

**CITY OF  
IDAHO FALLS, IDAHO**



**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**

FISCAL YEAR ENDED  
**SEPTEMBER 30, 2010**

**CITY OF IDAHO FALLS, IDAHO**  
**Comprehensive Annual Financial Report**  
**For the fiscal year ended September 30, 2010**

**Prepared By:**  
**Municipal Services Division**  
**Finance Department**  
**Thane Sparks**  
**Controller**

City of Idaho Falls, Idaho  
 Comprehensive Annual Financial Report  
 For the Year Ended September 30, 2010

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# **INTRODUCTORY SECTION**



# City of Idaho Falls

CONTROLLER'S OFFICE

P.O. Box 50220  
Idaho Falls, ID 83405-0220

February 8, 2011

To the Honorable Mayor, Members of the City Council  
And Citizens of Idaho Falls

The Comprehensive Annual Financial Report (CAFR) of the City of Idaho Falls (City) for the fiscal year ended September 30, 2010 is hereby submitted. Responsibility for the accuracy of the data, and the completeness and fairness of the presentations, including all disclosures, rests with the City and is based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The administration believes the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

Rudd & Company PLLC, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2010, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are contained in the single audit section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the City**

The City of Idaho Falls was incorporated in 1889 under the laws of the State of Idaho. The City operates under a Mayor-Council form of government and provides the following services: general administrative services, planning and building, public safety (police, fire, ambulance and animal control), parks and recreation, streets, library, public works, airport, water and sewer, sanitation and electric utility.

The accompanying CAFR includes the financial activities of the City, the primary government, and its component unit, The Idaho Falls Redevelopment Agency.

The City of Idaho Falls is located in the southeastern corner of the state. The City currently occupies a land area of approximately 20 square miles with an estimated population of 55,312. The City has the authority to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its boundaries by annexation, which occurs as deemed appropriate by the Council.

Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and six council members. The Council is responsible, among other things, for passing ordinances, adopting the budget, confirming committee members and working with various department heads as assigned by the mayor. The mayor is responsible for carrying out the policies and ordinances of the Council, overseeing the day-to-day operations of the City; and appointing the heads of the various departments. The Council are elected on a non-partisan basis.

Council members serve four-year staggered terms, with three council members elected every two years. The mayor is elected to serve a four-year term. The mayor and council members are elected at large.

An operating, equipment, and capital budget, including proposed expenditures and the means of financing them is proposed by the mayor to the council members for approval. Budgets are integrated into the accounting system to facilitate management control during the year. Budgetary control is enhanced for governmental funds through the use of an encumbrance system. As purchase orders are issued, corresponding appropriations are reserved by the use of encumbrances for later payment so that appropriations may not be overspent.

### **Local economy**

The Idaho Falls economy can be characterized as a regional center for retail, wholesale, medical, educational and governmental services. Underlying the City economy is a very strong base of agriculture production and processing in barley, potatoes, wheat and cattle. Offsetting the agriculture base is the scientific and hi-tech research and supporting businesses for the Idaho National Labs. This scientific sector means a highly educated work force and high incomes in the local economy. This diversified and regional market economy provides economic stability in jobs, incomes and tax base.

The regional market area extends from the City of Blackfoot to the south of Idaho Falls into Montana and Wyoming on the north and east and on into central Idaho. The state and federal offices in Idaho Falls also serve the Idaho portion of this area. The City is also the County seat. The regional medical center hospital, medical specialties and services are concentrated in Idaho Falls.

The three state universities have a large classroom and research presence in the City and are associated with the National Labs. A two year college provides technical training. There are two school districts and several private school systems.

Idaho Falls is the regional market center on the western side of Yellowstone Park and Jackson Hole. To the west is the Craters of the Moon. The outdoor activities of fly fishing, hunting, skiing, snowmobiling, hiking and sightseeing support many businesses and manufacturers. The tourism and entertainment business within the City is growing and supporting more and more jobs and businesses. The state's largest museum is in Idaho Falls which anchors a growing cultural tourism sector.

Because of its location in a region with a varied economic base, unemployment has been relatively stable. Currently the City is experiencing some of the same economic downturn as the rest of the country. Within the past ten years, the unemployment rate has reached a high of 6.7 percent this year (2010) to a low of 2.4 percent in the year (2007). The unemployment rate at the end of fiscal year 2010

was 6.7 percent which reflects the slow recovery of the job market during this economic downturn. Idaho Falls continues to experience some of the lowest unemployment rates in the nation. The economy is expected to continue to diversify and grow in the manufacturing and technology industries.

### **Long-term financial planning**

Unassigned fund balance in the general fund (40.2 percent of total general fund O&M expenses) is above the policy guidelines set by the Council for budgetary and planning purposes of at least 3 months of O&M expenses in reserve.

The Council also maintains and reviews a five year capital plan that outlines major purchases and projects. Some of the major projects being planned and reviewed are the reconstruction of the intersection at 17<sup>th</sup> Street and Holmes, replacement of the D Street and Yellowstone underpass, waste water treatment plant upgrades, continued improvements within Ryder Park, and a new building to house the law enforcement. Funding options are being considered and are not set at this time. The City is continuing to improve park area centered on the greenbelt for the benefit of the residents and visitors of this area.

### **Relevant financial policies**

It is the City's policy that "onetime" resource inflows not be used for operating purposes. Accordingly all grants received are designated and spent for the purposes that they were applied for.

### **Major initiatives**

A few of the important initiatives facing the City to be addressed at the state level are water rights, highway funding, road maintenance, property taxes, annexation authority, revenue sharing, and local option taxation. The state is facing a budget shortfall which has an impact on revenue sharing that the City receives. The City is looking for ways to make up the decreased funding.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Idaho Falls for its comprehensive annual financial report for the fiscal year ended September 30, 2009. This was the twenty first consecutive year that the City of Idaho Falls has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the entire staff of the City Controller's Office, together with assistance from other Departments and Divisions of the City, and the assistance of the City's independent auditor, Rudd & Company PLLC. All of these efforts are greatly appreciated.

Respectfully submitted,



Thane Sparks  
Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Idaho Falls  
Idaho

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

City of Idaho Falls

Principal Officials

September 30, 2010

City Council

Jared Fuhriman  
Ida Hardcastle  
Karen Cornwell  
Thomas Hally  
Michael Lehto  
Ken Taylor  
Sharon Parry

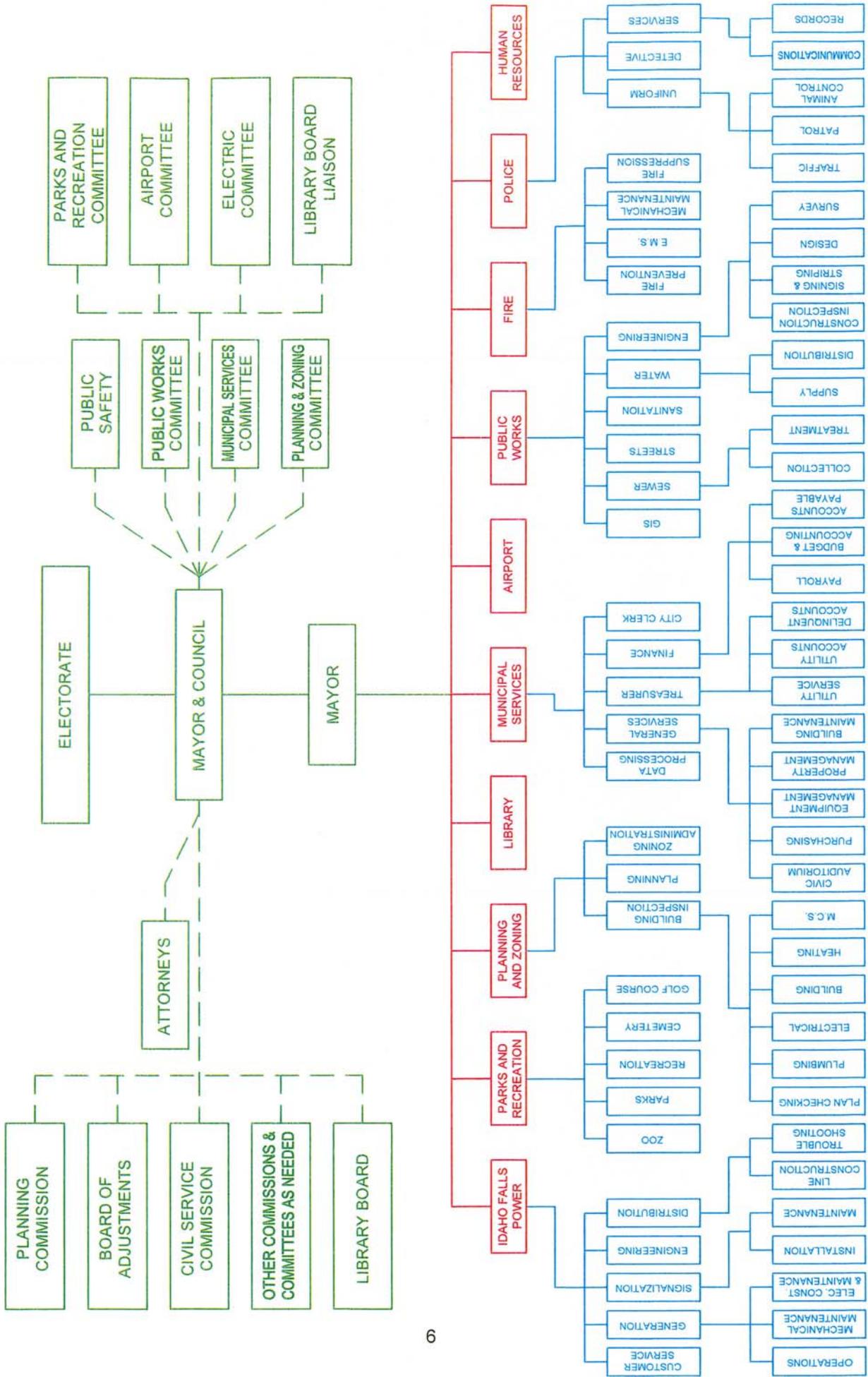
Mayor  
Mayor Pro Tem/Council Member  
Council Member  
Council Member  
Council Member  
Council Member  
Council Member

Other Principal Officers

Dale Storer  
David Christiansen  
Dean Ellis  
Jackie Flowers  
Len Nelson  
Steve Roos  
S. Craig Lords  
Renee Magee  
Chad Stanger  
Robert Wright  
Brian Sagendorf

City Attorney  
Parks & Recreation Director  
Fire Chief  
Electric Light Director  
Airport Director  
Police Chief  
Municipal Services Director  
Planning & Zoning Director  
Public Works Director  
Library Director  
Human Resources Director

# CITY OF IDAHO FALLS ORGANIZATION



# FINANCIAL SECTION



## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council  
City of Idaho Falls, Idaho

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, including PFC quarterly reports of the City of Idaho Falls, Idaho, as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Idaho Falls, Idaho's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Electric Light Fund, which is both a major fund and 50%, 44% and 68% respectively, of the assets, net assets and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Electric Light Fund, is based on the report of other auditors.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

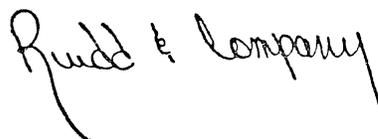
In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Idaho Falls, Idaho as of September 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2011, on our consideration of the City of Idaho Falls, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations,

contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance the *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 9 through 18 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 and the other auditors 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Idaho Falls, Idaho's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, the budgetary comparison schedules and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The combining and individual nonmajor fund financial statements, the budgetary comparison schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



February 7, 2011

## Management's Discussion and Analysis

The discussion and analysis of the City of Idaho Falls' financial performance provides an overall review of the City's financial activities for the year ended September 30, 2010. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the City's financial performance.

### Financial Highlights

- The assets of the City exceeded its liabilities at September 30, 2010 by \$375,142,729. Of this amount, \$86,385,670 of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net assets increased \$9,458,853 as a result of this year's operations. The governmental net assets increased by \$2,040,215 and the business-type net assets increased by \$7,418,638.
- At September 30, 2010, the City's governmental activities reported combined ending net assets of \$123,652,417, an increase of \$2,040,215 in comparison with the prior year. Approximately 23.6 percent of this amount, \$29,135,352, is available for spending at the City's discretion.
- The unassigned fund balance for the general fund was \$13,872,194 or 40.2 percent of the total general fund expenditures.
- Total liabilities decreased by \$6,338,039, which represents a 12.8 percent decrease from 2009.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Idaho Falls' basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash

flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, culture, recreation and public works. The business-type activities of the City include the airport, water and sewer, sanitation, ambulance and electric operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate redevelopment agency, a component unit of the City. Financial information for the component unit is reported separately from the financial information presented for the primary government.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** The City maintains proprietary funds. Enterprise funds (one type of a proprietary fund) are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its airport, water and sewer, sanitation, ambulance and electric operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the airport, water and sewer, sanitation, ambulance and electric operations, all of which are considered to be major funds of the City.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the basic financial statements.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$375,142,729 at September 30, 2010.

By far the largest portion of the City's net assets (76.2 percent) reflects its net investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Idaho Falls' Net Assets

	Governmental Activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 39,225,929	\$ 37,344,584	\$ 84,726,335	\$ 83,720,230	\$123,952,264	\$121,064,814
Capital assets	93,304,031	93,022,434	201,257,287	201,305,520	294,561,318	294,327,954
Total assets	132,529,960	130,367,018	285,983,622	285,025,750	418,513,582	415,392,768
Long-term liabilities outstanding	5,465,893	5,146,387	30,704,132	37,020,193	36,170,025	42,166,580
Other liabilities	3,411,650	3,608,429	3,789,178	3,933,883	7,200,828	7,542,312
Total liabilities	8,877,543	8,754,816	34,493,310	40,954,076	43,370,853	49,708,892
Net assets:						
Invested in capital assets, net of related debt	93,304,031	93,022,434	192,686,784	189,866,463	285,990,815	282,888,897
Restricted	1,213,034	1,143,785	1,553,210	1,878,003	2,766,244	3,021,788
Unrestricted	29,135,352	27,445,983	57,250,318	52,327,208	86,385,670	79,773,191
Total net assets	\$123,652,417	\$121,612,202	\$251,490,312	\$244,071,674	\$375,142,729	\$365,683,876

An additional portion of the City's net assets (.74 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$86,385,670) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current year, the City was able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same held true for the prior fiscal year.

The net assets of the City as a whole increased \$9,458,853 (2.6 percent) from \$365,683,876 at September 30, 2009 to \$375,142,729 at September 30, 2010. Governmental activities increased \$2,040,215 (1.7 percent) over the prior year while the business-type activities increased \$7,418,638 (3.0 percent) over the same period.

### **Changes in unrestricted net assets**

The City's unrestricted net assets-the part of net assets that can be used to finance day-to-day operations increased \$6,612,479 (8.3 percent) over the prior year. The governmental activities increased \$1,689,369 (6.1 percent) while the business-type activities increased \$4,923,110 (9.4 percent) equaling the increase of \$6,612,479.

**Business-type activities.** The increase in net assets of \$7,418,638 in the Statement of Activities was allocated as follows:

- Investment in capital assets, net of related debt, increased by \$2,820,321. This reflects capital contributions in the amount of \$1,567,924.
- A decrease of \$324,793 in restricted net assets for debt services.
- \$4,923,110 was allocated to unrestricted net assets.

