the City of Rexburg, Idaho, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Rexburg Urban Renewal Agency, as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with other reporting required by *Government Auditing Standards*, we have also issued our report dated March 6, 2021, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control over financial reporting and compliance.

Rudd & Company, PLLC

Rexburg, Idaho
March 6, 2021

REXBURG URBAN RENEWAL AGENCY
Statement of Net Position
September 30, 2020

	Governmental Activities
Assets	
Cash and investments	\$ 6,879,531
Net property, plant and equipment	<u>3,317,850</u>
 Total Assets	 <u>10,197,381</u>
 Liabilities	
Short-term liabilities	
Accounts payable	642,356
Long-term liabilities	
Due within one year	599,769
Due after one year	<u>3,662,528</u>
 Total Long-term Liabilities	 4,262,297
 Total Liabilities	 <u>4,904,653</u>
 Net Position	
Invested in capital assets, net of related debt	3,317,850
Restricted	<u>1,974,878</u>
 Total Net Position	 <u>\$ 5,292,728</u>

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

REXBURG URBAN RENEWAL AGENCY
Statement of Activities
Year Ended September 30, 2020

Functions/Programs	Expenses	Charges for services	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
			Operating grants and contributions	Capital grants and contributions	Total Governmental activities
Governmental Activities					
Administrative	\$ 79,222	\$ -	\$ -	\$ -	\$ (79,222)
Construction	1,267,600	-	-	-	(1,267,600)
Bond interest	178,508	-	-	-	(178,508)
Total Governmental Activities	1,525,330	-	-	-	(1,525,330)
General revenues					
Property taxes					2,440,730
Other revenues					121,167
Unrealized gain (loss)					507
Interest on investments					73,023
					2,635,427
Change in net assets					1,110,097
Net position beginning of year					4,182,631
Net position end of year					\$ 5,292,728

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

REXBURG URBAN RENEWAL AGENCY

Governmental Fund Types - Balance Sheet and Reconciliation to the Statement of Net Position

Year Ended September 30, 2020

	North Highway Fund	Washington School Fund	Downtown Fund	University Boulevard Fund	North Interchange Fund	North Interchange Debt Service Reserve Fund	Admin Fund	Total
Assets								
Cash and investments	\$ 52,637	\$ 31,389	\$ 1,111,749	\$ 2,874,877	\$ 2,390,603	\$ 354,096	\$ 64,180	\$ 6,879,531
Property	341,512	989,776	1,986,562	-	-	-	-	3,317,850
Total Assets	\$ 394,149	\$ 1,021,165	\$ 3,098,311	\$ 2,874,877	\$ 2,390,603	\$ 354,096	\$ 64,180	\$ 10,197,381
Liabilities								
Accounts payable	623	1,000	-	343,256	292,187	-	5,290	642,356
Fund Balances								
Restricted	\$ 393,526	\$ 1,020,165	\$ 3,098,311	\$ 2,531,621	\$ 2,098,416	\$ 354,096	\$ -	\$ 9,496,135
Unassigned	-	-	-	-	-	-	58,890	58,890
Total Fund Balances	393,526	1,020,165	3,098,311	2,531,621	2,098,416	354,096	58,890	9,555,025
Total Liabilities and Fund Balances	\$ 394,149	\$ 1,021,165	\$ 3,098,311	\$ 2,874,877	\$ 2,390,603	\$ 354,096	\$ 64,180	\$ 10,197,381
Total Governmental Funds								\$ 9,555,025
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds								
Bonds payable								4,262,297
Net position of governmental activities								\$ 5,292,728

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

REXBURG URBAN RENEWAL AGENCY**Governmental Fund Types - Statement of Revenues, Expenditures and Changes in Fund Balances****Year Ended September 30, 2020**

	North Highway Fund	Washington School Fund	Downtown Fund	University Boulevard Fund	North Interchange Fund	North Interchange Debt Service Reserve Fund	Admin Fund	Total
Revenues								
Property taxes	\$ 804,470	\$ -	\$ 885,693	\$ 445,875	\$ 304,692	\$ -	\$ -	\$2,440,730
Other revenue	-	-	85,429	-	-	-	35,738	121,167
Unrealized gain (loss)	-	-	-	507	-	-	-	507
Interest income	-	-	-	37,023	33,822	1,167	1,011	73,023
Total Revenues	804,470	-	971,122	483,405	338,514	1,167	36,749	2,635,427
Expenditures								
Administrative	9,262	-	17,045	8,986	19,237	-	24,692	79,222
Construction	-	-	-	449,277	816,123	-	-	1,265,400
Land purchase	-	-	2,200	-	-	-	-	2,200
Bond principal	428,169	-	-	-	126,394	-	-	554,563
Interest	32,801	-	-	-	145,707	-	-	178,508
Total Expenditures	470,232	-	19,245	458,263	1,107,461	-	24,692	2,079,893
Net Change in Fund Balances	334,238	-	951,877	25,142	(768,947)	1,167	12,057	555,534
Fund Balance								
October 1, 2019	59,288	1,020,165	2,146,434	2,506,479	2,867,363	352,929	46,833	8,999,491
Fund Balance September 30, 2020	\$ 393,526	\$ 1,020,165	\$ 3,098,311	\$ 2,531,621	\$ 2,098,416	\$354,096	\$ 58,890	\$9,555,025

