

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, 2022

REXBURG URBAN RENEWAL AGENCY
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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Rexburg Urban Renewal Agency
Rexburg, Idaho

Opinion

We have audited the accompanying financial statements 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, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

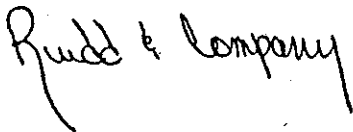
Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required 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 require 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 *Government Auditing Standards*, we have also issued our report dated April 11, 2023, 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 solely 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 the effectiveness of the Agency's 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.



Rexburg, Idaho
April 11, 2023

REXBURG URBAN RENEWAL AGENCY
Statement of Net Position
September 30, 2022

	Governmental Activities
Assets	
Cash and investments	\$ 8,637,864
Receivables	28,056
Net property, plant and equipment	<u>1,986,562</u>
Total Assets	<u>10,652,482</u>
Liabilities	
Short-term liabilities	
Accounts payable	1,683,409
Long-term liabilities	
Due within one year	181,258
Due after one year	<u>2,810,407</u>
Total Long-term Liabilities	2,991,665
Total Liabilities	<u>4,675,074</u>
Net Position	
Invested in capital assets, net of related debt	1,986,562
Restricted	<u>3,990,846</u>
Total Net Position	<u>\$ 5,977,408</u>

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

REXBURG URBAN RENEWAL AGENCY
Statement of Activities
Year Ended September 30, 2022

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	\$ 132,463	\$ -	\$ -	\$ -	\$ (132,463)
Transfer of property	281,695	-	-	-	(281,695)
Impairment of asset	708,081	-	-	-	(708,081)
Construction	2,013,694	-	-	-	(2,013,694)
Land purchase	37,315	-	-	-	(37,315)
Bond interest	107,999	-	-	-	(107,999)
Total Governmental Activities	\$ 3,281,247	\$ -	\$ -	\$ -	\$ (3,281,247)

General revenues	
Property taxes	\$ 2,555,748
Other revenues	57,937
Unrealized gain (loss)	(63,860)
Loss on sale of property	(162,226)
Interest on investments	43,983
	<u>2,431,582</u>
Change in net assets	(849,665)
Net position beginning of year	<u>6,827,073</u>
Net position end of year	<u>\$ 5,977,408</u>

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, 2022

	North Highway Fund	Washington School Fund	Downtown Fund	University Boulevard Fund	North Interchange Fund	North Debt Service Reserve Fund	North Central Fund	Admin Fund	Total
Revenues									
Property taxes	\$ 775,901	\$ -	\$ 867,368	\$ 478,092	\$ 245,851	\$ -	\$ 188,536	\$ -	\$ 2,555,748
Other revenue	-	-	36,040	-	-	-	-	21,897	57,937
Unrealized gain (loss)	(162,226)	-	(14,015)	(35,830)	(14,015)	-	-	-	(63,860)
Loss on sale of property	4,029	-	-	-	6,932	-	-	-	(162,226)
Interest income	-	-	14,008	15,380	-	601	452	2,581	43,983
Total Revenues	617,704	-	903,401	457,642	238,768	601	188,988	24,478	2,431,582
Expenditures									
Administrative	17,872	30,389	60,090	7,000	1,704	-	45	15,363	132,463
Transfer of property	-	281,695	-	-	-	-	-	-	281,695
Asset impairment	-	708,081	-	-	-	-	-	-	708,081
Construction	692,435	-	-	1,321,259	-	-	-	-	2,013,694
Land purchase	-	-	-	37,315	-	-	-	-	37,315
Bond principal	449,797	-	-	-	175,275	-	-	-	625,072
Interest	11,173	-	-	-	96,826	-	-	-	107,999
Total Expenditures	1,171,277	1,020,165	60,090	1,365,574	273,805	-	45	15,363	3,906,319
Net Change in Fund Balances	(553,573)	(1,020,165)	843,311	(907,932)	(35,037)	601	188,943	9,115	(1,474,737)
Fund Balance									
October 1, 2021	611,069	1,020,165	4,058,856	2,865,444	1,568,891	275,254	(38,124)	82,255	10,443,810
Fund Balance									
September 30, 2022	\$ 57,496	\$ -	\$ 4,902,167	\$ 1,957,512	\$ 1,533,854	\$ 275,855	\$ 150,819	\$ 91,370	\$ 8,969,073