**Governmental activities.** Governmental activities increased the City's net assets by \$2,040,215. Key elements of this increase are as follows:

- Total revenues had a net decrease of \$5,237,045 (3.9 percent). Property tax revenues increased \$402,822 (1.5 percent). Capital grants decreased \$5,577,407 (69.5 percent). The decrease comes from fewer developer contributed streets and storm drainage systems and completion of a grant from FAA to construct a snow removal equipment building.
- Total expenses for governmental activities had a net decrease of \$2,318,636 (4.8 percent). General government decreased \$569,592. Public safety increased \$11,765. This increase reflects a slight increase in operating expenses including wages. Streets increased \$170,158 over last year. The net increase in the street fund reflects the overall increase in street expenditures including street overlays. Culture and recreation had a net decrease of \$631,290. The net decrease reflects fewer completed capital projects. Public works had a net decrease of \$1,299,677, all of which reflects assets capitalized in governmental funds.

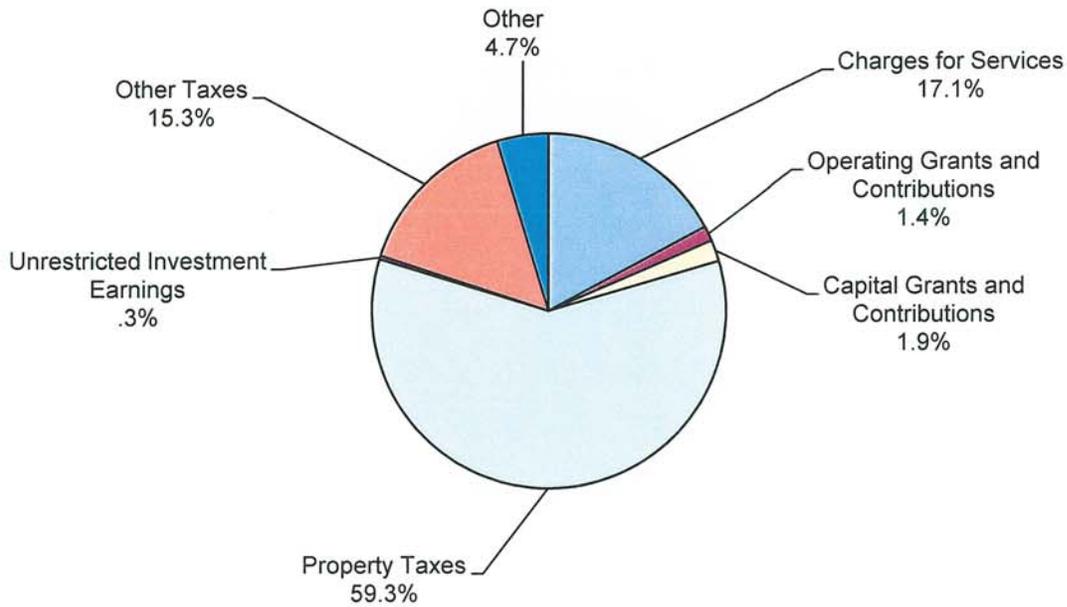
City of Idaho Falls' Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 7,770,108	\$ 8,109,035	\$ 78,199,451	\$ 77,089,787	\$ 85,969,559	\$ 85,198,822
Operating grants and contributions	625,402	869,368	1,660,981	1,835,937	2,286,383	2,705,305
Capital grants and contributions	882,387	2,588,058	1,567,924	5,439,660	2,450,311	8,027,718
<b>General revenues:</b>						
Property taxes	26,890,757	26,487,935			26,890,757	26,487,935
Other taxes	6,924,325	7,051,309		13,532	6,924,325	7,064,841
Other	2,284,499	2,132,498	652,973	1,078,733	2,937,472	3,211,231
Total revenues	45,377,478	47,238,203	82,081,329	85,457,649	127,458,807	132,695,852
<b>Expenses:</b>						
General government	6,745,582	7,315,174			6,745,582	7,315,174
Public safety	20,478,897	20,467,132			20,478,897	20,467,132
Streets	7,053,652	6,883,494			7,053,652	6,883,494
Culture and recreation	10,055,502	10,686,792			10,055,502	10,686,792
Public works	1,901,223	3,200,900			1,901,223	3,200,900
Airport			4,196,279	3,965,696	4,196,279	3,965,696
Water and sewer			12,569,738	12,185,186	12,569,738	12,185,186
Sanitation			3,265,698	3,233,531	3,265,698	3,233,531
Ambulance			3,160,466	2,937,746	3,160,466	2,937,746
Electric			48,572,917	48,140,349	48,572,917	48,140,349
Total expenses	46,234,856	48,553,492	71,765,098	70,462,508	117,999,954	119,016,000
Increase (decrease) in net assets before transfers	(857,378)	(1,315,289)	10,316,231	14,995,141	9,458,853	13,679,852
Transfers	2,897,593	3,695,270	(2,897,593)	(3,695,720)		
Increase (decrease) in net Assets	2,040,215	2,379,981	7,418,638	11,299,871	9,458,853	13,679,852
Net assets – October 1	121,612,202	119,232,221	244,071,674	232,771,803	365,683,876	352,004,024
Net assets – September 30	\$123,652,417	\$121,612,202	\$251,490,312	\$244,071,674	\$375,142,729	\$365,683,876

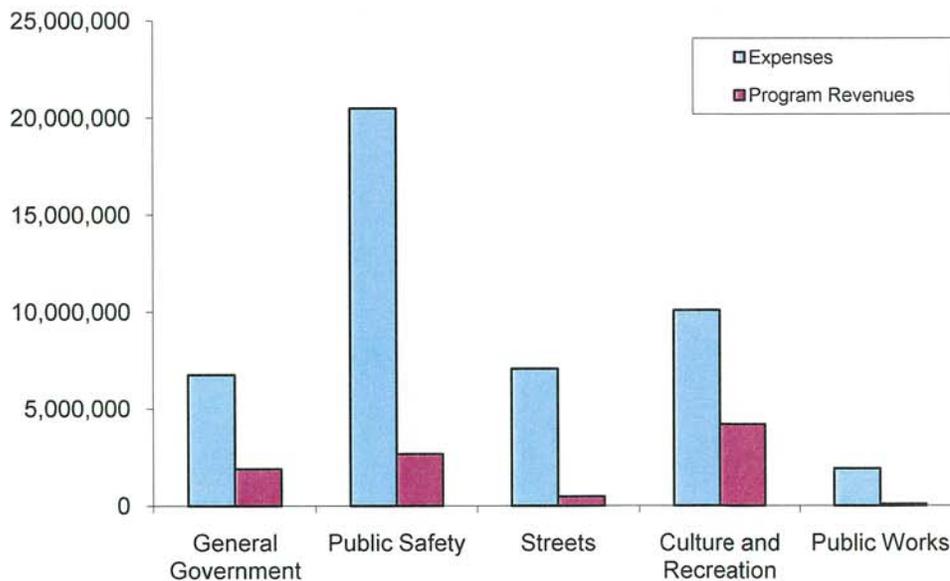
**Business-type activities.** As already noted, business-type activities increased net assets by \$7,418,638 (3.0 percent). Key elements of this net increase are as follows:

- Debt and accrued interest were reduced \$6,501,618.
- The airport fund, water and sewer fund, and the electric fund had contributed capital during the year with a \$1,567,924 value.

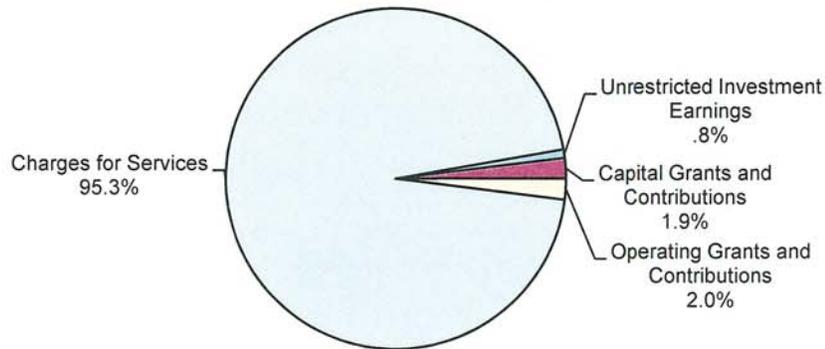
## 2010 Revenues by Source - Governmental Activities



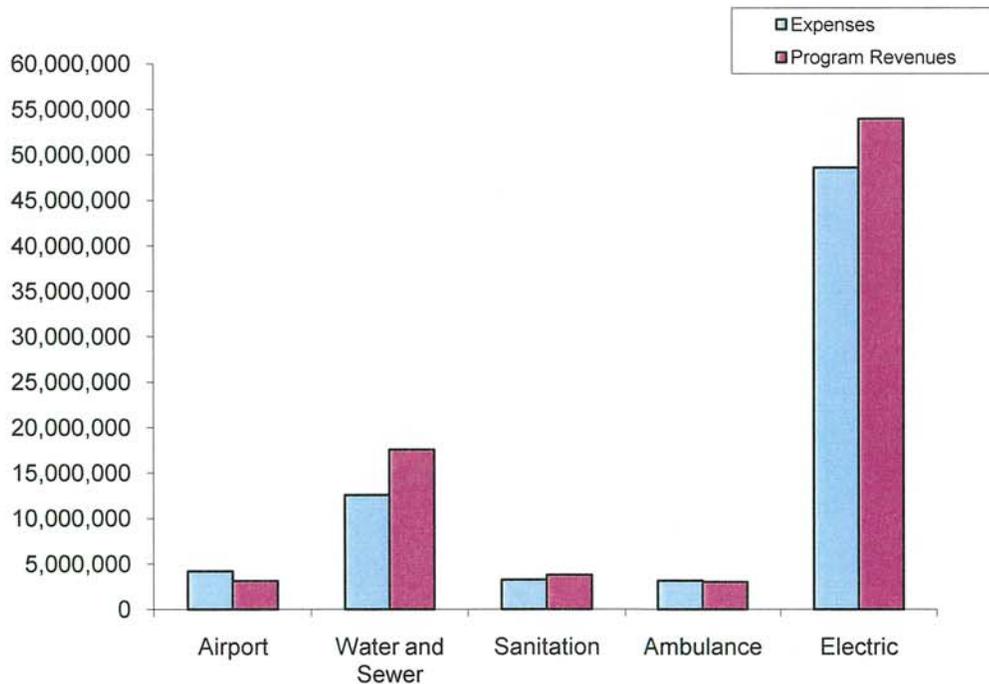
## 2010 Expenses and Program Revenues - Governmental Activities



## 2010 Revenues by Source - Business-type Activities



## 2010 Expenses and Program Revenues - Business-type Activities



## Financial Analysis of the City's Funds

**Governmental funds.** The City uses governmental funds to provide information on near-term receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of September 30, 2010, the City's governmental funds reported combined ending fund balances of \$34,518,252, an increase of \$1,904,639 in comparison with the prior year. Approximately 40.2 percent of this total amount, \$13,872,194 constitutes unassigned fund balance within the general fund, which is available for spending at the government's discretion. The remainder of fund balance is classified as non-spendable in the form of inventories and prepaid items, restricted, committed or assigned for specific activities and projects. These amounts are not available for new spending because it has already been committed 1) spending purposes of the special revenue and capital project funds, 2) to buy equipment replacements, 3) loans, 4) construction contracts, or 5) for a variety of other purposes.

The general fund is the chief operating fund of the City. At September 30, 2010, unassigned fund balance of the general fund was \$13,872,194, while total fund balance reached \$22,799,469. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditure. Unassigned fund balance represent 40.2 percent of total general fund expenditure, while total fund balance represents 66.7 percent of that same amount.

The fund balance of the City's general fund increased by \$3,451,226 during the current fiscal year. The key factor in this is as follows:

- There were several capital projects that were planned and budgeted. Construction had not started by the end of the budget year.
- The City health insurance costs remain constant and funds were set aside for future year increase.
- Fuel costs remained stable and resulted in a reduced budgeted expenditure.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of all the proprietary funds at September 30, 2010 amounted to \$57,250,318. Of that total electric operation amounted to \$27,503,556 or 48 percent. The total increase in net assets for the funds was \$7,418,638 compared to the prior year. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights.** The City did not amend the 2010 general fund budget.

The major differences between the budget and actual for the general fund are summarized as follows:

- The general fund actual revenues exceeded budgeted revenues by \$1,581,071 mainly due to reimbursement of \$1,300,000 of previously paid and unspent health insurance premiums from Blue Shield of Idaho.
- General government administrative expenses were \$4,491,476 less than budgeted.
- A few budgeted capital projects were not started by the end of the budget year and other cost savings from wage and health benefits.

**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business type activities as of September 30, 2010 amounts to \$294,561,318 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, improvements other than buildings, machinery and equipment and construction in progress.

Major Capital additions during the year were:

- The intersection of Hitt and 1<sup>st</sup> was reconstructed in the amount \$2,800,000.
- The water and sewer fund spent \$3,624,442 for new water lines, sewer lines and replacement of existing lines.
- The electric fund added \$6,074,408 in capital for transmission, distribution, generation, and fiber optics.
- Renovation and addition of the Tautphaus Park hockey complex rink in the amount of \$1,300,000.

City of Idaho Falls' Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$14,247,140	\$13,911,240	\$ 5,646,369	\$ 5,508,896	\$ 19,893,509	\$ 19,420,136
Infrastructure	78,921,595	78,835,927	-	-	78,921,595	78,835,927
Buildings and improvements	35,876,056	33,958,047	340,100,659	318,969,578	375,976,715	352,927,625
Machinery and equipment	18,003,121	17,210,577	26,224,192	25,159,929	44,227,313	42,370,506
Construction in progress	4,138,982	2,255,443	3,720,787	15,168,692	7,859,769	17,424,135
Accumulated depreciation	(57,882,863)	(53,148,800)	(174,434,720)	(163,501,575)	(232,317,583)	(216,650,375)
Total	\$93,304,031	\$93,022,434	\$201,257,287	\$201,305,520	\$294,561,318	\$294,327,954

Additional information about the City's capital assets can be found in Note IV.C in the notes to the financial statements.

**Debt administration.** At September 30, 2010, the City had \$30,669,639 in business-type debt outstanding compared to \$37,007,936 last year, a 17.1 percent decrease.

City of Idaho Falls' Outstanding Business-type Debt		
	2010	2009
General obligations-zero coupon bonds	\$ 6,984,056	\$ 9,084,388
Certificates of participation	1,915,000	2,750,000
Compensated absences	2,254,775	2,112,452
Total	\$11,153,831	\$13,946,840

The general obligation bonds are zero coupon bonds. The bonds were sold at a discount with the interest accruing until the bond is callable. Additional information about the City's long-term debt can be found in Note IV.E.

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the City is currently 6.7 percent. This rate has remained fairly constant from 6.5 percent a year ago. This compares favorably to the state's average unemployment rate of 9.6 percent.
- Inflationary trends for the City are about the same as the national level.
- The City compares above the average in economic growth during the current downturn in the world economy. The economic recovery remains optimistic but slow.

These factors and many others were considered in preparing the City's budget for the 2011 fiscal year.

The general fund ended the current year with an unassigned fund balance of \$13,872,194. The City has not appropriated any of this unassigned fund balance for spending in the 2011 fiscal year budget.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Thane Sparks, City of Idaho Falls, 308 Constitution Way, P.O. Box 50220, Idaho Falls, ID 83405.