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

REXBURG URBAN RENEWAL AGENCY
Reconciliation of the Governmental Funds
Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities
Year Ended September 30, 2020

Net change in fund balances - total governmental funds	\$ 555,534
Long-term debt payments are recorded as expenditures on the statements of revenues, expenditures and changes in fund balances, but not in the statement of net assets	<u>554,563</u>
Change in net assets of governmental activities	<u>\$ 1,110,097</u>

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

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2020

1. Summary of Significant Accounting Policies

The Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

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

The following governmental fund types are used by the Agency:

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

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2020

1. Summary of Significant Accounting Policies (continued)

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

Basis of Accounting

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

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

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

Budget

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

Cash and Investments

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

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2020

1. Summary of Significant Accounting Policies (continued)

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

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

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

Revenues and Property Taxes

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

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

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2020

1. Summary of Significant Accounting Policies (continued)

Expenditures

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

Capital Assets

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

Insurance

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

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 (expenses/expenditures) until then.

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Agency to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Agency because it is not considered necessary to assure effective budgetary control or to facility effective cash planning and control.

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2020

2. Cash and Investments

Deposits

At September 30, 2020, the carrying amount of the Agency's deposits was \$2,042,676 and the respective bank balances totaled \$2,049,523. Of the bank balances, \$500,000 was insured or collateralized with pooled securities held by the pledging financial institutions in the name of the Agency.

Custodial Credit Risk, Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned. As of September 30, 2020, \$1,549,523 of the Agency's total deposits of \$354,096 were not covered by the Federal deposit insurance or the Securities Investor Protection Corporation, and thus were exposed to custodial credit risk.

Investments

As of September 30, 2020, the Agency had the following investments:

	WAM S&P		Investment Maturities (in Years)				
	Years	Rating	Fair Value	Less than 1	1-5	6-10	More than 10
State Investment Pool	4	N/A	\$ 4,728,907	\$ 4,500,151	\$ 228,756	\$ -	\$ -
State Diversified Bond Fund	0	N/A	107,948	18,570	75,470	13,908	-
			<u>\$ 4,836,855</u>	<u>\$ 4,518,721</u>	<u>\$ 304,226</u>	<u>\$ 13,908</u>	<u>\$ -</u>

Custodial Credit Risk Investments

As of September 30, 2020, the Agency's investments were covered by collateral held by the pledging financial institution's trust department or agent in the name of the Agency, and thus had no investments that were exposed to custodial credit risk.

Interest Rate Risk

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

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2020

2. Cash and Investments (continued)

Credit Risk

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

Summarized cash balances:

Beehive Cash	\$ 1,688,580
DL Evans Reserve	354,096
State Investment Pool	4,728,907
State Diversified Bond Fund	<u>107,948</u>
Total Cash and Investments	<u>\$ 6,879,531</u>

3. Fair Value Measurements

The Agency has implemented GASB No. 72, *Fair Value Measurement and Application*.

This guidance requires government entities to measure investments and certain other items at fair value. The objective is to enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Under this guidance, fair value measurements are not adjusted for transaction costs. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

GASB No. 72 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). The following summarizes the fair value hierarchy:

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2020

3. Fair Value Measurements

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market.

Level 2 Inputs – Inputs other than the quoted process in active markets that are observable either directly or indirectly.

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

GASB No. 72 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs.

Level 3 was determined by original purchase price as the land had recently been purchased.

