

**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, 2021**

# REXBURG URBAN RENEWAL AGENCY

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## 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, 2021, 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, 2021, 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**

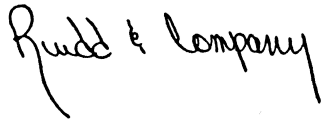
### *Required Supplementary Information*

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 February 16, 2022, 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.

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

Rexburg, Idaho  
February 16, 2022

**REXBURG URBAN RENEWAL AGENCY**  
**Statement of Net Position**  
**September 30, 2021**

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	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and investments	\$ 8,034,889
Receivables	272,754
Net property, plant and equipment	<u>3,317,850</u>
 Total Assets	 <u>11,625,493</u>
<b>Liabilities</b>	
Short-term liabilities	
Accounts payable	1,181,683
Long-term liabilities	
Due within one year	625,328
Due after one year	<u>2,991,409</u>
 Total Long-term Liabilities	 3,616,737
 Total Liabilities	 <u>4,798,420</u>
<b>Net Position</b>	
Invested in capital assets, net of related debt	3,317,850
Restricted	<u>3,509,223</u>
 Total Net Position	 <u>\$ 6,827,073</u>

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

**REXBURG URBAN RENEWAL AGENCY**  
**Statement of Activities**  
**Year Ended September 30, 2021**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for services</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Assets</b>
			<b>Operating grants and contributions</b>	<b>Capital grants and contributions</b>	<b>Total Governmental activities</b>
Governmental Activities					
Administrative	\$ 98,267	\$ -	\$ -	\$ -	\$ (98,267)
Construction	1,176,292	-	-	-	(1,176,292)
Bond interest	102,175	-	-	-	(102,175)
Bond refunding costs	29,820				(29,820)
Total Governmental Activities	1,406,554	-	-	-	(1,406,554)
General revenues					
Property taxes					2,329,866
Other revenues					595,308
Unrealized gain (loss)					(2,095)
Interest on investments					17,820
					2,940,899
Change in net assets					1,534,345
Net position beginning of year					5,292,728
Net position end of year					\$ 6,827,073

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, 2021

	North Highway Fund	Washington School Fund	Downtown Fund	University Boulevard Fund	North Interchange Fund	North Interchange Debt Service Reserve Fund	North Central Fund	Admin Fund	Total
<b>Assets</b>									
Cash and investments	\$ 348,076	\$ 31,389	\$ 1,961,189	\$ 2,969,271	\$ 2,404,221	\$ 275,254	\$ -	\$ 45,489	\$ 8,034,889
Receivables	63,814	-	114,705	34,819	59,416	-	-	-	272,754
Property	341,512	989,776	1,986,562	-	-	-	-	-	3,317,850
Due from other funds	-	-	-	-	-	-	-	38,124	38,124
Total Assets	\$ 753,402	\$ 1,021,165	\$ 4,062,456	\$ 3,004,090	\$ 2,463,637	\$ 275,254	\$ -	\$ 83,613	\$ 11,663,617
<b>Liabilities</b>									
Accounts payable	\$ 142,333	\$ 1,000	\$ 3,600	\$ 138,646	\$ 894,746	\$ -	\$ -	\$ 1,358	\$ 1,181,683
Due to other funds	-	-	-	-	-	-	38,124	-	38,124
Total Liabilities	142,333	1,000	3,600	138,646	894,746	-	38,124	1,358	1,219,807
<b>Fund Balances</b>									
Restricted	611,069	1,020,165	4,058,856	2,865,444	1,568,891	275,254	-	-	10,399,679
Unassigned	-	-	-	-	-	-	(38,124)	82,255	44,131
Total Fund Balances	611,069	1,020,165	4,058,856	2,865,444	1,568,891	275,254	(38,124)	82,255	10,443,810
<b>Total Liabilities and Fund Balances</b>	\$ 753,402	\$ 1,021,165	\$ 4,062,456	\$ 3,004,090	\$ 2,463,637	\$ 275,254	\$ -	\$ 83,613	\$ 11,663,617
Total Governmental Funds									10,443,810
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds									
Bonds payable									3,616,737
Net position of governmental activities									6,827,073