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**City of Idaho Falls  
Statement of Net Assets  
September 30, 2010**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Redevelopment Agency
<b>ASSETS</b>				
Cash and cash equivalents	\$ 16,731,589	\$ 22,966,813	\$ 39,698,402	\$ 1,775,577
Investments	16,982,839	41,984,461	58,967,300	1,487,861
Receivables (net of allowance for uncollectables)	3,011,676	7,724,720	10,736,396	299,641
Internal balances	2,179	(2,179)	-	-
Due from other governments	1,560,482	24,435	1,584,917	-
Inventories	428,748	4,371,139	4,799,887	-
Prepaid charges	508,416	-	508,416	-
Deferred charges	-	335,142	335,142	-
Restricted assets:				
Cash and cash equivalents	-	7,321,804	7,321,804	-
Capital assets (net of accumulated depreciation):				
Land	14,247,140	5,646,369	19,893,509	-
Infrastructure	78,921,595	20,781,177	99,702,772	-
Buildings and improvements	35,876,056	319,319,482	355,195,538	-
Machinery and equipment	18,003,121	26,224,192	44,227,313	-
Construction work in progress	4,138,982	3,720,787	7,859,769	825,743
Accumulated depreciation	(57,882,863)	(174,434,720)	(232,317,583)	-
Total assets	132,529,960	285,983,622	418,513,582	4,388,822
<b>LIABILITIES</b>				
Accounts payable	1,375,358	2,947,397	4,322,755	309,927
Contracts payable	10,000	-	10,000	-
Accrued wages payable	1,711,310	793,963	2,505,273	-
Security deposits	314,982	4,252	319,234	-
Accrued interest payable from restricted assets	-	43,566	43,566	-
Noncurrent liabilities:				
Due within one year	3,436,917	10,010,060	13,446,977	-
Due in more than one year	1,950,952	20,659,579	22,610,531	12,392,530
Net other postemployment benefits obligation	78,024	34,493	112,517	-
Total liabilities	8,877,543	34,493,310	43,370,853	12,702,457
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	93,304,031	192,686,784	285,990,815	825,743
Restricted for:				
Debt services	-	1,553,210	1,553,210	-
Conservation programs	1,213,034	-	1,213,034	-
Unrestricted	29,135,352	57,250,318	86,385,670	(9,139,378)
Total net assets (deficit)	\$ 123,652,417	\$ 251,490,312	\$ 375,142,729	\$ (8,313,635)

The notes to the financial statements are an integral part of this statement.

**City of Idaho Falls**  
**Statement of Activities**  
**For the Year Ended September 30, 2010**

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Assets			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total		Redevelopment Agency
			Grants and Contributions	Capital Grants and Contributions					
<b>Primary Government:</b>									
Government activities:									
General government	\$ 6,745,582	\$ 1,495,623	\$ 396,725	\$ -	\$ (4,853,234)		\$ (4,853,234)		
Public safety	20,478,897	2,622,893	40,280	2,186	(17,813,538)		(17,813,538)		
Streets	7,053,652	-	-	473,788	(6,579,864)		(6,579,864)		
Culture and recreation	10,055,502	3,583,524	188,397	406,413	(5,877,168)		(5,877,168)		
Public works	1,901,223	68,068	-	-	(1,833,155)		(1,833,155)		
<b>Total governmental activities</b>	<b>46,234,856</b>	<b>7,770,108</b>	<b>625,402</b>	<b>882,387</b>	<b>(36,956,959)</b>		<b>(36,956,959)</b>		
Business-type activities:									
Airport	4,196,279	2,120,157	153,293	841,846		\$ (1,080,983)	(1,080,983)		
Water and sewer	12,569,738	17,425,627	-	129,884		4,985,773	4,985,773		
Sanitation	3,265,698	3,772,889	-	-		507,191	507,191		
Ambulance	3,160,466	1,509,454	1,507,688	-		(143,324)	(143,324)		
Electric	48,572,917	53,371,324	-	596,194		5,394,601	5,394,601		
<b>Total business-type activities</b>	<b>71,765,098</b>	<b>78,199,451</b>	<b>1,660,981</b>	<b>1,567,924</b>		<b>9,663,258</b>	<b>9,663,258</b>		
<b>Total primary government</b>	<b>\$ 117,999,954</b>	<b>\$ 85,969,559</b>	<b>\$ 2,286,383</b>	<b>\$ 2,450,311</b>	<b>(36,956,959)</b>		<b>(27,293,701)</b>		
<b>Component unit:</b>									
Redevelopment agency	\$ 707,088	-	-	-			\$ (707,088)		
<b>Total component unit</b>	<b>\$ 707,088</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>			<b>(707,088)</b>		
General revenues:									
Property taxes					26,890,757		26,890,757		
Unrestricted sales tax and revenue sharing					5,412,698		5,412,698		
Franchise taxes					898,165		898,165		
Alcoholic beverage taxes					613,462		613,462		
Unrestricted investment earnings					145,159	652,973	798,132	69,710	
Miscellaneous revenues					2,139,340		2,139,340		
Transfers					2,897,593	(2,897,593)	-		
<b>Total general revenues and transfers</b>					<b>38,997,174</b>	<b>(2,244,620)</b>	<b>36,752,554</b>	<b>2,739,863</b>	
Change in net assets					2,040,215	7,418,638	9,458,853	2,032,775	
Net assets (deficit)-beginning as restated-see note H					121,612,202	244,071,674	365,683,876	(10,346,410)	
<b>Net assets (deficit)-ending</b>					<b>\$ 123,652,417</b>	<b>\$ 251,490,312</b>	<b>\$ 375,142,729</b>	<b>\$ (8,313,635)</b>	

The notes to the financial statements are an integral part of this statement.

**City of Idaho Falls  
Balance Sheet  
Governmental Funds  
September 30, 2010**

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,933,653	\$ 5,797,936	\$ 16,731,589
Investments	12,056,995	4,925,844	16,982,839
Receivables	1,583,699	1,427,977	3,011,676
Due from other funds	3,743	-	3,743
Due from other governments	776,178	784,304	1,560,482
Inventory	428,748	-	428,748
Prepaid items	508,416	-	508,416
Total assets	\$ 26,291,432	\$ 12,936,061	\$ 39,227,493
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	529,631	845,727	1,375,358
Contracts payable	-	10,000	10,000
Accrued wages	1,514,245	197,065	1,711,310
Due to other funds	-	1,564	1,564
Security deposits	314,982	-	314,982
Deferred revenue	1,133,105	162,922	1,296,027
Total liabilities	3,491,963	1,217,278	4,709,241
Fund balances:			
Nonspendable	937,164	-	937,164
Restricted	-	1,213,034	1,213,034
Committed	4,902,446	3,395,364	8,297,810
Assigned	3,087,665	7,110,385	10,198,050
Unassigned	13,872,194	-	13,872,194
Total fund balances	22,799,469	11,718,783	34,518,252
Total liabilities and fund balances	\$ 26,291,432	\$ 12,936,061	\$ 39,227,493
Total governmental funds balances			34,518,252
Amounts reported for governmental activities in the statement of net assets are different because:			
Deferred revenue is not available to pay current period expenditures and, therefore, is not reported in the funds.			1,296,027
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			93,304,031
Compensated absences (a long-term liability) are not due and payable in the current period and, therefore, are not reported in the funds.			(5,387,869)
Other postemployment benefits obligation (a long-term liability) are not due and payable in the current period and, therefore, are not reported in the funds.			(78,024)
Net assets of governmental activities			\$ 123,652,417

The notes to the financial statements are an integral part of this statement.

**City of Idaho Falls**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2010**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ 24,219,452	\$ 3,389,116	\$ 27,608,568
Licenses and permits	487,589	-	487,589
Intergovernmental	5,377,733	3,867,276	9,245,009
Charges for services	801,715	2,980,583	3,782,298
Fines	567,712	96,067	663,779
Interest	98,664	46,495	145,159
Miscellaneous	2,385,709	787,414	3,173,123
Total revenues	<u>33,938,574</u>	<u>11,166,951</u>	<u>45,105,525</u>
<b>EXPENDITURES</b>			
Current:			
General government	6,399,897	657,394	7,057,291
Public safety	20,480,244	-	20,480,244
Streets	-	3,477,488	3,477,488
Culture & recreation	6,056,658	5,449,771	11,506,429
Public works	1,532,164	-	1,532,164
Capital outlay	-	2,044,863	2,044,863
Total expenditures	<u>34,468,963</u>	<u>11,629,516</u>	<u>46,098,479</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(530,389)</u>	<u>(462,565)</u>	<u>(992,954)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	3,981,615	325,237	4,306,852
Transfers out	-	(1,409,259)	(1,409,259)
Total other financing sources (uses)	<u>3,981,615</u>	<u>(1,084,022)</u>	<u>2,897,593</u>
Net change in fund balances	3,451,226	(1,546,587)	1,904,639
Fund balances, October 1	19,348,243	13,265,370	32,613,613
Fund balances, September 30	<u>\$ 22,799,469</u>	<u>\$ 11,718,783</u>	<u>\$ 34,518,252</u>

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

Net change in fund balances-total governmental funds	1,904,639
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	182,090
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	99,507
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	173,485
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (i.e., compensated absences and other postemployment benefits liability).	(319,506)
Change in net assets of governmental activities.	<u>\$ 2,040,215</u>

The notes to the financial statements are an integral part of this statement.

**City of Idaho Falls**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-GAAP Basis - Budget and Actual**  
**For the Fiscal Year Ended September 30, 2010**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>			
Taxes	\$ 24,185,621	\$ 24,367,034	\$ 181,413
Licenses and permits	511,350	487,589	(23,761)
Intergovernmental	5,427,732	5,409,079	(18,653)
Charges for services	812,900	801,715	(11,185)
Fines	527,400	567,712	40,312
Interest	150,000	73,036	(76,964)
Miscellaneous	895,800	2,385,709	1,489,909
Total revenues	<u>32,510,803</u>	<u>34,091,874</u>	<u>1,581,071</u>
<b>EXPENDITURES</b>			
Current:			
General government	9,475,512	6,170,041	3,305,471
Public safety	19,897,248	19,844,413	52,835
Culture and recreation	6,595,256	5,887,610	707,646
Public works	1,980,383	1,532,164	448,219
Total expenditures	<u>37,948,399</u>	<u>33,434,228</u>	<u>4,514,171</u>
Excess of revenues over expenditures	<u>(5,437,596)</u>	<u>657,646</u>	<u>6,095,242</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	4,087,000	3,981,615	(105,385)
Operating transfers out	(889,700)	(947,866)	(58,166)
Total other financing sources (uses)	<u>3,197,300</u>	<u>3,033,749</u>	<u>(163,551)</u>
Net change in fund balances	(2,240,296)	3,691,395	5,931,691
Fund balance, October 1	<u>19,348,243</u>	<u>19,348,243</u>	
Fund balance, September 30	<u>\$ 17,107,947</u>	<u>\$ 23,039,638</u>	<u>\$ 5,931,691</u>

The notes to the financial statements are an integral part of this statement.

**City of Idaho Falls  
Statement of Net Assets  
Proprietary Funds  
September 30, 2010**

**Business-type Activities-Enterprise Funds**

	Airport	Water & Sewer	Sanitation	Ambulance	Electric	Total
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 1,911,591	\$ 8,544,415	\$ 1,146,247	\$ 411,258	\$ 10,953,302	\$ 22,966,813
Investments	1,819,431	14,678,493	613,273	635,801	24,237,463	41,984,461
Receivables (net of allowance for uncollectibles):						
Utility & accounts	27,900	814,383	175,793	625,804	5,844,142	7,488,022
Interest	2,297	43,571	125	192	190,513	236,698
Due from other governments	24,435	-	-	-	-	24,435
Inventory	-	969,571	-	-	3,401,568	4,371,139
Restricted cash and cash equivalents	958,566	-	-	-	3,840,514	4,799,080
Total current assets	<u>4,744,220</u>	<u>25,050,433</u>	<u>1,935,438</u>	<u>1,673,055</u>	<u>48,467,502</u>	<u>81,870,648</u>
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	420,500	-	-	-	2,102,224	2,522,724
Deferred charges	6,589	-	-	-	328,553	335,142
Capital assets:						
Land	2,615,359	1,028,263	-	-	2,002,747	5,646,369
Buildings	14,335,391	1,904,951	430,756	107,537	4,002,542	20,781,177
Improvements other than buildings	47,683,623	97,623,927	39,385	-	173,972,547	319,319,482
Machinery & equipment	2,440,876	11,367,014	4,761,541	2,081,187	5,573,574	26,224,192
Construction work in progress	676,004	246,443	-	-	2,798,340	3,720,787
Less accumulated depreciation	(24,815,404)	(46,880,274)	(2,781,727)	(1,303,025)	(98,654,290)	(174,434,720)
Total capital assets (net of accumulated depreciation)	<u>42,935,849</u>	<u>65,290,324</u>	<u>2,449,955</u>	<u>885,699</u>	<u>89,695,460</u>	<u>201,257,287</u>
Total noncurrent assets	<u>43,362,938</u>	<u>65,290,324</u>	<u>2,449,955</u>	<u>885,699</u>	<u>92,126,237</u>	<u>204,115,153</u>
Total assets	<u>\$ 48,107,158</u>	<u>\$ 90,340,757</u>	<u>\$ 4,385,393</u>	<u>\$ 2,558,754</u>	<u>\$ 140,593,739</u>	<u>\$ 285,985,801</u>

The notes to the financial statements are an integral part of this statement.

**City of Idaho Falls  
Statement of Net Assets  
Proprietary Funds  
September 30, 2010**

**Business-type Activities-Enterprise Funds**

	Airport	Water & Sewer	Sanitation	Ambulance	Electric	Total
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 5,186	\$ 506,667	\$ 379,547	\$ 19,063	\$ 2,036,934	\$ 2,947,397
Accrued wages	32,036	173,144	80,033	142,855	365,895	793,963
Due to other funds	628	460	209	165	717	2,179
Compensated absences	69,836	305,460	132,020	290,122	617,622	1,415,060
Security deposits	4,252	-	-	-	-	4,252
Certificates of participation	915,000	-	-	-	-	915,000
G.O. bonds payable	-	-	-	-	1,954,972	1,954,972
Accrued interest payable-current	43,566	-	-	-	5,725,028	5,768,594
Total current liabilities	<u>1,070,504</u>	<u>985,731</u>	<u>591,809</u>	<u>452,205</u>	<u>10,701,168</u>	<u>13,801,417</u>
Noncurrent liabilities:						
Accrued interest-G.O. bonds	-	-	-	-	13,790,780	13,790,780
Compensated absences	16,111	239,788	87,646	185,677	310,493	839,715
Net other postemployment benefits	3,855	13,607	9,219	6,821	991	34,493
Certificates of participation	1,000,000	-	-	-	-	1,000,000
G.O. bonds payable	-	-	-	-	5,029,084	5,029,084
Total noncurrent liabilities	<u>1,019,966</u>	<u>253,395</u>	<u>96,865</u>	<u>192,498</u>	<u>19,131,348</u>	<u>20,694,072</u>
Total liabilities	<u>2,090,470</u>	<u>1,239,126</u>	<u>688,674</u>	<u>644,703</u>	<u>29,832,516</u>	<u>34,495,489</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	41,020,849	65,290,324	2,449,955	885,699	83,039,957	192,686,784
Restricted for debt service	1,335,500	-	-	-	217,710	1,553,210
Unrestricted	3,660,339	23,811,307	1,246,764	1,028,352	27,503,556	57,250,318
Total net assets	<u>\$ 46,016,688</u>	<u>\$ 89,101,631</u>	<u>\$ 3,696,719</u>	<u>\$ 1,914,051</u>	<u>\$ 110,761,223</u>	<u>\$ 251,490,312</u>

The notes to the financial statements are an integral part of this statement.