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, 2022

Net change in fund balances - total governmental funds	\$ (1,474,737)
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>625,072</u>
Change in net assets of governmental activities	<u>\$ (849,665)</u>

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

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2022

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 conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and finance reporting principles. 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 consist of the North Highway Fund, the Washington School Fund, the Downtown Fund, the University Boulevard Fund, the North Interchange Fund, and the North Central 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, 2022

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.
- The Administration Fund is used to account for the funds received and expended in support of the administrative needs of the Agency.

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 amended during the year. The Agency did not adopt a budget for 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, 2022

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 State's Diversified Bond Fund (DBF), or investing in highly rated bonds with Time Value Investments (TVI), the Agency's broker. All other cash is deposited with local banks in checking or savings accounts. 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 and DBF is managed by the State of Idaho Treasurer's office. An annual audit of LGIP and DBF 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 and the DBF.

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, DBF as well as obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Investments in the LGIP are stated at cost which approximates fair value. The bonds are stated at fair market 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 or collect property taxes. The county performs the levy and collection functions and remits those amounts to the Agency on a monthly basis.

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.

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.

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2022

1. Summary of Significant Accounting Policies (continued)

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, 2022

2. Cash and Investments

Deposits

At September 30, 2022, the carrying amount of the Agency's deposits was \$692,516 and the respective bank balances totaled \$692,516. 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, 2022, \$192,516 of the Agency's total deposits of \$692,516 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, 2022, the Agency had the following investments:

	WAM Years	S&P Rating	Fair Value	Investment Maturities (in Years)			
				Less than 1	1-5	6-10	More than 10
State Diversified Bond Fund	3.270	N/A	\$ 100,842	\$ 23,089	\$ 56,295	\$ 21,458	\$ -
State Investment Pool	0.296	N/A	\$ 4,027,724	\$ 3,991,665	\$ 36,059	\$ -	\$ -
Time Value Investments	1.170	N/A	3,925,080	1,982,500	1,942,580	-	-
			<u>\$ 8,053,646</u>	<u>\$ 5,997,254</u>	<u>\$ 2,034,934</u>	<u>\$ 21,458</u>	<u>\$ -</u>

Custodial Credit Risk Investments

As of September 30, 2022, 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, 2022

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	\$	308,363
DL Evans Reserve		275,855
State Diversified Bond Fund		4,027,724
State Investment Pool		100,842
Time Value Investments		<u>3,925,080</u>
 Total Cash and Investments	 \$	 <u>8,637,864</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, 2022

3. Fair Value Measurements (continued)

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, 2022 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 Diversified Bond Fund	\$ 100,842	\$ -	\$ 100,842	\$ -
State Investment Pool	4,027,724	-	4,027,724	-
Time Value Investments	3,925,080	-	3,925,080	-
Land	1,986,562	-	-	1,986,562
Total	\$ 10,040,208	\$ -	\$ 8,053,646	\$ 1,986,562

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2022

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, 2022 Balance</u>
North Interchange Revenue Allocation District Restated Revenue Allocation Bonds Series 2021, Dated July 1, 2021 (Original amount - \$3,500,000)	3.05%	2023-2036	\$ 2,991,665
			<u>\$ 2,991,665</u>

Governmental long-term liability activity for the year ended September 30, 2022, 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	\$ 449,797	\$ -	\$ (449,797)	\$ -	\$ -
Restated revenue allocation tax increment bond series 2021	3,166,940	-	(175,275)	2,991,665	181,258
Total	<u>\$ 3,616,737</u>	<u>\$ -</u>	<u>\$ (625,072)</u>	<u>\$ 2,991,665</u>	<u>\$ 181,258</u>