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, 2021

	North Highway Fund	Washington School Fund	Downtown Fund	University Boulevard Fund	North Interchange Fund	North Interchange Debt Service Reserve Fund	North Central Fund	Admin Fund	Total
<b>Revenues</b>									
Property taxes	\$ 685,287	\$ -	\$ 768,376	\$ 392,035	\$ 484,168	\$ -	\$ -	\$ -	\$ 2,329,866
Other revenue	139,480	-	209,293	77,292	131,894	-	-	37,349	595,308
Unrealized gain (loss)	-	-	-	(2,095)	-	-	-	-	(2,095)
Interest income	318	-	1,388	8,009	6,117	879	-	1,109	17,820
Total Revenues	825,085	-	979,057	475,241	622,179	879	-	38,458	2,940,899
<b>Expenditures</b>									
Administrative	3,589	-	18,512	2,773	20,176	-	38,124	15,093	98,267
Construction	142,334	-	-	-	894,662	-	-	-	1,036,996
Land purchase	650	-	-	138,645	-	-	-	-	139,295
Bond principal	438,894	-	-	-	154,446	52,221	-	-	645,561
Interest	22,075	-	-	-	80,100	-	-	-	102,175
Bond Costs	-	-	-	-	2,320	27,500	-	-	29,820
Total Expenditures	607,542	-	18,512	141,418	1,151,704	79,721	38,124	15,093	2,052,114
Excess (Deficiency) of									
Revenues over Expenditures	217,543	-	960,545	333,823	(529,525)	(78,842)	(38,124)	23,365	888,785
<b>Other Financing Sources (Uses)</b>									
Proceeds from refinance of bond	-	-	-	-	3,257,800	-	-	-	3,257,800
Pay off of refunded bond	-	-	-	-	(3,257,800)	-	-	-	(3,257,800)
Total Other Financing Sources	-	-	-	-	-	-	-	-	-
Net Change in									
Fund Balances	217,543	-	960,545	333,823	(529,525)	(78,842)	(38,124)	23,365	888,785
Fund Balance									
October 1, 2020	393,526	1,020,165	3,098,311	2,531,621	2,098,416	354,096	-	58,890	9,555,025
Fund Balance									
September 30, 2021	\$ 611,069	\$ 1,020,165	\$ 4,058,856	\$ 2,865,444	\$ 1,568,891	\$ 275,254	\$ (38,124)	\$ 82,255	\$10,443,810

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, 2021**

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Net change in fund balances - total governmental funds	\$ 888,785
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>645,560</u>
Change in net assets of governmental activities	<u>\$ 1,534,345</u>

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

**REXBURG URBAN RENEWAL AGENCY**  
**Notes to Financial Statements**  
**September 30, 2021**

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**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, 2021**

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**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, 2021**

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**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, 2021**

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**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, 2021**

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**2. Cash and Investments**

**Deposits**

At September 30, 2021, the carrying amount of the Agency's deposits was \$1,184,297 and the respective bank balances totaled \$1,184,297. 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, 2021, \$684,297 of the Agency's total deposits of \$1,184,297 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, 2021, the Agency had the following investments:

	WAM Years	S&P Rating	Investment Maturities (in Years)				
			Fair Value	Less than 1	1-5	6-10	More than 10
State Investment Pool	3.070	N/A	\$ 6,743,125	\$ 6,509,890	\$ 233,235	\$ -	\$ -
State Diversified Bond Fund	0.485	N/A	107,467	31,245	56,371	19,851	-
			<u>\$ 6,850,592</u>	<u>\$ 6,541,135</u>	<u>\$ 289,606</u>	<u>\$ 19,851</u>	<u>\$ -</u>

**Custodial Credit Risk Investments**

As of September 30, 2021, 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, 2021**

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**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	\$ 909,043
DL Evans Reserve	275,254
State Investment Pool	6,743,125
State Diversified Bond Fund	<u>107,467</u>
Total Cash and Investments	<u>\$ 8,034,889</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, 2021**

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**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, 2021 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	\$ 6,743,125	\$ 6,743,125	\$ -	\$ -
State Diversified Bond Fund	107,467	107,467	-	-
Land	3,317,850	-	-	3,317,850
Total	<u>\$ 10,660,562</u>	<u>\$ 6,850,592</u>	<u>\$ -</u>	<u>\$ 3,317,850</u>

**REXBURG URBAN RENEWAL AGENCY**  
**Notes to Financial Statements**  
**September 30, 2021**

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**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>	<u>September 30, 2020</u> <u>Balance</u>
North Highway Revenue Allocation District	4.06%	2022	\$ 449,797
Revenue Allocation Bonds	to 4.47%		
Series 2010 Dated June 2, 2010			
(Original amount - \$4,656,000)			
North Interchange Revenue Allocation District			
Restated Revenue Allocation Bonds	3.05%	2022-2036	3,166,940
Series 2021, Dated July 1, 2021			
(Original amount - \$3,500,000)			
			<u>\$ 3,616,737</u>

On July 1, 2021 The District refinanced its North Interchange Revenue Allocation Revenue Allocation Bonds with a new average interest rate of 3.05%. The amount refinanced was \$3,257,800 which had an original interest rate of 3.32%. The cost to refinance the bonds was \$27,500 and the Agency was required to prepay \$52,221 in principal totaling \$79,721 which was paid out of the debt service reserve fund.