**City of Idaho Falls**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2010**

**Business-type Activities-Enterprise Funds**

	Airport	Water & Sewer	Sanitation	Ambulance	Electric	Total
Operating revenues:	\$ 2,120,157	\$ 17,425,627	\$ 3,772,889	\$ 1,509,454	\$ 52,857,849	\$ 77,685,976
Operating expenses:						
Operations and maintenance	1,776,245	8,971,032	2,872,231	3,038,859	40,872,273	57,530,640
Depreciation	2,326,313	3,598,706	393,467	121,607	5,584,485	12,024,578
Total operating expenses	4,102,558	12,569,738	3,265,698	3,160,466	46,456,758	69,555,218
Operating income (loss)	(1,982,401)	4,855,889	507,191	(1,651,012)	6,401,091	8,130,758
Nonoperating revenues (expenses):						
Intergovernmental	153,293	-	-	1,507,688	-	1,660,981
Interest income	11,206	144,653	4,525	4,057	488,532	652,973
Other, net	-	-	-	-	513,475	513,475
Interest expenses	(93,721)	-	-	-	(2,116,159)	(2,209,880)
Total nonoperating revenues (expenses)	70,778	144,653	4,525	1,511,745	(1,114,152)	617,549
Net income (loss) before contributions and transfers	(1,911,623)	5,000,542	511,716	(139,267)	5,286,939	8,748,307
Capital contributions	841,846	129,884	-	-	596,194	1,567,924
Transfers in	523,368	885,891	-	-	-	1,409,259
Transfers out	-	(849,349)	(187,691)	-	(3,269,812)	(4,306,852)
Change in net assets	(546,409)	5,166,968	324,025	(139,267)	2,613,321	7,418,638
Total net assets-October 1	46,563,097	83,934,663	3,372,694	2,053,318	108,147,902	244,071,674
Total net assets-September 30	\$ 46,016,688	\$ 89,101,631	\$ 3,696,719	\$ 1,914,051	\$ 110,761,223	\$ 251,490,312

The notes to the financial statements are an integral part of this statement.

City of Idaho Falls  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended September 30, 2010

Business-type Activities-Enterprise Funds						
	Airport	Water & Sewer	Sanitation	Ambulance	Electric	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 2,123,852	\$ 17,470,340	\$ 3,784,573	\$ 1,579,366	\$ 51,966,559	\$ 76,924,690
Payments to suppliers	(1,251,189)	(5,484,156)	(542,793)	(566,875)	(35,257,669)	(43,102,682)
Payments to employees	(758,317)	(3,830,831)	(1,931,123)	(2,396,982)	(5,182,401)	(14,099,654)
Other, net	-	-	-	-	513,475	513,475
Net cash provided (used) by operations	114,346	8,155,353	1,310,657	(1,384,491)	12,039,964	20,235,829
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers from other funds	523,368	885,891	-	-	-	1,409,259
Transfers to other funds	-	(849,349)	(187,691)	-	(3,269,812)	(4,306,852)
Net cash provided (used) by noncapital financing activities	523,368	36,542	(187,691)	-	(3,269,812)	(2,897,593)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital contributions	841,846	129,884	-	-	-	971,730
Intergovernmental revenues	153,293	-	-	1,507,688	-	1,660,981
Acquisition and construction of capital assets	(378,012)	(4,542,599)	(577,766)	(490,835)	(5,390,938)	(11,380,150)
Principal paid on capital debt	(835,000)	-	-	-	(2,100,333)	(2,935,333)
Interest paid on capital debt	(87,132)	-	-	-	(5,594,668)	(5,681,800)
Net cash provided (used) by capital and related financing activities	(305,005)	(4,412,715)	(577,766)	1,016,853	(13,085,939)	(17,364,572)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sale of investments	8,239,134	41,802,631	2,519,901	3,737,149	77,089,831	133,388,646
Purchase of investments	(8,851,499)	(47,070,662)	(2,753,050)	(3,874,746)	(69,151,912)	(131,701,869)
Earnings on investments	18,471	213,461	4,525	5,846	596,384	838,687
Net cash provided (used) by investing activities	(593,894)	(5,054,570)	(228,624)	(131,751)	8,534,303	2,525,464

Net increase (decrease) in cash and cash equivalents	(261,185)	(1,275,390)	316,576	(499,389)	4,218,516	2,499,128
Cash and cash equivalents balance, October 1	3,551,842	9,819,805	829,671	910,647	12,677,524	27,789,489
Cash and cash equivalents balance, September 30	\$ 3,290,657	\$ 8,544,415	\$ 1,146,247	\$ 411,258	\$ 16,896,040	\$ 30,288,617

**Reconciliation of operating income (loss) to net cash provided (used) by operating activities:**

Operating income (loss)	\$ (1,982,401)	\$ 4,855,889	\$ 507,191	\$ (1,651,012)	\$ 6,401,091	\$ 8,130,758
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	2,326,313	3,598,706	393,467	121,607	5,584,485	12,024,578
(Increase) decrease in accounts receivable	261	44,713	11,684	69,553	(882,134)	(755,923)
(Increase) decrease due from other governments	41,899	-	-	-	-	41,899
(Increase) decrease inventory	-	(2,891)	-	-	273,388	270,497
(Decrease) increase accounts payable	(265,185)	(361,823)	378,957	14,972	156,876	(76,203)
(Decrease) increase due to other funds	(34)	(31)	(109)	(261)	(8,875)	(9,310)
(Decrease) increase in accrued liabilities	(6,507)	20,790	19,467	60,650	1,659	96,059
Other income, net	-	-	-	-	513,475	513,475
Total adjustments	2,096,747	3,299,464	803,466	266,521	5,638,874	12,105,072
Net cash provided (used) by operating activities	\$ 114,346	\$ 8,155,353	\$ 1,310,657	\$ (1,384,491)	\$ 12,039,965	\$ 20,235,830

**Noncash investing, capital, and financing activities:**

Contributions of capital assets	-	-	-	-	596,194	596,194
Capital assets traded	-	28,460	123,838	-	-	152,298
Transfer of construction work-in-progress to plant in service	-	-	-	-	6,074,408	6,074,408
Amortization of debt related premium and deferred charges included in interest expense	-	-	-	-	66,779	66,779

For purposes of the statements of cash flows, cash and cash equivalents are as follows:

	Airport	Water and Sewer	Sanitation	Ambulance	Electric	Total
Cash and cash equivalents reported on the balance sheet	\$ 1,911,591	\$ 8,544,415	\$ 1,146,247	\$ 411,258	\$ 10,953,302	\$ 22,966,813
Restricted cash and cash equivalents included in restricted cash	1,379,066	-	-	-	5,942,738	7,321,804
Total cash and cash equivalents	\$ 3,290,657	\$ 8,544,415	\$ 1,146,247	\$ 411,258	\$ 16,896,040	\$ 30,288,617

The notes to the financial statements are an integral part of this statement.

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City of Idaho Falls, Idaho

Notes to the Financial Statements

For the Year Ended September 30, 2010

**I. Summary of significant accounting policies**

**A. Reporting entity**

The City of Idaho Falls (the City) was incorporated in 1889 under the laws of the State of Idaho. The City operates under a Mayor-Council form of government. The Mayor is elected for a four-year term. The Council consists of six members, each serving a four-year term. The City provides the following services: public safety (police, fire, ambulance and animal control) planning and building, parks and recreation, streets, library, public works, airport, water and sewer, electric, sanitation, and general and administrative services.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. Council directly controls the operation of each of these activities through the budgetary process.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board; and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget.

The component unit column in the accompanying financial statements includes the financial data of the City's only discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the City. The City appoints the governing body of the Idaho Falls Redevelopment Agency. The Agency receives tax incremental financing and has authority to issue debt. The Agency was formed to improve certain blighted areas within the City. Complete financial statements of the Agency can be reviewed at the City of Idaho Falls Clerk's Office.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. The City currently does not have any fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental fund:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government such as general administration, police, fire, planning and building, parks and public works, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The airport fund accounts for the activities of the City airport. All activities, debt service and capital additions are accounted for in the fund.

The water and sewer fund is used to account for the operations of the water and sewer utility system. The City operates 19 wells, a water distribution system, sewage treatment plant, sewage pumping stations and collection systems.

The sanitation fund accounts for the activities of the City's trash collection operations.

The ambulance fund accounts for the activities of operating the City's ambulance service.

The electric fund accounts for the activities of the City's electric generation, transmission and distribution operations.

The City has elected to include the sanitation and ambulance funds as major proprietary funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer, sanitation, and electric functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

#### **D. Assets, liabilities, and net assets or equity**

##### **1. Cash and investments**

The City's cash and cash equivalents are defined as unrestricted cash on hand, demand deposits and short-term investments and restricted cash and investments with original maturities of three months or less from the date of acquisition. Restricted investments are stated at fair value. The City pools its investable funds to maximize interest income. Interest income earned as a result of pooling is distributed to the appropriate funds based on the average balance of pooled cash of each fund. Unrestricted investments are stated at fair value.

Idaho Code provides authorization for the investment of funds as well as specific direction as to what constitutes an allowable investment. City policy is consistent with this direction.

The City is limited to the following general types of investments:

Certain revenue bonds, general obligation bonds, local improvement district bonds, tax anticipation notes, and registered warrants of state and local governmental entities.

Time deposit accounts.

Bonds, treasury bills, interest-bearing notes, debentures, or other similar obligations of the United States Government and the Farm Credit System.

Repurchase agreements.

Banker's acceptances and prime commercial paper.

Mutual or money market funds.

## **2. Receivables and payables**

Interfund receivables and payables arising from interfund transactions are referred to as either "due from other funds" or "due to other funds" for the current portion with "advances to other funds" or "advances from other funds" for the non-current portion. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are classified as assigned in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Delinquent utility receivables are carried in the accounts of the utility funds for five years from the date of the last transaction, before they are written off against the allowance for doubtful accounts. Such amounts are included in the allowance for doubtful accounts after one year with no activity. All trade receivables are shown net of allowance for uncollectibles.

The property tax levy rate is set in September and the dollar amount is set in November for the new calendar year. Levies are determined on the second Monday of September. All of the personal property tax and one-half of the real property tax are due on or before December 20. The remaining one-half of the real property tax is due on or before June 20, of the following year. Property taxes attach as an enforceable lien on property as of January 1, of the following year. Notice of foreclosure is filed with the County Clerk on property three years from the date of delinquency. The property tax revenue is budgeted for the ensuing fiscal year.

## **3. Inventory and prepaid items**

Inventory is stated at average cost. Inventory for all funds consist of expendable supplies held for consumption and is recorded as expense when consumed (consumption method). Certain insurance premiums and travel advances representing costs applicable to future accounting periods are recorded as prepaid items.

**4. Restricted assets**

Funds set aside to meet bond reserves, debt service, and renewal and replacement requirements in the enterprise funds, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Funds set aside to meet conservation loan requirements in the governmental funds, are classified as restricted assets on the balance sheet because their use is limited by the conservation programs.

**5. Capital assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of two years. Infrastructure, water and sewer lines, wells, electrical distribution and transmission lines, and generation facility costs are summarized at year-end and recorded as summary totals for the year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All reported capital assets are depreciated except for land, land improvements and construction in progress. Depreciation is computed using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	7-50
Improvements other than buildings	5-50
Machinery and equipment	3-50
Infrastructure	25-30

A full year's depreciation is taken in the year assets are placed in service.

**6. Compensated absences**

a. Governmental funds:

The City reports compensated absences in accordance with the provision of GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements". The City uses the current financial resources measurement focus and the modified accrual basis of accounting. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

b. Enterprise funds:

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits in the future. The amount is based on eligible accumulated sick leave and employee wage rates at retirement.

The entire amount of compensated absences is reported as a fund liability.

The entire compensated absence liability is reported on the government-wide financial statements.

## **7. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

## **8. Fund equity**

In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Designations of fund balance as nonspendable, restricted, committed, assigned, or unassigned is based upon the types of constraints placed on the outstanding balances.

## **II. Reconciliation of government-wide and fund financial statements**

### **A. Explanation of certain differences between the government fund balance sheet and the government wide statement of net assets**

The government fund balance sheet includes reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. The principal element of that difference is the capital assets reported as net of related debt. However, there is no debt related to the government capital assets; the \$93,304,031 represents the entire net value of the City's governmental capital assets after deducting \$57,882,863 in accumulated depreciation.

### **B. Explanation of certain differences between the governmental fund statements of revenues, expenditures, and changes in fund balances and government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlay

as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

Capitalized asset expenditures	\$ 5,660,528
Depreciation expense	<u>5,478,438</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of Governmental activities	<u>\$ 182,090</u>

### III. Stewardship, compliance, and accountability

#### A. Budgetary information

All governmental and proprietary fund types are required to legally adopt an annual budget.

Budgets are not adopted on a basis consistent with generally accepted accounting principles. All unencumbered appropriations lapse at year-end.

The City uses an encumbrance accounting system to provide budgetary control over City expenditures. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year-end are reported as committed or assigned fund balances and do not constitute expenditures or liabilities because the commitments will be re-budgeted and re-encumbered during the subsequent year.

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

On or before June 9 of each year, all divisions of the City submit appropriation requests to the City controller's office so that a budget may be prepared. The budget is prepared for the entire City by fund, function and activity, and includes information on the past year, current year estimates, and requested appropriation for the next fiscal year.

Prior to the fourth Thursday of August, the mayor submits to the city council a proposed budget for the fiscal year commencing October 1. The budget summary includes proposed expenditures and the means of financing them.

A public hearing is conducted to obtain citizen comments.

Prior to October 1, the budget is legally enacted through passage of an appropriation ordinance.

The budget includes the general, special revenue, capital project, and enterprise funds. The level of control (level at which expenditures, including encumbrances, should not exceed budget) is the fund. The legal level of control is the appropriation ordinance.

Any budget transfer within an individual fund by management does not require formal city council approval. State law does allow the city council to amend the original appropriation ordinance.

The City did not amend its original budget ordinance.

## **B. Excess of expenditures over appropriations**

For the year ended September 30, 2010, expenditures exceeded appropriations in the recreation fund by \$11,495, and the ambulance fund by \$15,935. These over expenditures were funded by available fund balance in each of the two funds.

## **IV. Detailed notes on all funds**

### **A. Cash and investments**

The City maintains a cash and investment pool for use by all funds. In addition, the airport fund and the electric light fund each have deposits held separately by a trustee which are classified as restricted.

#### **1. Deposits**

At September 30, 2010, the carrying amount of the City's deposits was \$68,602,023 and the respective bank balances totaled \$69,159,081. Of the bank balances, \$45,319,618 were insured or collateralized with pooled securities held by the pledging financial institution in the name of the City.

#### **2. Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The City's policy is to minimize custodial credit risk by spreading its deposits among various financial institutions in amounts that either collateralized by other investments or are less than the available insurance amount offered by the financial institutions. As of September 30, 2010, some of the City's deposits totaling \$33,588,148 were not covered by federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City, and thus were exposed to custodial credit risk. As of September 30, 2010, total deposits of \$35,570,934 were insured or collateralized by deposits held by financial institutions and deposits of \$33,588,148 were unsecured and uncollateralized.

#### **3. Custodial Credit Risk – Investments**

As of September 30, 2010, some of the City's investments totaling \$20,870,483 were not covered by federal depository insurance or by collateral held of the City's agent or pledging financial institution's trust department or agent in the name of the City, and thus were exposed to custodial credit risk.

#### **4. Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations primarily by investing in shorter-term securities, money market mutual funds, or similar investment pools.

#### **5. 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 City's policy to limit investments to the safest types of securities and to diversify the City's investment portfolio so that potential losses on securities will be minimized. The City follows Idaho statute that outlines qualifying investment options.