REXBURG URBAN RENEWAL AGENCY
Notes to Financial Statements
September 30, 2022

4. Long-term Liabilities (continued)

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>
2023	181,258	90,843	272,101
2024	186,400	85,701	272,101
2025	192,450	79,651	272,101
2026	198,448	73,653	272,101
2027	204,632	67,469	272,101
2028-2032	1,122,585	237,920	1,360,505
2033-2036	905,892	58,549	964,441
	<u>\$ 2,991,665</u>	<u>\$ 693,786</u>	<u>\$ 3,685,451</u>

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 April 11, 2023, the date of the financial statements were available to be issued.

6. Transfer of Property

Previously there were properties purchased with a historical cost of \$989,776 for the purpose of making public improvements within the Washington School District. Per the terms of the closeout agreement for the fund, several attempts to sell the properties were made unsuccessfully. As a result the Agency's board of trustees approved the transfer of these properties to the City of Rexburg in settlement of funds in the amount of \$281,695 that had been dedicated to the District from the City for improvements made previously. The additional historical cost of \$708,081 was deemed an impairment and was written off during the current year.

7. Sale of Property

Previously there was a property purchased with a historical cost of \$341,512 for the purpose of making public improvements within the North Highway District. Once the improvements had been made the Agency put the remaining land up for sale through a Request For Proposal. There was only one proposal received and accepted to purchase the land for \$179,286. The difference between historical cost and the sale price of \$162,226 was recorded as a loss on sale of property in the North Highway Fund in the current year.

REXBURG URBAN RENEWAL AGENCY

Notes to Financial Statements

September 30, 2022

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, 2022

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
Fund Balances:									
Restricted for:									
University Boulevard area capital improvements	\$ -	\$ -	\$ -	\$ 1,957,512	\$ -	\$ -	\$ -	\$ -	\$ 1,957,512
North Highway area capital improvements	57,496	-	-	-	1,533,854	-	-	-	1,591,350
Washington School area capital improvements	-	-	-	-	-	-	-	-	-
Downtown area capital improvements	-	-	4,902,167	-	-	-	-	-	4,902,167
North Interchange area capital improvements	-	-	-	-	275,855	-	-	-	275,855
North Central area capital improvements	-	-	-	-	-	150,819	-	-	150,819
	57,496	-	4,902,167	1,957,512	1,533,854	275,855	150,819	-	8,877,703
Unassigned	-	-	-	-	-	-	-	91,370	91,370
Total Fund Balances	\$ 57,496	\$ -	\$ 4,902,167	\$ 1,957,512	\$ 1,533,854	\$ 275,855	\$ 150,819	\$ 91,370	\$ 8,969,073

Required Supplementary Information

**REXBURG URBAN RENEWAL AGENCY
Budgetary Comparison Schedule**

**Washington School Fund
Year Ended September 30, 2022**

	<u>Budgeted</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$ -	\$ -	\$ -	\$ -
Fund Balance Carryover	281,700	1,021,200	-	(1,021,200)
Total	281,700	1,021,200	-	(1,021,200)
Expenditures	281,700	1,021,200	1,020,165	1,035
Contingency	-	-	-	-
Total	281,700	1,021,200	1,020,165	1,035
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	-	-	(1,020,165)	(1,020,165)
Fund Balance at Beginning of Year	1,020,165	1,020,165	1,020,165	-
Fund Balance at End of Year	\$ 1,020,165	\$ 1,020,165	\$ -	\$ (1,020,165)