Fair value assets measured on a recurring basis at September 30, 2020 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
State Investment Pool	\$ 4,728,907	\$ 4,728,907	\$ -	\$ -
State Diversified Bond Fund	107,948	107,948	-	-
Land	3,317,850	-	-	3,317,850
Total	<u>\$ 8,646,825</u>	<u>\$ 4,836,855</u>	<u>\$ -</u>	<u>\$ 3,317,850</u>

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2020

4. Long-term Liabilities

The long-term debt of the agency is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Fiscal Years</u>	September 30, 2020	
				<u>Balance</u>
North Highway Revenue Allocation District	4.06%	2020-2022	\$	888,691
Revenue Allocation Bonds	to 4.47%			
Series 2010 Dated June 2, 2010				
(Original amount - \$4,656,000)				
North Interchange Revenue Allocation District				
Revenue Allocation Bonds	4.09%	2018-2036		3,373,606
Series 2016, Dated September 12, 2016				
(Original amount - \$3,500,000)				
			<u>\$</u>	<u>4,262,297</u>

The Agency sold revenue allocation (tax increment) bond, Series 2016, in the principle amount of \$3,500,000 on September 12, 2016. The notes mature on September 1, 2036, and the interest rate is 4.09%.

The Agency paid off the revenue allocation (tax increment) bond, Series 2010, in the principle amount of \$2,754,000 on November 11, 2016. They Agency funded the payoff by entering into revenue allocation (tax increment) refunding bond, Series 2016 in the amount of \$2,553,070. The notes mature on September 1, 2022, and the interest rate averages 2.45%. The current portion of principal is \$599,769 and the long-term portion is \$888,691. The refunding was defeasement and reissuance of bonds but there was no monetary increase or decrease for the Agency at the time of refinance. See below for summary of the transaction that took place:

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2020

4. Long-term Liabilities (continued)

Governmental long-term liability activity for the year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue allocation tax increment bond 2016 N. Highway	\$ 1,316,861	\$ -	\$ (428,170)	\$ 888,691	\$ 438,894
Revenue allocation tax increment bond 2016 N. Interchange	3,500,000	-	(126,394)	3,373,606	160,875
Total	<u>\$ 4,816,861</u>	<u>\$ -</u>	<u>\$ (554,564)</u>	<u>\$ 4,262,297</u>	<u>\$ 599,769</u>

Scheduled principal repayments on long-term obligations for the remaining life of the bond are as follows:

Year Ending September 30,	Principal	Interest	Total
2021	599,769	133,302	733,071
2022	616,132	116,939	733,071
2023	171,982	100,119	272,101
2024	177,553	94,548	272,101
2025	183,846	88,255	272,101
2026-2030	1,016,975	376,913	1,393,888
2031-2034	945,094	198,175	1,143,269
2035-2039	550,946	22,137	573,083
	<u>\$ 4,262,297</u>	<u>\$ 1,130,388</u>	<u>\$ 5,392,685</u>

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2020

5. Subsequent Events

In preparing these financial statements, the management of the Rexburg Urban Renewal Agency has evaluated events and transactions for potential recognition and disclosure through March 6, 2021, the date of the financial statements were available to be issued.

Subsequent to year-end, Rexburg Urban Renewal Agency may have been negatively impacted by the effects of the world-wide coronavirus pandemic. Rexburg Urban Renewal Agency is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to Rexburg Urban Renewal Agency's financial position is not known.

6. Fund Balances

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

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

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

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

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2020

6. Fund Balances (continued)

	North Highway Fund	Washington School Fund	Downtown Fund	University Boulevard Fund	North Interchange Debt Service Reserve Fund	North Interchange Fund	Admin Fund	Total Governmental Funds
Fund Balances:								
Restricted for:								
University Boulevard area capital improvements	\$ -	\$ -	\$ -	\$ 2,531,621	\$ -	\$ -	\$ -	\$ 2,531,621
North Highway area capital improvements	393,526	-	-	-	-	2,098,416	-	2,491,942
Washington School area capital improvements	-	1,020,165	-	-	-	-	-	1,020,165
Downtown area capital improvements	-	-	3,098,311	-	-	-	-	3,098,311
North Interchange area capital improvements	-	-	-	-	354,096	-	-	354,096
	393,526	1,020,165	3,098,311	2,531,621	354,096	2,098,416	-	9,496,135
Unassigned	-	-	-	-	-	-	58,890	58,890
	<u>\$ 393,526</u>	<u>\$ 1,020,165</u>	<u>\$ 3,098,311</u>	<u>\$ 2,531,621</u>	<u>\$ 354,096</u>	<u>\$ 2,098,416</u>	<u>\$ 58,890</u>	<u>\$ 9,555,025</u>

Required Supplementary Information

REXBURG URBAN RENEWAL AGENCY
Budgetary Comparison Schedule

North Highway Fund
Year Ended September 30, 2020

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues	\$ 877,000	\$ 804,470	\$ (72,530)
Fund Balance Carryover	910,000	-	(910,000)
	<u>1,787,000</u>	<u>804,470</u>	<u>(982,530)</u>
Expenditures	1,358,800	52,354	1,306,446
Contingency	428,200	417,878	10,322
	<u>1,787,000</u>	<u>470,232</u>	<u>1,316,768</u>
Bond Principal Payments	<u>-</u>	<u>334,238</u>	<u>(334,238)</u>
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>59,288</u>	<u>59,288</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 393,526</u>	<u>\$ 393,526</u>