## 6. Investments

The City's investments at September 30, 2010 are summarized below:

Investment Type	Fair Value	<u>Investment Maturities (in Years)</u>			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Notes	\$16,515,000	\$ -	\$12,700,000	\$3,800,000	\$15,000
Commercial Paper	20,870,483	20,870,483			
Total Investments	<u>\$37,385,483</u>	<u>\$20,870,483</u>	<u>\$12,700,000</u>	<u>\$3,800,000</u>	<u>\$15,000</u>

Reconciliation of deposits categorization:

Cash and Cash Equivalents reported on the Statement of Net Assets	\$39,698,402
Restricted Cash and Cash Equivalent	7,321,804
Investments categorized as deposits	<u>21,581,817</u>
Total deposits categorized	<u>\$68,602,023</u>

Reconciliation of investments categorization:

Investments reported on the Statement of Net Assets	\$58,967,300
Less investments categorized as deposits	<u>(21,581,817)</u>
Total investments categorized	<u>\$37,385,483</u>

## 7. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents at September 30, 2010 are as follows:

Electric Light Fund:

Restricted by 1991 General Obligation Electric Refunding Bonds	\$5,942,224
Restricted Security Deposits	514
Total restricted Electric Light Fund	<u>5,953,279</u>

Airport Fund:

Restricted by series 2006 Certificates of Participation	1,379,066
Total restricted Airport Fund	<u>1,379,066</u>
Total Restricted Cash and Cash Equivalents	<u>\$7,321,804</u>

**B. Receivables**

Receivables as of year-end for the City's major funds and nonmajor funds in the aggregate including the applicable allowance for uncollectibles accounts are as follows:

	General	Airport	Water and Sewer	Sanitation	Ambulance	Electric	Nonmajor Funds	Total
Receivables:								
Taxes	\$1,440,103						\$ 208,098	\$ 1,648,201
Accounts	38,999	\$27,900	\$1,235,843	\$266,770	\$2,049,135	\$6,830,497		10,449,144
Interest	104,597	2,297	43,571	125	192	190,513	6,845	348,140
Loans							1,213,034	1,213,034
Gross receivables	1,583,699	30,197	1,279,414	266,895	2,049,327	7,021,010	1,427,977	13,658,519
Less: allowance for uncollectibles			(421,460)	(90,977)	(1,423,331)	(986,355)		(2,922,123)
Net total receivables	\$1,583,699	\$30,197	\$ 857,954	\$175,918	\$ 625,996	\$6,034,655	\$1,427,977	\$10,736,396

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Property taxes – (general fund)	\$1,133,105
Property taxes – (nonmajor funds)	162,922
Total deferred revenue for governmental funds	<u>\$1,296,027</u>

### C. Capital assets

Capital asset activity for the year ended September 30, 2010 was as follows:

#### Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 13,911,240	\$ 335,900		\$ 14,247,140
Construction in progress	2,255,443	2,288,329	\$ (404,790)	4,138,982
Total capital assets, not being depreciated	<u>16,166,683</u>	<u>2,624,229</u>	<u>(404,790)</u>	<u>18,386,122</u>
Capital assets, being depreciated:				
Infrastructure	78,835,927	85,668		78,921,595
Buildings and improvements	33,818,724	1,918,009		35,876,056
Machinery and equipment	17,129,978	1,602,082	(809,538)	18,003,121
Total capital assets being depreciated	<u>130,004,551</u>	<u>3,605,759</u>	<u>(809,538)</u>	<u>132,800,772</u>
Less accumulated depreciation for:				
Infrastructure	(27,409,183)	(2,901,378)		(30,310,561)
Buildings and improvements	(14,177,116)	(1,103,532)		(15,280,648)
Machinery and equipment	(11,562,501)	(1,473,528)	744,375	(12,291,654)
Total accumulated depreciation	<u>(53,148,800)</u>	<u>(5,478,438)</u>	<u>744,375</u>	<u>(57,882,863)</u>
Total capital assets, being depreciated, net	<u>76,855,751</u>	<u>(1,872,679)</u>	<u>(65,163)</u>	<u>74,917,909</u>
Governmental activities capital assets, net	<u>\$ 93,022,434</u>	<u>\$ 751,550</u>	<u>\$ (469,953)</u>	<u>\$ 93,304,031</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,508,896	\$ 137,473		\$ 5,646,369
Construction in progress	15,168,692	5,525,741	\$(16,973,646)	3,720,787
Total capital assets, not being depreciated	<u>20,677,588</u>	<u>5,663,213</u>	<u>(16,973,647)</u>	<u>9,367,156</u>
Capital assets, being depreciated:				
Buildings and improvements	318,969,578	21,131,081		340,100,659
Machinery and equipment	25,159,929	2,156,050	(1,091,787)	26,224,192
Total capital assets being depreciated	<u>344,129,507</u>	<u>23,287,131</u>	<u>(1,091,787)</u>	<u>366,324,851</u>
Less accumulated depreciation for:				
Buildings and improvements	(150,313,089)	(10,334,584)		(160,647,673)
Machinery and equipment	(13,188,486)	(1,689,994)	1,091,433	(13,787,047)
Total accumulated depreciation	<u>(163,501,575)</u>	<u>(12,024,578)</u>	<u>1,091,433</u>	<u>(174,434,720)</u>
Total capital assets, being depreciated, net	<u>180,627,932</u>	<u>11,262,550</u>	<u>(356)</u>	<u>191,890,131</u>
Business-type activities capital assets, net	<u>\$201,305,520</u>	<u>\$16,925,763</u>	<u>\$(16,974,003)</u>	<u>\$201,257,287</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 381,558
Public safety	564,255
Streets	3,255,927
Culture and recreation	1,174,957
Public works	101,741
Total depreciation expense – governmental activities	<u>\$ 5,478,438</u>
Business-type activities:	
Airport	\$ 2,326,313
Water & sewer	3,598,706
Sanitation	393,467
Ambulance	121,607
Electric	5,584,485
Total depreciation expense – business-type activities	<u>\$12,024,578</u>

**D. Interfund receivables, payables, and transfers**

The interfund balances at September 30, 2010 are as follows:

	Interfund Receivables	Interfund Payables
General	\$3,743	
Non major funds		\$1,564
Airport		628
Water and Sewer		460
Sanitation		209
Ambulance		165
Electric Light		717
Total	<u>\$3,743</u>	<u>\$3,743</u>

All remaining balances resulted from the time lag between the dates that the reimbursable expenditures occur and payments between funds are made, which is monthly.

Summary of interfund transfers by fund is as follows:

	Transfers In	Transfers Out
Major funds:		
General	\$3,981,615	
Airport	523,368	
Water and sewer	885,891	\$ 849,349
Sanitation		187,691
Electric		3,269,812
Non major funds:		
Governmental funds	325,237	1,409,259
	<u>\$5,716,111</u>	<u>\$5,716,111</u>

Transfers are used to (1) move revenues from the fund the statute requires to collect them in to the fund the budget requires to expend them in, and (2) move in-lieu tax payments from the water and sewer, sanitation and electric funds to the general fund. The City also closed two of its capital project funds, sanitary sewer capital improvement fund and water capital improvement fund, through a transfer to the water and sewer fund.

**E. Long-term debt**

**1. Business-type activities**

**General obligation bonds.** The City has issued general obligation electric refunding (deferred interest) bonds to refund revenue bonds in the electric fund. The bonds are expected to be repaid from operating revenues but are secured by general ad valorem taxes. The original amount of general obligation bonds issued in prior years was \$47,947,985. The interest rates of the outstanding bonds are between 6.95% and 7.10% and are payable in increasing installments of principal over the next five years.

Annual debt service requirements to maturity for general obligation bonds outstanding at September 30, 2010 are as follows:

Year Ending September 30	Principal	Interest
2011	\$1,954,972	\$ 5,725,028
2012	1,820,851	5,849,149
2013	1,693,715	5,956,285
2014	785,658	3,019,342
2015	728,860	3,056,140
Total	<u>\$6,984,056</u>	<u>\$23,605,944</u>

**Certificates of participation.** The City also issued certificates of participation for the remodeling of the airport terminal building. The airport fund pledges income derived from the acquired or constructed assets to pay the debt service. The original amount of certificates of participation notes issued in prior years was \$6,000,000. The original 2001 certificates were refunded in June, 2006. The new certificates in the amount of \$4,205,000 have a stated rate of interest of 4.550% and are payable in increasing installments of principal over the next two years.

Certificates of participation debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest
2011	\$ 915,000	\$45,500
2012	1,000,000	
Total	<u>\$1,915,000</u>	<u>\$45,500</u>

**Changes in long-term liabilities.** The following is a summary of changes in long-term obligations of the City at September 30, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Other long-term debt obligations:					
Compensated absences	\$ 5,127,705	\$2,348,776	\$(2,088,612)	\$ 5,387,869	\$ 3,436,917
Other postemployment benefits	18,682	161,379	(102,037)	78,024	
Governmental activity					
Long-term liabilities	<u>\$ 5,146,387</u>	<u>\$2,510,155</u>	<u>\$(2,190,649)</u>	<u>\$ 5,465,893</u>	<u>\$ 3,436,917</u>
<b>Business-type activities:</b>					
Bonds-notes payable:					
General obligation bonds:					
Electric series 1991	\$ 9,084,389		\$(2,100,333)	\$ 6,984,056	\$ 1,954,972
Electric series 1991- Zero coupon interest	23,061,095	\$2,049,380	(5,594,667)	19,515,808	5,725,028
Certificates of participation					
Airport series 2006	2,750,000		(835,000)	1,915,000	915,000
Total bonds payable	<u>34,895,484</u>	<u>2,049,380</u>	<u>(8,530,000)</u>	<u>28,414,864</u>	<u>8,266,193</u>
Compensated absences	2,112,452	1,067,616	(925,293)	2,254,775	1,415,060
Other postemployment benefits	12,256	57,899	(35,662)	34,493	
Business-type activity					
Long-term liabilities	<u>\$37,020,192</u>	<u>\$3,174,895</u>	<u>\$(9,490,955)</u>	<u>\$30,704,132</u>	<u>\$10,010,060</u>

All compensated absences are liquidated by the fund in which it was incurred. The following governmental funds were used to liquidate the liability for compensated absences and other postemployment benefits, general, street, recreation, library, and golf funds.

**Prior-year defeasance of debt.** The City has at various times entered into advance refunding transactions related to certain issues of its bonded debt. A portion of the proceeds of the refunding bond issues were placed in trust and used to purchase securities to meet all debt service requirements of the refunded debt. The liability for the refunded bonds and the related securities and escrow accounts were not included in the accompanying financial statements as the City defeased its obligations for payment of the refunded debt upon completion of the refunding transactions. At September 30, 2010, refunded bond issues and the related principal payable from escrow are as follows:

	<u>Principal Balance</u>
Bond issue:	
Business-type activities:	
1979 Electric revenue bonds	\$14,555,000

On June 8, 2006, the City issued Airport Refunding Certificates of Participation, Series 2006, in the amount of \$4,205,000 with a stated interest rate of 4.55% to currently refund and redeem Airport Certificates of Participation, Series 2001, with a principal balance of \$4,605,000 and a stated interest rate of 5.80%. Additionally, the City used proceeds from its debt reserve funds to pay the issuance costs of the new certificates, as well as an advanced principal and interest payment on the refunded certificates.

As a result of refunding the 2001 certificates, the City reduced its total debt service cash requirements by \$273,853, resulting in an economic gain (the difference between the present values of the debt service payments on the old debt versus the new debt) of \$132,072.

**Bond covenants.** Bond ordinance for the certificates of participation require a rate coverage of 1.25. As of September 30, 2010 the rate coverage was 1.12. This calculation can be seen in the Statistical Section on Exhibit D-5. The City has contacted the trustee, bond counsel, and the certificate holder. The final payment is scheduled to be paid on October 1, 2011 and all escrow payments are and will continue to be made. The airport fund has the cash available currently to make this final payment. All other significant bond covenants have been complied with.

## F. 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:

**Nonspendable fund balance** – amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

**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.

**Committed fund balance** – amounts that can only be used for specific purposes, pursuant to constraints imposed by formal action of the government's highest level of decision making authority. In the case of the City it is by Council action.

**Assigned fund balance** – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

**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.

Detail of constraints on fund balances of governmental funds:

	General Fund	Special Revenue Funds	Capital Project Funds	Total
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	\$ 428,748			\$ 428,748
Prepays	508,416			508,416
<b>Restricted for:</b>				
Conservation loans		\$1,213,034		1,213,034
<b>Committed to:</b>				
Culture and recreation improvements	1,536,720			1,536,720
Highway and bridges		106,677	\$ 854,999	961,676
Equipment replacement	3,365,726	2,433,688		5,799,414
<b>Assigned to:</b>				
Insurance and benefits	2,657,039			2,657,039
Culture and recreation	430,626	1,700,354		2,130,980
Streets and municipal projects		105,567	4,332,036	4,437,603
Business district		59,769		59,769
Conservation program		912,659		912,659
<b>Unassigned:</b>	13,872,194			13,872,194
<b>Total fund balances</b>	<b>\$22,799,469</b>	<b>\$6,531,748</b>	<b>\$5,187,035</b>	<b>\$34,518,252</b>

The Council has established a minimum fund balance guideline for the general fund. As a general practice the City will strive to maintain total general fund discretionary unassigned fund balance equal to 25% or above of general fund expenditures for the last ended fiscal year. It is recognized by the Council that adequate unassigned fund balance is needed to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. Fund balance levels are a crucial consideration, too, in long-term financial planning. Fund balance, created as a result of actual revenue and expenditure deviations from the budget will be used to achieve and maintain the City's minimum fund balance goals and to meet the next year's budget expenditure requirements.

**V. Other information**

**A. Retirement plan**

The Idaho State Legislature created the Public Employee Retirement System of Idaho (PERSI), a cost-sharing multiple-employer public retirement system. Statutes governing PERSI are Title 59, Chapter 13 and Title 50, Chapter 15 of Idaho Code. PERSI is a defined benefit plan requiring that both the member and the employer contribute. In addition to retirement benefits to the member, benefits are provided for disability, death, and to survivors of eligible members or beneficiaries. Designed as a mandatory system for eligible state employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. The benefits and obligations to contribute to the plans were established by and may be amended by the Idaho State Legislature. Financial reports for the plan are available on the PERSI web site or in print upon request.

After 5 years of credited service members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service the annual service retirement allowance is 2.0 percent (2.3 percent police/firefighter) of the average monthly salary for the highest consecutive 42 months.

As of September 30, 2010, the required contribution rate as determined by PERSI of covered payroll for the City and employees is as follows:

<u>Employee Group</u>	<u>Employer</u>	<u>Employee</u>
General	10.39%	6.23 %
Police	10.73	7.65
Fire (hired after 10-01-80)	27.97	7.65
Fire (hired before 10-01-80)	36.62	11.45

The City's contributions required and paid were \$4,707,087, \$4,698,774, \$4,388,721 for the years ended September 30, 2010, 2009 and 2008 respectively.

## B. Risk management

The City is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omission, injuries to employees, and natural disasters. The City uses public entity commercial insurance contracts to transfer risk of loss to insurance providers.

Major insurance contracts at the year ended September 30, 2010 were as follows:

<u>Type of Coverage</u>	<u>Coverage Amounts</u>	<u>Deductible</u>
Property and equipment	\$171,747,021	\$ 2,500
General liability, per occurrence	500,000	0
General liability, aggregate	2,000,000	N/A
Employee benefits, liability	500,000	0
Automobile, liability	500,000	0
Automobile, comprehensive	500,000	2,500
Automobile, collision	500,000	0
Public officials	500,000	0
Law enforcement, liability	500,000	0
Boiler and machinery	20,000,000	2,500
Airport, liability	50,000,000	None
Umbrella	3,000,000	-0-
Hydro-generation facility:		
Property and boiler and machinery	100,000,000	250,000

Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There has not been a significant reduction in insurance coverage in the past fiscal year.