See Independent Auditors' Report

**REXBURG URBAN RENEWAL AGENCY
Budgetary Comparison Schedule**

**Downtown Fund
Year Ended September 30, 2022**

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues	\$ 896,100	\$ 903,401	\$ 7,301
Fund Balance Carryover	1,563,000	-	(1,563,000)
Total	<u>2,459,100</u>	<u>903,401</u>	<u>(1,555,699)</u>
Expenditures	2,459,100	60,090	2,399,010
Contingency	-	-	-
Total	<u>2,459,100</u>	<u>60,090</u>	<u>2,399,010</u>
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	-	843,311	843,311
Fund Balance at Beginning of Year	<u>4,058,856</u>	<u>4,058,856</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 4,058,856</u>	<u>\$ 4,902,167</u>	<u>\$ 843,311</u>

See Independent Auditors' Report

**REXBURG URBAN RENEWAL AGENCY
Budgetary Comparison Schedule**

**University Boulevard Fund
Year Ended September 30, 2022**

	<u>Original and Final Budget Amount</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues	\$ 451,700	\$ 457,642	\$ 5,942
Fund Balance Carryover	<u>2,436,800</u>	<u>-</u>	<u>(2,436,800)</u>
Total	2,888,500	457,642	(2,430,858)
Expenditures	2,888,500	1,365,574	1,522,926
Contingency	<u>-</u>	<u>-</u>	<u>-</u>
Total	2,888,500	1,365,574	1,522,926
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	-	(907,932)	(907,932)
Fund Balance at Beginning of Year	<u>2,865,444</u>	<u>2,865,444</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 2,865,444</u>	<u>\$ 1,957,512</u>	<u>\$ (907,932)</u>

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**REXBURG URBAN RENEWAL AGENCY
Budgetary Comparison Schedule**

**North Interchange Fund
Year Ended September 30, 2022**

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues	\$ 361,600	\$ 238,768	\$ (122,832)
Fund Balance Carryover	780,000	-	(780,000)
Total	<u>1,141,600</u>	<u>238,768</u>	<u>(902,832)</u>
Expenditures	1,141,600	273,805	867,795
Contingency	-	-	-
Total	<u>1,141,600</u>	<u>273,805</u>	<u>867,795</u>
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	-	(35,037)	(35,037)
Fund Balance at Beginning of Year	<u>1,568,891</u>	<u>1,568,891</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 1,533,854</u>	<u>\$ (35,037)</u>

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REXBURG URBAN RENEWAL AGENCY
Budgetary Comparison Schedule

North Central Fund
Year Ended September 30, 2022

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenue	\$ -	\$ 188,988	\$ 188,988
Fund Balance Carryover	150,000	-	(150,000)
Total	<u>150,000</u>	<u>188,988</u>	<u>38,988</u>
Expenditures	150,000	45	149,955
Contingency	-	-	-
Total	<u>150,000</u>	<u>45</u>	<u>149,955</u>
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	-	188,943	188,943
Fund Balance at Beginning of Year	<u>(38,124)</u>	<u>(38,124)</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 150,819</u>	<u>\$ 188,943</u>

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REXBURG URBAN RENEWAL AGENCY
Budgetary Comparison Schedule
Administration Expenses Fund
Year Ended September 30, 2022

	Original and Final Budget Amount	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues	\$ 140,000	\$ 24,478	\$ (115,522)
Fund Balance Carryover	-	-	-
Total	<u>140,000</u>	<u>24,478</u>	<u>(115,522)</u>
Expenditures	140,000	15,363	124,637
Contingency	-	-	-
Total	<u>140,000</u>	<u>15,363</u>	<u>124,637</u>
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	-	9,115	9,115
Fund Balance at Beginning of Year	<u>82,255</u>	<u>82,255</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 91,370</u>	<u>\$ 9,115</u>

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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

To the Board of Trustees
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, 2022, 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 April 11, 2023.

Report on 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) as a basis for designing 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.

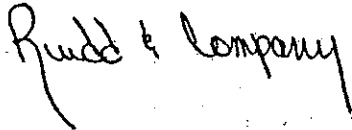
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on 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 financial statements. 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
April 11, 2023