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REXBURG URBAN RENEWAL AGENCY
Budgetary Comparison Schedule
Washington School Fund
Year Ended September 30, 2020

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues	\$ -	\$ -	\$ -
Fund Balance Carryover	36,100	-	(36,100)
	<u>36,100</u>	<u>-</u>	<u>(36,100)</u>
Expenditures	-	-	-
Contingency	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources(Uses)			
Transfers	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	36,100	-	(36,100)
Fund Balance at Beginning of Year	<u>-</u>	<u>1,020,165</u>	<u>1,020,165</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 1,020,165</u>	<u>\$ 1,020,165</u>

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REXBURG URBAN RENEWAL AGENCY
Budgetary Comparison Schedule

Downtown Fund

Year Ended September 30, 2020

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues	\$ 654,000	\$ 971,122	\$ 317,122
Fund Balance Carryover	785,300	-	(785,300)
	<u>1,439,300</u>	<u>971,122</u>	<u>(468,178)</u>
Expenditures	816,000	19,245	796,755
Contingency	623,300	-	623,300
	<u>1,439,300</u>	<u>19,245</u>	<u>1,420,055</u>
Other Financing Sources(Uses)			
Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	-	951,877	951,877
Fund Balance at Beginning of Year	<u>-</u>	<u>2,146,434</u>	<u>2,146,434</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 3,098,311</u>	<u>\$ 3,098,311</u>

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REXBURG URBAN RENEWAL AGENCY
Budgetary Comparison Schedule

University Boulevard Fund
Year Ended September 30, 2020

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues	\$ 535,000	\$ 483,405	\$ (51,595)
Fund Balance Carryover	2,115,600	-	(2,115,600)
	<u>2,650,600</u>	<u>483,405</u>	<u>(2,167,195)</u>
Expenditures	1,734,000	458,263	1,275,737
Contingency	916,600	-	916,600
	<u>2,650,600</u>	<u>458,263</u>	<u>2,192,337</u>
Other Financing Sources(Uses)			
Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	-	25,142	25,142
			-
Fund Balance at Beginning of Year	<u>-</u>	<u>2,506,479</u>	<u>2,506,479</u>
			-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 2,531,621</u>	<u>\$ 2,531,621</u>

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REXBURG URBAN RENEWAL AGENCY
Budgetary Comparison Schedule

North Interchange Fund
Year Ended September 30, 2020

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Borrowings	\$ 302,000	\$ 338,514	\$ 36,514
Fund Balance Carryover	2,009,900	-	(2,009,900)
	<u>2,311,900</u>	<u>338,514</u>	<u>(1,973,386)</u>
Expenditures	2,216,300	1,107,461	1,108,839
Contingency	95,600	-	95,600
	<u>2,311,900</u>	<u>1,107,461</u>	<u>1,204,439</u>
Other Financing Sources(Uses)			
Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	-	(768,947)	(768,947)
Fund Balance at Beginning of Year	<u>-</u>	<u>2,867,363</u>	<u>2,867,363</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 2,098,416</u>	<u>\$ 2,098,416</u>

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REXBURG URBAN RENEWAL AGENCY
Budgetary Comparison Schedule

Administration Expenses Fund
Year Ended September 30, 2020

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues	\$ 114,200	\$ 36,749	\$ (77,451)
Fund Balance Carryover	67,500	-	(67,500)
	<u>181,700</u>	<u>36,749</u>	<u>(144,951)</u>
Expenditures	16,800	24,692	(7,892)
Contingency	164,900	-	164,900
	<u>181,700</u>	<u>24,692</u>	<u>157,008</u>
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	-	12,057	12,057
Fund Balance at Beginning of Year	<u>-</u>	<u>46,833</u>	<u>46,833</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 58,890</u>	<u>\$ 58,890</u>



RUDD & COMPANY^{PC}

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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 Board of Directors
Rexburg Urban Renewal Agency
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 and each major fund of Rexburg Urban Renewal Agency, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Rexburg Urban Renewal Agency's basic financial statements, and have issued our report thereon dated March 6, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rexburg Urban Renewal Agency'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 Rexburg Urban Renewal Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Rexburg Urban Renewal Agency'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 Rexburg Urban Renewal Agency'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.

Rudd & Company, PLLC

Rexburg, Idaho
March 6, 2021