## C. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

#### D. Postretirement health care benefits

The City makes available a single-employer postretirement health insurance in accordance with a City resolution to City employees who retire under PERSI from the City before attaining age 65.

Currently, the City pays \$100 toward each retiree's monthly insurance premium. The retiree pays the balance and all future increases until the retiree reaches age 65 or at the expiration of ten years from the date of retirement, whichever comes first. The City Council may decrease or increase premium contributions of future retirees. However, in no event shall the City decrease the City's premium contribution below the contribution in effect at the time the employee retires.

There were 30 retirees who met the eligibility requirements and participated in the insurance program. Expenditures for post retirement health insurance are recognized on a pay-as-you-go basis. During the year, expenditures of \$31,500 were recognized for postretirement health insurance. Projected future insurance costs for the current retirees are \$90,800.

The City also contributes to the retiree's monthly insurance premium with a subsidy of 1.68% of total active employee's insurance premium. During the year this subsidy amounted to \$106,200. The Council may decrease or increase this premium contribution at any time.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially-determined amounts regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations are based on the types of benefits provided under the terms of the plan and on the pattern of shared costs between the employer and plan members, at the time of each valuation. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions are as follows:

Valuation date	July 1, 2009
Actuarial cost method	Projected Unit Credit (PUC)
Amortization method	Rolling 30-year, level % of pay
Amortization period	30 years
Discount rate	4.50%
Health care cost trend rates - medical:	There is no trend on the \$100 per retiree per month benefit. The annual trend on the 1.68% subsidy benefit is 6.0% in year 1, 7.6% in year 2, 6.7% in year 3 gradually decreasing to 4.9% in fiscal year 2061 and remaining at 4.9% thereafter.
Growth in membership	0.00%
Mortality	Basis - RP-2000 Combined Mortality Tables
Probability of enrollment upon retirement	75% Electric 15% Non Electric
Salary increase	3.75%

The table below summarizes the City's annual cost, actual contributions to the plan, and changes in the net OPEB obligation for fiscal year ended September 30, 2010. These calculations are based on the Actuarial Valuation Date of July 1, 2009:

Annual Required Contributions	\$ 219,080
Interest on Net OPEB Obligation	1,392
Adjustment to Annual Required Contributions	<u>(1,194)</u>
Annual OPEB Expense	219,278
Actual Contributions (employer-paid benefits)	<u>(137,700)</u>
Increase in Net OPEB Obligation	81,578
Net OPEB Obligation – Beginning of Year	<u>30,938</u>
Net OPEB Obligation – End of Year	<u>\$ 112,516</u>

Schedule of funding progress follows:

Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll		UAAL As a Percentage of Covered Payroll
					Electric	Non-Electric	
July 1, 2007	\$ -	\$1,737,696	\$1,737,696	0%	\$4,395,392	\$24,513,816	6%
July 1, 2009	\$ -	\$2,217,868	\$2,217,868	0%	\$5,030,850	\$28,072,794	7%

Schedule of three year trend information follows:

Fiscal Year Ending	Annual OPEB Expense (AOE)	Actual Contributions		Actual Contributions as a Percentage of AOE*	Net OPEB Obligation/ (Asset) at End of Year **
		Electric	Non-Electric		
September 30, 2008	\$152,556	\$11,980	\$130,023	93%	\$10,553
September 30, 2009	153,765	13,421	119,959	87%	30,938
September 30, 2010	219,278	13,869	123,831	63%	112,516

\* Equals actual incurred claims plus administration less retiree contributions as a percentage of AOE.

\*\* Equals prior year Net OPEB obligation plus current year AOE less actual current year contributions.

## **E. Idaho Falls Redevelopment Agency**

### **1. Reporting entity**

The component unit column in the combined financial statements includes the financial data of the Idaho Falls Redevelopment Agency (Agency), the City's only discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the City in accordance with state urban renewal law. The Agency has authority to construct public improvements including the acquisition of public right-of-way within the blighted area legally designated as the redevelopment district. The Mayor appoints the seven-member governing board. The Agency derives its funding from tax increment financing. The Agency is authorized under the provisions of the Idaho Urban Renewal Law of 1965 (Chapter 20, Title 50, Idaho Code).

### **2. Summary of significant accounting policies**

The Agency uses the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

### **3. Deposits and investments**

At September 30, 2010, the carrying amount of the Agency's deposits was \$1,775,577 and the respective bank balances totaled \$1,774,772. Of the bank balances, \$837,460 was insured or collateralized with pooled securities held by the pledging financial institutions in the name of the Agency.

As of September 30, 2010, \$938,117 of the Agency's total deposits of \$1,775,577 was not covered by Federal deposit insurance or the Securities Investor Protection Corporation, and thus were exposed to custodial credit risk.

The Agency has elected to invest in the State Investment Pool through the Idaho State Treasurer. The value of the Agency's investments was \$1,487,861.

### **4. Capital assets**

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

## **5. Long-term debt**

The Agency signed a \$4,042,000 Participant Limited Recourse Promissory Note, Series 2004 on November 15, 2004. The note matures on December 31, 2019, and the interest rate is 5.0%.

The Agency signed a \$6,906,310 Participant Limited Recourse Promissory Note, Series 2008 on July 17, 2008. The note matures on December 31, 2029, and the interest rate is 6.25%. On January 16, 2009 the Agency approved an amendment and restatement of this note to include an additional \$1,946,292 for a total note balance of \$8,812,602. All other terms remained the same.

The Agency signed a \$99,482 Limited Recourse Promissory Note, Series 2008 on December 18, 2008. The note matures on December 31, 2019, and the interest rate is 6.25%.

The Agency signed a \$24,259 Limited Recourse Promissory Note, Series 2010 on January 21, 2010. The note matures on December 31, 2019, and the interest rate is 6.25%.

The Agency signed a \$5,518 Limited Recourse Promissory Note, Series 2009 on August 30, 2010. The note matures on December 31, 2019, and the interest rate is 6.25%.

The Agency signed a \$200,000 Limited Recourse Promissory Note, Series 2009 on July 16, 2009. The note matures on December 31, 2019, and the interest rate is 6.00%. The note was paid off and retired during the current fiscal year.

The above notes are not callable, unless in default, and are not subject to prepayment penalty if redeemed. The Agency has agreed to pay the note holder 75% of the tax increment monies which the Agency receives after deductions for the school credit, as set forth in the law, commencing upon receipt of tax increment monies received from the sites (as defined in the OPA's) until the principal is retired, whichever occurs first. The Agency's obligation to the note holders shall only be to pay above-described percentages or the amount of tax increment monies received by the Agency, notwithstanding said amount may be reduced, curtailed, or limited in any way, and there shall be no compounding of interest or amounts added to the principal in the event the tax increment monies are reduced, curtailed or limited in any way.

Because the tax increment monies to be received subsequent to this contract cannot be reasonably estimated, debt service requirements through the next five years have not been disclosed.

## 6. Changes in long-term debt

A summary of the changes in long-term obligations of the Agency at September 30, 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Promissory note 2004	\$ 3,706,408		\$(145,505)	\$ 3,560,903
Promissory note 2008	8,812,602			8,812,602
Promissory note 2008A	57,835	\$29,777	(68,587)	19,025
Promissory note 2009	142,108		(142,108)	
Total bonds/notes payable	<u>\$12,718,953</u>	<u>\$29,777</u>	<u>\$(356,200)</u>	<u>\$12,392,530</u>

All significant bond covenants have been complied with.

## 7. Budget

The Agency did prepare a budget for the special revenue funds.

### F. Budgetary basis of accounting

While the City reports financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budget, however, is based upon accounting for certain transactions on a modified basis of accounting. The Statement of Revenues, Expenditures and Changes in Fund Balances – Non-GAAP Basis – Budget and Actual, presented for each major governmental fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The following table summarizes the adjustment necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

<u>Net Change in Fund Balance General Fund</u>	
GAAP basis	\$ 3,451,226
Timing differences-budget versus accrual reporting	1,165,340
Budget basis	<u>\$ 4,616,566</u>

**G. Commitments**

The City has several active construction projects as of September 30, 2010. The projects include developing a master plan for the airport, upgrading a water pump station, street and bridge engineering and reconstruction, new well site engineering, replacing old sections of water and sewer line, upgrades to the sewer treatment plant, a joint use fuel facility, an addition to the hockey shelter, and phase 2 on the Ryder Park urban fishery. At year-end the City's commitments with contractors are as follows:

<u>Projects</u>	<u>Spent-to- Date</u>	<u>Remaining Commitment</u>
Hockey shelter addition	\$1,132,489	\$ 614,075
Joint use fuel facility	24,291	728,424
Airport master plan	676,005	54,040
Ryder Park phase 2	19,274	124,897
Sewer and water improvements	4,594,079	2,727,684
Street and bridge improvements	3,544,553	1,095,817
Total	\$9,990,691	\$5,344,937

The airport master plan is being financed 95% by the Federal Aviation Administration and 5% by the airport. The addition to the hockey shelter will be funded by charges for services, fund balance, and a grant of \$300,000 from the hockey association. The joint use fuel facility will be funded equally by Bonneville County and the City. All the other projects are being financed by charges for services and fund balances.

The City has entered into the following agreements for power:

**Bonneville Power Administration (BPA)** – Effective October 1, 2001, the City entered into a Block and Slice Power Sales Agreement with the BPA. The provisions of this agreement establishes the terms under which the City is committed to purchase power for a period of ten years. The Power Sales Agreement specifies that BPA rates are variable and includes provisions for various adjustments depending on actual load and BPA costs. In addition, the Slice portion of the agreement includes a true up provision that allows BPA to recover Slice costs not previously recovered during the fiscal year. BPA assesses this true up on an annual basis subsequent to year-end. The true up is paid, or refunded if a credit, in installments during the next fiscal year. The Slice portion of the agreement commits the City to purchase a certain percentage of BPA generation and may result in surplus power that the City intends to sell on the open market.

**Bulb Turbine Project** – Effective October 1, 2006, the City entered into a 5-year power sales agreement to sell the entire output of the bulb turbine project to BPA. The rate is based on an energy market index with a cap and a floor. For the year ended September 30, 2010 and 2009, the City's power sales to BPA under this agreement were \$4,302,978 and \$3,588,019 respectively.

**Gem State Project** – The City has entered into a power sales contract and ground lease agreement with PacifiCorp, formerly Utah Power and Light Company. Under the power sales contract, PacifiCorp is entitled to a maximum of 39% of the energy to be produced from the gem state project through 2023. PacifiCorp is required to pay annual amounts equal to its entitlement percentage rate times (1) the variable costs of operating and maintaining the gem state project and (2) the agreed-upon fixed capital cost, plus (3) 5% of the amounts set forth in (1) and (2). For the year ended September 30, 2010 and 2009, PacifiCorp payments under this agreement were \$2,656,243 and \$2,712,080, respectively. The City may, with three years notice, reduce the PacifiCorp entitlement to 25%.

**Utah Associated Municipal Power Systems (UAMPS)** – Effective October 1, 1996, the City entered into a contract with UAMPS whereby the City agreed to purchase any additional energy requirements not met by BPA and gem state from UAMPS or other sources. Planned purchases and sales to and from UAMPS are based on either market price at MONA or the cost of the resource. Unplanned purchases and sales to and from UAMPS are based on the market price at MONA. For the years ended September 30, 2010 and 2009, power purchases from UAMPS were \$3,773,164 and \$5,879,577, respectively. The contract also allows for the City to sell surplus energy to UAMPS. For the year ended September 30, 2010 and 2009, power sales to UAMPS were \$1,510,025 and \$1,555,409, respectively.

**Horse Butte Wind Project** – Horse Butte Wind Project is a wind project east of the City of Idaho Falls. The wind project is approved for a 100 MW interconnect with current subscription levels at 56.8 MW. The electric fund intends to participate in the construction of the wind project through its membership in UAMPS. The Council authorized participation in the development phase at a 3 MW subscription level. The project commenced construction in 2010.

**Litigation** – The City is subject to legal proceedings and claims that arise in the ordinary course of business. In the opinion of the City's management, the ultimate liability with respect to these proceedings and claims will not have a material adverse effect on the City's financial position.

**H. Restatements and reclassifications**

The City has restated the beginning net assets in the Statement of Activities for the governmental activities to reflect assets not included in the City's September 30, 2009 Statement of Net Assets.

	Governmental Activities
Net assets-September 30, 2009	<u>\$121,335,229</u>
Capital assets-net	276,973
Restated net assets-October 1, 2009	<u><u>\$121,612,202</u></u>

Certain September 30, 2009 amounts have been reclassified to conform to the September 30, 2010 presentation.

The City as elected to implement the Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Pursuant to this implementation it was decided that the previously reported Municipal Equipment Replacement special revenue fund did not meet the special revenue fund requirements and as of September 30, 2010 has been eliminated for financial reporting purposes and combined with the various governmental funds that participate in equipment replacement during the year. The various fund balances have been restated for the current and previous nine years in the Statistical Section of this financial report.

	MERF	General	Street	Recreation	Library	Golf
Fund balance - beginning	\$5,632,456	\$15,946,893	\$ 832,765	\$348,633	\$1,310,196	\$209,768
Municipal equipment replacement fund balance reallocation	<u>(5,632,456)</u>	<u>3,401,350</u>	<u>1,540,281</u>	<u>69,574</u>	<u>17,048</u>	<u>604,203</u>
Fund balance – beginning restated	<u>\$ -</u>	<u>\$19,348,243</u>	<u>\$2,373,046</u>	<u>\$418,207</u>	<u>\$1,327,244</u>	<u>\$813,971</u>

**COMBINING STATEMENTS  
(NONMAJOR GOVERNMENTAL FUNDS)**

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COMBINING STATEMENTS  
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Street Fund – to account for the operation of the street maintenance department. Financing is provided by state gasoline taxes and state revenue sharing. State law requires that gasoline tax revenue be used to maintain roads and streets.

Recreation Fund – to account for the operation of City-run recreation programs. Property taxes and user fees provide financing. The City restricts these revenues to finance recreation programs.

Library Fund – to account for the operation of the Public Library. Financing is provided principally through property taxes, which are restricted for library operations.

Airport Passenger Facility Charge Fund – to account for the accumulation of cash, which is set aside to purchase specific assets or pay debt service in the airport Fund.

Golf Fund – to account for the operation of the three public owned golf courses; Pinecrest, Sandcreek, and Sage Lakes. User fees provide financing. The City restricts these revenues to finance golf maintenance and operations.

Electric Light Public Purpose Fund – to account for the accumulation of cash which is set aside for the specific purpose of conserving electrical energy.

Business Improvement District Fund – to account for the accumulation of cash which is set aside for specific purposes of the business improvement district.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Sanitary Sewer Capital Improvement Fund – to account for the capital improvements of sanitary treatment facilities and extensions to the sanitary sewer system. Revenues are derived from sewer connection fees and sewer main charges. This use of this fund for financial reporting purposes will be discontinued this year and combined with reporting of the water and sewer proprietary fund.

Municipal Capital Improvement Fund – to account for the acquisition and construction of capital assets (including infrastructure). Revenues are derived from property taxes.

Street Capital Improvement Fund – to account for funds received from the State of Idaho which are held for large future street projects.

Bridge and Arterial Street Fund – to account for the construction of bridges and parts of streets which are the responsibility of the City. Revenues are derived from the payment of bridge and arterial street fees.

Water Capital Improvement Fund – to account for the capital construction of water main extensions and well development. Revenues are derived from the payment of water main connection and development fees. This use of this fund for financial reporting purposes will be discontinued this year and combined with reporting of the water and sewer proprietary fund.