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, 2021**

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**4. Long-term Liabilities (continued)**

Governmental long-term liability activity for the year ended September 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Revenue allocation tax increment series 2010	\$ 888,691	\$ -	\$ (438,894)	\$ 449,797	\$ 449,797
Restated revenue allocation tax increment bond series 2021	<u>3,373,606</u>	<u>3,257,800</u>	<u>(3,464,466)</u>	<u>3,166,940</u>	<u>175,531</u>
Total	<u>\$ 4,262,297</u>	<u>\$ 3,257,800</u>	<u>\$ (3,903,360)</u>	<u>\$ 3,616,737</u>	<u>\$ 625,328</u>

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	625,328	107,742	733,070
2023	181,001	91,099	272,100
2024	186,400	85,701	272,101
2025	192,450	79,650	272,100
2026	198,448	73,653	272,101
2027	204,632	67,469	272,101
2028-2032	1,122,585	237,918	1,360,503
2033-2036	<u>905,893</u>	<u>58,552</u>	<u>964,445</u>
	<u>\$ 3,616,737</u>	<u>\$ 801,784</u>	<u>\$ 4,418,521</u>

**REXBURG URBAN RENEWAL AGENCY**  
**Notes to Financial Statements**  
**September 30, 2021**

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**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 February 16, 2022, the date of the financial statements were available to be issued.

**6. Implications of COVID-19**

During the COVID-19 pandemic, the Agency has worked to continue to operate as normal as possible, though some activities have been limited. As the situation continues to evolve, the Agency is closely monitoring the impact of COVID-19 pandemic on all aspects of its services. The Agency's operations are heavily dependent on tax levy funds collected by the local government, which disbursement of such funds have not been greatly effected. The Agency believes the ultimate impact of the COVID-19 pandemic on its operating results, cash flows and financial condition is likely to be determined by factors which are uncertain, unpredictable and outside of its control. The situation surrounding COVID-19 remains fluid, and if disruption do arise, they could materially adversely impact the Agency's operations.

**7. Other Fund Disclosures**

The North Interchange Fund expenditures exceeded their budget by \$43,104. There was also no budget adopted for the new North Central Fund which had a fund deficit of \$38,124. There is a due to and due from between the Admin Fund and the North Central Fund of \$38,124 which is from the later being newly formed and expected to be paid back within the next year.

**8. 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, 2021**

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**8. Fund Balances (continued)**

	North Highway Fund	Washington School Fund	Downtown Fund	University Boulevard Fund	North Interchange Fund	North Interchange Debt Service Reserve Fund	North Central Fund	Admin Fund	Total Governmental Funds
<b>Fund Balances:</b>									
<b>Restricted for:</b>									
University Boulevard area									
capital improvements	\$ -	\$ -	\$ -	\$ 2,865,444	\$ -	\$ -	\$ -	\$ -	\$ 2,865,444
North Highway area									
capital improvements	611,069	-	-	-	1,568,891	-	-	-	2,179,960
Washington School area									
capital improvements	-	1,020,165	-	-	-	-	-	-	1,020,165
Downtown area capital									
improvements	-	-	4,058,856	-	-	-	-	-	4,058,856
North Interchange area									
capital improvements	-	-	-	-	-	275,254	-	-	275,254
	611,069	1,020,165	4,058,856	2,865,444	1,568,891	275,254	-	-	10,399,679
<b>Unassigned</b>	-	-	-	-	-	-	(38,124)	82,255	44,131
	<u>\$ 611,069</u>	<u>\$ 1,020,165</u>	<u>\$ 4,058,856</u>	<u>\$ 2,865,444</u>	<u>\$ 1,568,891</u>	<u>\$ 275,254</u>	<u>\$ (38,124)</u>	<u>\$ 82,255</u>	<u>\$ 10,443,810</u>

## **Required Supplementary Information**

**REXBURG URBAN RENEWAL AGENCY**  
**Budgetary Comparison Schedule**

**North Highway Fund**  
**Year Ended September 30, 2021**

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	<b>Original and Final Budget Amount</b>	<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>	\$ 795,000	\$ 825,086	\$ 30,086
<b>Fund Balance Carryover</b>	130,000	-	(130,000)
	<u>925,000</u>	<u>825,086</u>	<u>(99,914)</u>
<b>Expenditures</b>	486,100	168,649	317,451
<b>Bond Principle Payments</b>	438,900	438,894	6
<b>Total</b>	<u>925,000</u>	<u>607,543</u>	<u>317,457</u>
<b>Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses</b>	-	217,543	217,543
<b>Fund Balance at Beginning of Year</b>	<u>-</u>	<u>393,526</u>	<u>393,526</u>
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ 611,069</u>	<u>\$ 611,069</u>

See Independent Auditors' Report

**REXBURG URBAN RENEWAL AGENCY**  
**Budgetary Comparison Schedule**  
**Washington School Fund**  
**Year Ended September 30, 2021**