Surface Drainage Fund – to account for the design, development and construction of drainage interceptors, treatment and/or disposal facilities. Revenues are derived from developer fees.

Traffic Light Capital Improvement Fund – to account for the design and construction of traffic lights. Revenues are derived from in-lieu-of tax payments from the electric light fund.

**City of Idaho Falls  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2010**

	<b>Special Revenue</b>		
	<b>Street</b>	<b>Recreation</b>	<b>Library</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 94,168	\$ 326,440	\$ 841,883
Investments	1,191,465	156,190	814,103
Taxes receivable	-	29,797	106,837
Interest receivable	20	74	502
Loans receivable	-	-	-
Due from other governments	762,502	-	21,802
Total assets	\$ 2,048,155	\$ 512,501	\$ 1,785,127
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable	\$ 162,415	\$ 3,023	\$ 311,698
Contracts payable	10,000	-	-
Accrued wages	59,154	27,076	64,399
Due to other funds	412	250	699
Deferred revenues	-	23,388	83,857
Total liabilities	231,981	53,737	460,653
<b>FUND BALANCES</b>			
Restricted	-	-	-
Committed	1,710,607	75,642	18,985
Assigned	105,567	383,122	1,305,489
Total fund balances	1,816,174	458,764	1,324,474
Total liabilities and fund balances	\$ 2,048,155	\$ 512,501	\$ 1,785,127

**Special Revenue**

Airport Passenger Facility	Electric Light Public Purpose	Business Improvement District	Golf	Total
\$ -	\$ 488,326	\$ 59,769	\$ 251,901	\$ 2,062,487
-	450,000	-	546,086	3,157,844
-	-	-	-	136,634
-	2,684	-	-	3,280
-	1,213,034	-	-	1,213,034
-	-	-	-	784,304
<b>\$ -</b>	<b>\$ 2,154,044</b>	<b>\$ 59,769</b>	<b>\$ 797,987</b>	<b>\$ 7,357,583</b>
\$ -	\$ 28,351	\$ -	\$ 4,474	\$ 509,961
-	-	-	-	10,000
-	-	-	46,436	197,065
-	-	-	203	1,564
-	-	-	-	107,245
-	28,351	-	51,113	825,835
-	1,213,034	-	-	1,213,034
-	-	-	735,131	2,540,365
-	912,659	59,769	11,743	2,778,349
-	2,125,693	59,769	746,874	6,531,748
<b>\$ -</b>	<b>\$ 2,154,044</b>	<b>\$ 59,769</b>	<b>\$ 797,987</b>	<b>\$ 7,357,583</b>

City of Idaho Falls  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2010

	Capital Projects			
	Sanitary Sewer Capital Improvement	Municipal Capital Improvement	Street Capital Improvement	Bridge and Arterial Street
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 1,560,900	\$ 748,519	\$ 1,056,228
Investments	-	948,000	-	620,000
Taxes receivable	-	71,464	-	-
Interest receivable	-	2,408	-	1,095
Loans receivable	-	-	-	-
Due from other governments	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 2,582,772</u>	<u>\$ 748,519</u>	<u>\$ 1,677,323</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 314,246	\$ 3,014	\$ 15,493
Contracts payable	-	-	-	-
Accrued wages	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenues	-	55,677	-	-
Total liabilities	<u>-</u>	<u>369,923</u>	<u>3,014</u>	<u>15,493</u>
<b>FUND BALANCES</b>				
Restricted	-	-	-	-
Committed	-	200,409	497,848	156,742
Assigned	-	2,012,440	247,657	1,505,088
Total fund balances	<u>-</u>	<u>2,212,849</u>	<u>745,505</u>	<u>1,661,830</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 2,582,772</u>	<u>\$ 748,519</u>	<u>\$ 1,677,323</u>

**Capital Projects**

Water Capital Improvement	Surface Drainage	Traffic Light Capital Improvement	Total	Total Nonmajor Governmental Funds
\$ -	\$ 87,911	\$ 281,891	\$ 3,735,449	\$ 5,797,936
-	-	200,000	1,768,000	4,925,844
-	-	-	71,464	208,098
-	-	62	3,565	6,845
-	-	-	-	1,213,034
-	-	-	-	784,304
<b>\$ -</b>	<b>\$ 87,911</b>	<b>\$ 481,953</b>	<b>\$ 5,578,478</b>	<b>\$ 12,936,061</b>
\$ -	\$ -	\$ 3,013	\$ 335,766	\$ 845,727
-	-	-	-	10,000
-	-	-	-	197,065
-	-	-	-	1,564
-	-	-	55,677	162,922
-	-	3,013	391,443	1,217,278
-	-	-	-	1,213,034
-	-	-	854,999	3,395,364
-	87,911	478,940	4,332,036	7,110,385
-	87,911	478,940	5,187,035	11,718,783
<b>\$ -</b>	<b>\$ 87,911</b>	<b>\$ 481,953</b>	<b>\$ 5,578,478</b>	<b>\$ 12,936,061</b>

**City of Idaho Falls**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2010**

	Special Revenue		
	Street	Recreation	Library
<b>REVENUES</b>			
Taxes	\$ -	\$ 482,167	\$ 1,728,810
Intergovernmental	2,905,162	-	719,966
Charges for services	-	750,769	6,307
Fines	-	-	96,067
Interest	12,162	967	3,880
Miscellaneous	3,292	27,296	86,166
Total revenues	2,920,616	1,261,199	2,641,196
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Streets	3,477,488	-	-
Culture & recreation	-	1,220,642	2,643,966
Capital outlay	-	-	-
Total expenditures	3,477,488	1,220,642	2,643,966
Excess (deficiency) of revenues over (under) expenditures	(556,872)	40,557	(2,770)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and (uses)	-	-	-
Net change in fund balances	(556,872)	40,557	(2,770)
Fund balances - beginning	2,373,046	418,207	1,327,244
Fund balances - ending	\$ 1,816,174	\$ 458,764	\$ 1,324,474

**Special Revenue**

Airport Passenger Facility	Electric Light Public Purpose	Business Improvement District	Golf	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,210,977
-	-	-	-	3,625,128
523,368	-	-	1,510,889	2,791,333
-	-	-	-	96,067
-	4,351	-	5,323	26,683
-	616,687	52,119	1,854	787,414
523,368	621,038	52,119	1,518,066	9,537,602
-	611,231	46,163	-	657,394
-	-	-	-	3,477,488
-	-	-	1,585,163	5,449,771
-	-	-	-	-
-	611,231	46,163	1,585,163	9,584,653
523,368	9,807	5,956	(67,097)	(47,051)
-	-	-	-	-
(523,368)	-	-	-	(523,368)
(523,368)	-	-	-	(523,368)
-	9,807	5,956	(67,097)	(570,419)
-	2,115,886	53,813	813,971	7,102,167
\$ -	\$ 2,125,693	\$ 59,769	\$ 746,874	\$ 6,531,748

City of Idaho Falls  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended September 30, 2010

	Capital Projects			
	Sanitary Sewer Capital Improvement	Municipal Capital Improvement	Street Capital Improvement	Bridge and Arterial Street
<b>REVENUES</b>				
Taxes	\$ -	\$ 1,178,139	\$ -	\$ -
Intergovernmental	-	83,648	83,840	74,660
Charges for services	-	-	133,172	44,103
Fines	-	-	-	-
Interest	-	12,002	-	6,926
Miscellaneous	-	-	-	-
Total revenues	-	1,273,789	217,012	125,689
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Streets	-	-	-	-
Culture & recreation	-	-	-	-
Capital outlay	-	643,450	642,688	187,711
Total expenditures	-	643,450	642,688	187,711
Excess (deficiency) of revenues over (under) expenditures	-	630,339	(425,676)	(62,022)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(88,327)	-	-	-
Total other financing sources (uses)	(88,327)	-	-	-
Net change in fund balances	(88,327)	630,339	(425,676)	(62,022)
Fund balances - beginning	88,327	1,582,510	1,171,181	1,723,852
Fund balances - ending	\$ -	\$ 2,212,849	\$ 745,505	\$ 1,661,830

**Capital Projects**

	<b>Water Capital Improvement</b>	<b>Surface Drainage</b>	<b>Traffic Light Capital Improvement</b>	<b>Total</b>	<b>Total Nonmajor Governmental Funds</b>
\$	-	\$ -	\$ -	\$ 1,178,139	\$ 3,389,116
	-	-	-	242,148	3,867,276
	-	11,975	-	189,250	2,980,583
	-	-	-	-	96,067
	-	-	884	19,812	46,495
	-	-	-	-	787,414
	-	11,975	884	1,629,349	11,166,951
	-	-	-	-	657,394
	-	-	-	-	3,477,488
	-	-	-	-	5,449,771
	-	-	571,014	2,044,863	2,044,863
	-	-	571,014	2,044,863	11,629,516
	-	11,975	(570,130)	(415,514)	(462,565)
	-	-	325,237	325,237	325,237
	(797,564)	-	-	(885,891)	(1,409,259)
	(797,564)	-	325,237	(560,654)	(1,084,022)
	(797,564)	11,975	(244,893)	(976,168)	(1,546,587)
	797,564	75,936	723,833	6,163,203	13,265,370
\$	-	\$ 87,911	\$ 478,940	\$ 5,187,035	\$ 11,718,783

City of Idaho Falls, Idaho  
Street Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Non-GAAP Basis - Budget and Actual  
For The Year Ended September 30, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Highway users' apportionment	\$ 1,798,526	\$ 1,824,000	\$ 25,474
Revenue sharing	1,049,109	1,044,211	(4,898)
Interest	10,000	12,162	2,162
Miscellaneous	-	3,292	3,292
Total revenues	<u>2,857,635</u>	<u>2,883,665</u>	<u>26,030</u>
<b>EXPENDITURES</b>			
Streets	<u>4,077,233</u>	<u>3,895,768</u>	<u>181,465</u>
Excess of revenues over (under) expenditures	<u>(1,219,598)</u>	<u>(1,012,103)</u>	<u>207,495</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(1,219,598)</u>	<u>(1,012,103)</u>	<u>207,495</u>
Fund balances - beginning	<u>2,373,046</u>	<u>2,373,046</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,153,448</u>	<u>\$ 1,360,943</u>	<u>\$ 207,495</u>

**City of Idaho Falls, Idaho**  
**Recreation Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-GAAP Basis - Budget and Actual**  
**For The Year Ended September 30, 2010**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Property taxes	\$ 487,126	\$ 462,698	\$ (24,428)
Charges for services	726,650	751,189	24,539
Interest	2,000	853	(1,147)
Miscellaneous	26,950	26,991	41
Total revenues	<u>1,242,726</u>	<u>1,241,731</u>	<u>(995)</u>
<b>EXPENDITURES</b>			
Recreation	<u>1,214,667</u>	<u>1,226,162</u>	<u>(11,495)</u>
Excess of revenues over (under) expenditures	<u>28,059</u>	<u>15,569</u>	<u>(12,490)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	28,059	15,569	(12,490)
Fund balances - beginning	<u>418,207</u>	<u>418,207</u>	<u>-</u>
Fund balances - ending	<u>\$ 446,266</u>	<u>\$ 433,776</u>	<u>\$ (12,490)</u>

City of Idaho Falls, Idaho  
Library Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Non-GAAP Basis - Budget and Actual  
For The Year Ended September 30, 2010

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Property taxes	\$ 1,746,583	\$ 1,747,967	\$ 1,384
Intergovernmental	726,600	719,946	(6,654)
Charges for services	12,000	6,307	(5,693)
Fines	73,000	96,067	23,067
Interest	20,000	3,880	(16,120)
Miscellaneous	47,000	86,166	39,166
Total revenues	<u>2,625,183</u>	<u>2,660,333</u>	<u>35,150</u>
<b>EXPENDITURES</b>			
Culture	<u>2,811,045</u>	<u>2,645,766</u>	<u>165,279</u>
Excess of revenues over (under) expenditures	<u>(185,862)</u>	<u>14,567</u>	<u>200,429</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(185,862)</u>	<u>14,567</u>	<u>200,429</u>
Fund balances - beginning	<u>1,327,244</u>	<u>1,327,244</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,141,382</u>	<u>\$ 1,341,811</u>	<u>\$ 200,429</u>

**City of Idaho Falls, Idaho**  
**Airport Passenger Facility Charge Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-GAAP Basis - Budget and Actual**  
**For The Year Ended September 30, 2010**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Charges for services	\$ 500,000	\$ 523,368	\$ 23,368
Total revenues	<u>500,000</u>	<u>523,368</u>	<u>23,368</u>
<b>EXPENDITURES</b>			
	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	<u>(500,000)</u>	<u>(523,368)</u>	<u>(23,368)</u>
Total other financing sources (uses)	<u>(500,000)</u>	<u>(523,368)</u>	<u>(23,368)</u>
Excess of revenues and other financing sources over (under) expenditures and uses	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Idaho Falls, Idaho**  
**Electric Light Public Purpose Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-GAAP Basis - Budget and Actual**  
**For The Year Ended September 30, 2010**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Interest	\$ 15,000	\$ 4,351	\$ (10,649)
Miscellaneous	600,000	616,687	16,687
Total revenues	<u>615,000</u>	<u>621,038</u>	<u>6,038</u>
<b>EXPENDITURES</b>			
General government	<u>750,000</u>	<u>611,231</u>	<u>138,769</u>
Excess of revenues over (under) expenditures	<u>(135,000)</u>	<u>9,807</u>	<u>144,807</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	(135,000)	9,807	144,807
Fund balances - beginning	<u>2,115,886</u>	<u>2,115,886</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,980,886</u>	<u>\$ 2,125,693</u>	<u>\$ 144,807</u>

**City of Idaho Falls, Idaho**  
**Business Improvement District Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-GAAP Basis - Budget and Actual**  
**For The Year Ended September 30, 2010**

	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Miscellaneous	\$ 58,000	\$ 52,119	\$ (5,881)
Total revenues	<u>58,000</u>	<u>52,119</u>	<u>(5,881)</u>
<b>EXPENDITURES</b>			
General government	<u>58,000</u>	<u>46,163</u>	<u>11,837</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>5,956</u>	<u>5,956</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	-	5,956	5,956
Fund balances - beginning	<u>53,813</u>	<u>53,813</u>	<u>-</u>
Fund balances - ending	<u>\$ 53,813</u>	<u>\$ 59,769</u>	<u>\$ 5,956</u>

**City of Idaho Falls, Idaho**  
**Golf Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-GAAP Basis - Budget and Actual**  
**For The Year Ended September 30, 2010**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Charges for services	\$ 1,858,600	\$ 1,510,889	\$ (347,711)
Interest	-	5,323	5,323
Miscellaneous	-	1,854	1,854
Total revenues	<u>1,858,600</u>	<u>1,518,066</u>	<u>(340,534)</u>
<b>EXPENDITURES</b>			
Recreation	<u>1,816,133</u>	<u>1,787,148</u>	<u>28,985</u>
Excess of revenues over (under) expenditures	<u>42,467</u>	<u>(269,082)</u>	<u>(311,549)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>42,467</u>	<u>(269,082)</u>	<u>(311,549)</u>
Fund balances - beginning	<u>813,971</u>	<u>813,971</u>	<u>-</u>
Fund balances - ending	<u>\$ 856,438</u>	<u>\$ 544,889</u>	<u>\$ (311,549)</u>