	<b>Original and Final Budget Amount</b>	<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>	\$ -	\$ -	\$ -
<b>Fund Balance Carryover</b>	281,700	-	(281,700)
	<u>281,700</u>	<u>-</u>	<u>(281,700)</u>
<b>Expenditures</b>	-	-	-
<b>Contingency</b>	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources(Uses)</b>			
<b>Transfers</b>	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses</b>	281,700	-	(281,700)
<b>Fund Balance at Beginning of Year</b>	<u>-</u>	<u>1,020,165</u>	<u>1,020,165</u>
<b>Fund Balance at End of Year</b>	<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, 2021**

	<b>Original and Final Budget Amount</b>	<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>	\$ 830,000	\$ 979,057	\$ 149,057
<b>Fund Balance Carryover</b>	1,084,000	-	(1,084,000)
	<u>1,914,000</u>	<u>979,057</u>	<u>(934,943)</u>
<b>Expenditures</b>	1,914,000	18,512	1,895,488
<b>Contingency</b>	-	-	-
	<u>1,914,000</u>	<u>18,512</u>	<u>1,895,488</u>
<b>Other Financing Sources(Uses)</b>			
<b>Transfers</b>	-	-	-
<b>Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses</b>	-	960,545	960,545
<b>Fund Balance at Beginning of Year</b>	-	3,098,311	3,098,311
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ 4,058,856</u>	<u>\$ 4,058,856</u>

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**REXBURG URBAN RENEWAL AGENCY**  
**Budgetary Comparison Schedule**

**University Boulevard Fund**  
**Year Ended September 30, 2021**

	<b>Original and Final Budget Amount</b>	<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>	\$ 415,000	\$ 475,241	\$ 60,241
<b>Fund Balance Carryover</b>	1,614,800	-	(1,614,800)
	<u>2,029,800</u>	<u>475,241</u>	<u>(1,554,559)</u>
<b>Expenditures</b>	2,029,800	141,418	1,888,382
<b>Contingency</b>	-	-	-
	<u>2,029,800</u>	<u>141,418</u>	<u>1,888,382</u>
<b>Other Financing Sources(Uses)</b>			
<b>Transfers</b>	-	-	-
<b>Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses</b>	-	333,823	333,823
			-
<b>Fund Balance at Beginning of Year</b>	<u>-</u>	<u>2,531,621</u>	<u>2,531,621</u>
			-
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ 2,865,444</u>	<u>\$ 2,865,444</u>

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**REXBURG URBAN RENEWAL AGENCY**  
**Budgetary Comparison Schedule**

**North Interchange Fund**  
**Year Ended September 30, 2021**

	<b>Original and Final Budget Amount</b>	<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Borrowings</b>	\$ 330,000	\$ 622,179	\$ 292,179
<b>Fund Balance Carryover</b>	778,600	-	(778,600)
	<u>1,108,600</u>	<u>622,179</u>	<u>(486,421)</u>
<b>Expenditures</b>	1,108,600	1,151,704	(43,104)
<b>Contingency</b>	-	-	-
	<u>1,108,600</u>	<u>1,151,704</u>	<u>(43,104)</u>
<b>Other Financing Sources(Uses)</b>			
<b>Proceeds from refinance of bond</b>		3,257,800	(3,257,800)
<b>Pay off of refunded bond</b>	-	(3,257,800)	3,257,800
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses</b>	-	(529,525)	(529,525)
<b>Fund Balance at Beginning of Year</b>	<u>-</u>	<u>2,098,416</u>	<u>2,098,416</u>
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ 1,568,891</u>	<u>\$ 1,568,891</u>

See Independent Auditors' Report

**REXBURG URBAN RENEWAL AGENCY**  
**Budgetary Comparison Schedule**

**Administration Expenses Fund**  
**Year Ended September 30, 2021**

	<b>Original and Final Budget Amount</b>	<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>	\$ 126,600	\$ 38,458	\$ (88,142)
<b>Fund Balance Carryover</b>	-	-	-
	<u>126,600</u>	<u>38,458</u>	<u>(88,142)</u>
<b>Expenditures</b>	126,600	15,093	111,507
<b>Contingency</b>	-	-	-
	<u>126,600</u>	<u>15,093</u>	<u>111,507</u>
<b>Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses</b>	-	23,365	23,365
<b>Fund Balance at Beginning of Year</b>	<u>-</u>	<u>58,890</u>	<u>58,890</u>
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ 82,255</u>	<u>\$ 82,255</u>



RUDD & COMPANY<sup>PC</sup>

certified public accountants | business consultants

## **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, 2021, 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 February 16, 2022.

### **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.

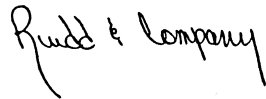
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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



Rexburg, Idaho  
February 16, 2022