**City of Idaho Falls, Idaho**  
**Sanitary Sewer Capital Improvement Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-GAAP Basis - Budget and Actual**  
**For The Year Ended September 30, 2010**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Charges for services	\$ -	\$ -	\$ -
Interest	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Capital outlay	-	-	-
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	<u>(88,327)</u>	<u>(88,327)</u>	<u>-</u>
Total other financing sources (uses)	<u>(88,327)</u>	<u>(88,327)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	(88,327)	(88,327)	-
Fund balances - beginning	<u>88,327</u>	<u>88,327</u>	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**City of Idaho Falls, Idaho**  
**Municipal Capital Improvement Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-GAAP Basis - Budget and Actual**  
**For The Year Ended September 30, 2010**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Property taxes	\$ 1,199,906	\$ 1,230,676	\$ 30,770
Intergovernmental	-	83,648	83,648
Interest	25,000	12,002	(12,998)
Total revenues	<u>1,224,906</u>	<u>1,326,326</u>	<u>101,420</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>2,000,000</u>	<u>643,450</u>	<u>1,356,550</u>
Excess of revenues over (under) expenditures	<u>(775,094)</u>	<u>682,876</u>	<u>1,457,970</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(775,094)</u>	<u>682,876</u>	<u>1,457,970</u>
Fund balances - beginning	<u>1,582,510</u>	<u>1,582,510</u>	<u>-</u>
Fund balances - ending	<u>\$ 807,416</u>	<u>\$ 2,265,386</u>	<u>\$ 1,457,970</u>

**City of Idaho Falls, Idaho**  
**Street Capital Improvement Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-GAAP Basis - Budget and Actual**  
**For The Year Ended September 30, 2010**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Charges for services	\$ -	\$ 133,172	\$ 133,172
Intergovernmental	-	83,840	83,840
Interest	-	-	-
Total revenues	<u>-</u>	<u>217,012</u>	<u>217,012</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>1,293,793</u>	<u>642,688</u>	<u>651,105</u>
Excess of revenues over (under) expenditures	<u>(1,293,793)</u>	<u>(425,676)</u>	<u>868,117</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(1,293,793)</u>	<u>(425,676)</u>	<u>868,117</u>
Fund balances - beginning	<u>1,171,181</u>	<u>1,171,181</u>	<u>-</u>
Fund balances - ending	<u><u>\$ (122,612)</u></u>	<u><u>\$ 745,505</u></u>	<u><u>\$ 868,117</u></u>

**City of Idaho Falls, Idaho**  
**Bridge and Arterial Street Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-GAAP Basis - Budget and Actual**  
**For The Year Ended September 30, 2010**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Charges for services	\$ 200,000	\$ 44,103	\$ (155,897)
Intergovernmental	-	74,660	74,660
Interest	10,000	6,926	(3,074)
Total revenues	<u>210,000</u>	<u>125,689</u>	<u>(84,311)</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>2,000,000</u>	<u>187,711</u>	<u>1,812,289</u>
Excess of revenues over (under) expenditures	<u>(1,790,000)</u>	<u>(62,022)</u>	<u>1,727,978</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(1,790,000)</u>	<u>(62,022)</u>	<u>1,727,978</u>
Fund balances - beginning	<u>1,723,852</u>	<u>1,723,852</u>	<u>-</u>
Fund balances - ending	<u>\$ (66,148)</u>	<u>\$ 1,661,830</u>	<u>\$ 1,727,978</u>

**City of Idaho Falls, Idaho**  
**Water Capital Improvement Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-GAAP Basis - Budget and Actual**  
**For The Year Ended September 30, 2010**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Charges for services	\$ -	\$ -	\$ -
Interest	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	<u>(797,564)</u>	<u>(797,564)</u>	<u>-</u>
Total other financing sources (uses)	<u>(797,564)</u>	<u>(797,564)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	(797,564)	(797,564)	-
Fund balances - beginning	<u>797,564</u>	<u>797,564</u>	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**City of Idaho Falls, Idaho**  
**Surface Drainage Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-GAAP Basis - Budget and Actual**  
**For The Year Ended September 30, 2010**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Charges for services	\$ 50,000	\$ 11,975	\$ (38,025)
Interest	-	-	-
Total revenues	<u>50,000</u>	<u>11,975</u>	<u>(38,025)</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>114,549</u>	<u>-</u>	<u>114,549</u>
Excess of revenues over (under) expenditures	<u>(64,549)</u>	<u>11,975</u>	<u>76,524</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(64,549)</u>	<u>11,975</u>	<u>76,524</u>
Fund balances - beginning	<u>75,936</u>	<u>75,936</u>	<u>-</u>
Fund balances - ending	<u>\$ 11,387</u>	<u>\$ 87,911</u>	<u>\$ 76,524</u>

**City of Idaho Falls, Idaho**  
**Traffic Light Capital Improvement Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-GAAP Basis - Budget and Actual**  
**For The Year Ended September 30, 2010**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Interest	\$ 10,000	\$ 884	\$ (9,116)
Total revenues	<u>10,000</u>	<u>884</u>	<u>(9,116)</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>723,510</u>	<u>571,014</u>	<u>152,496</u>
Excess of revenues over (under) expenditures	<u>(713,510)</u>	<u>(570,130)</u>	<u>143,380</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	325,237	325,237	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>325,237</u>	<u>325,237</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(388,273)</u>	<u>(244,893)</u>	<u>143,380</u>
Fund balances - beginning	<u>723,833</u>	<u>723,833</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 335,560</u></u>	<u><u>\$ 478,940</u></u>	<u><u>\$ 143,380</u></u>

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# STATISTICAL SECTION

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## Statistical Section Divider

This part of the City of Idaho Falls, Idaho's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

	<b>Page No.</b>
<b>Financial Trend Information</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	83-88
<b>Revenue Capacity Information</b>	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	89-93
<b>Debt Capacity Information</b>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	94-98
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities takes place.	99-100
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	101-103

**Source:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002: schedules presenting government-wide information include information beginning in that year.

City of Idaho Falls, Idaho

Net Assets by Component

Last Nine Fiscal Years

Accrual Basis of Accounting

	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Government activities</b>									
Invested in capital assets, net of related debt	\$ 93,304,031	\$ 92,745,461	\$ 90,587,825	\$ 89,628,017	\$ 75,420,697	\$ 62,705,757	\$ 57,633,347	\$ 52,305,750	\$ 21,864,511
Restricted	1,213,034	1,143,785	988,654	1,518,064	3,402,646	6,736,942	6,056,616	3,130,340	1,364,635
Unrestricted	29,135,352	27,445,983	27,378,769	25,706,747	24,727,016	21,860,561	25,269,081	28,275,109	28,920,996
Total government activities net assets	123,652,417	121,335,229	118,955,248	116,852,828	103,550,359	91,303,260	88,959,044	83,711,199	52,150,142
<b>Business-type activities</b>									
Invested in capital assets, net of related debt	192,686,784	189,866,463	181,218,089	166,859,124	157,413,332	108,875,345	98,911,578	87,471,546	72,477,084
Restricted	1,553,210	1,878,003	2,016,097	2,313,968	2,219,983	7,811,452	5,280,458	4,518,779	4,047,019
Unrestricted	57,250,318	52,327,208	49,537,617	42,067,880	30,049,095	44,219,444	42,718,141	37,261,558	27,008,225
Total business-type activities net assets	251,490,312	244,071,674	232,771,803	211,240,972	189,682,410	160,906,241	146,910,177	129,251,883	103,532,328
<b>Primary government</b>									
Invested in capital assets, net of related debt	285,990,815	282,611,924	271,805,914	256,487,141	232,834,029	171,581,102	156,544,925	139,777,296	94,341,595
Restricted	2,766,244	3,021,788	3,004,751	3,832,032	5,622,629	14,548,394	11,337,074	7,649,119	5,411,654
Unrestricted	86,385,670	79,773,191	76,916,386	67,774,627	54,776,111	66,080,005	67,987,222	65,536,667	55,929,221
Total primary government net assets	\$375,142,729	\$365,406,903	\$351,727,051	\$328,093,800	\$293,232,769	\$252,209,501	\$235,869,221	\$212,963,082	\$155,682,470

**City of Idaho Falls, Idaho**  
**Changes in Net Assets**  
**Last Nine Fiscal Years**  
**Accrual Basis of Accounting**

	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Expenses</b>									
<b>Governmental activities:</b>									
General government	\$ 6,745,582	\$ 7,315,174	\$ 7,397,540	\$ 6,352,659	\$ 6,045,214	\$ 7,020,227	\$ 5,687,846	\$ 5,246,689	\$ 4,607,475
Public safety	20,478,897	20,467,132	20,869,523	18,764,841	18,504,730	17,049,527	16,101,112	15,631,429	14,812,813
Streets	7,053,652	6,883,494	6,595,657	5,472,555	4,821,388	4,623,301	5,276,158	4,339,488	3,060,926
Culture and recreation	10,055,502	10,686,792	10,130,787	8,894,067	8,565,987	7,997,412	7,942,206	7,836,918	7,728,153
Public works	1,901,223	3,200,900	2,827,838	2,387,383	3,993,094	2,567,482	3,445,460	1,318,930	1,610,575
Total governmental activities expense	46,234,856	48,553,492	47,821,345	41,871,505	41,930,413	39,257,949	38,452,782	34,373,454	31,819,942
<b>Business-type activities:</b>									
Airport	4,196,279	3,965,696	3,921,248	3,358,665	3,327,638	3,000,115	3,044,875	2,980,682	2,340,066
Water and sewer	12,569,738	12,185,186	11,140,464	10,707,873	10,131,230	9,761,885	8,829,366	9,389,813	7,379,348
Sanitation	3,265,698	3,233,531	2,978,262	2,739,364	2,653,943	2,444,929	2,405,552	2,290,599	2,224,795
Ambulance	3,160,466	2,937,746	2,811,351	2,453,241	2,451,434	2,373,885	2,255,651	2,064,268	1,965,393
Electric	48,572,917	48,140,349	48,820,273	46,277,879	46,368,111	48,762,832	46,199,973	45,597,007	59,297,851
Total business-type activities expenses	71,765,098	70,462,508	69,671,598	65,537,022	64,932,356	66,343,646	62,735,417	62,322,369	73,207,453
Total primary government expenses	\$ 117,999,954	\$ 119,016,000	\$ 117,492,943	\$ 107,408,527	\$ 106,862,769	\$ 105,601,595	\$ 101,188,199	\$ 96,695,823	\$ 105,027,395
<b>Program Revenues</b>									
<b>Governmental activities:</b>									
Charges for services:									
General government	\$ 1,495,623	\$ 1,447,854	\$ 1,935,811	\$ 1,942,675	\$ 1,749,636	\$ 1,579,249	\$ 1,663,469	\$ 2,174,184	\$ 2,030,907
Public Safety	2,622,893	2,591,457	2,388,287	2,335,010	2,317,726	2,079,157	2,011,819	2,021,885	1,936,398
Culture and recreation	3,583,524	3,542,074	3,486,720	3,450,895	3,285,176	3,096,376	2,935,330	2,543,718	2,878,449
Other activities	68,068	527,650	978,933	2,553,284	993,388	852,820	758,329	787,945	639,912
Operating grants and contributions	625,402	869,368	521,471	1,046,978	1,173,294	2,425,562	2,128,657	2,101,732	2,196,548
Capital grants and contributions	882,387	2,588,058	3,311,708	8,417,579	9,092,823	2,191,632	5,868,434	256,318	1,112,094
Total governmental activities program revenues	9,277,897	11,566,461	12,622,930	19,746,421	18,612,043	12,224,796	15,366,038	9,885,782	10,794,308
<b>Business-type activities:</b>									
Charges for service:									
Water and Sewer	17,425,627	17,026,050	13,733,266	13,193,636	12,312,167	10,707,560	9,074,694	9,152,546	8,773,864
Electric	53,371,324	52,428,594	58,747,641	59,829,162	61,146,482	57,543,412	58,065,365	55,875,701	52,076,210
Other activities	7,402,500	7,635,143	7,481,727	7,299,938	5,921,743	5,508,043	5,385,174	4,834,271	4,702,381
Operating grants and contributions	1,660,981	1,835,937	1,503,087	1,518,842	1,551,558	1,447,533	1,182,247	1,290,522	952,698
Capital grants and contributions	1,567,924	5,439,660	11,408,555	6,043,486	14,238,986	7,195,422	8,001,076	2,099,109	2,099,109
Total business-type activities program revenue	81,428,356	84,365,384	92,874,276	87,885,064	95,170,936	82,401,970	81,708,556	72,795,498	68,604,262
Total primary government program revenues	\$ 90,706,253	\$ 95,931,845	\$ 105,497,206	\$ 107,631,485	\$ 113,782,979	\$ 94,626,766	\$ 97,074,594	\$ 82,681,280	\$ 79,398,570

Fiscal Year

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Net (expense) revenue	\$ (36,956,959)	\$ (36,987,031)	\$ (35,198,415)	\$ (22,125,084)	\$ (23,318,370)	\$ (27,033,153)	\$ (23,086,744)	\$ (24,487,672)	\$ (21,025,634)
Government activities	9,663,258	13,902,876	23,202,678	22,348,042	30,238,580	16,058,324	18,973,139	10,473,129	(4,603,191)
Business-type activities	\$ (27,293,701)	\$ (23,084,155)	\$ (11,995,737)	\$ 222,958	\$ 6,920,210	\$ (10,974,829)	\$ (4,113,605)	\$ (14,014,543)	\$ (25,628,825)
Total primary government net expenses									

**General Revenues and Other Changes in Net Assets**

Governmental activities:									
Taxes									
Property taxes	\$ 26,890,757	\$ 26,487,935	\$ 23,914,223	\$ 21,694,620	\$ 20,550,997	\$ 19,133,611	\$ 18,737,942	\$ 18,232,773	\$ 17,086,397
Sales taxes	5,412,698	5,429,055	6,028,163	6,312,994	6,152,996	3,947,652	3,580,742	3,416,541	3,381,442
Franchise taxes	898,165	893,822	829,622	857,610	730,926	666,616	538,161	628,309	557,939
Alcoholic beverages taxes	613,462	728,432	665,556	647,954	562,977	523,045	489,583	416,652	366,337
Unrestricted investment earnings	145,159	282,375	819,317	1,242,137	1,062,467	682,832	371,203	480,250	697,865
Miscellaneous revenues	2,139,340	1,850,123	921,902	822,360	2,716,785	753,985	748,483	454,937	184,521
Transfers	2,897,593	3,695,270	3,910,680	3,632,318	3,544,165	3,388,525	3,211,438	2,772,243	2,583,262
Total governmental activities	38,997,174	39,367,012	37,089,463	35,209,993	35,321,313	29,096,266	27,677,552	26,401,705	24,857,763

Business-type activities:

Sales taxes	-	13,532	14,565	14,773	14,065	13,073	13,138	11,992	-
Unrestricted investment income	652,973	1,078,733	2,224,268	2,828,065	2,067,689	970,618	480,876	354,446	942,557
Gain on sale of assets	-	-	-	-	-	24,682	1,050,887	-	-
Miscellaneous revenues	-	-	-	-	-	317,892	351,692	608,518	-
Transfers	(2,897,593)	(3,695,270)	(3,910,680)	(3,632,318)	(3,544,165)	(3,388,525)	(3,211,438)	(2,772,243)	(2,583,262)
Total business-type activities	(2,244,620)	(2,603,005)	(1,671,847)	(789,480)	(1,462,411)	(2,062,260)	(1,314,845)	(1,797,287)	(1,640,705)
Total primary government	\$ 36,752,554	\$ 36,764,007	\$ 35,417,616	\$ 34,420,513	\$ 33,858,902	\$ 27,034,006	\$ 26,362,707	\$ 24,604,418	\$ 23,217,058

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**Change in Net Assets**

Governmental activities	\$ 2,040,215	\$ 2,379,981	\$ 1,891,048	\$ 13,084,909	\$ 12,002,943	\$ 2,063,113	\$ 4,590,808	\$ 1,914,033	\$ 3,832,129
Business-type activities	7,418,638	11,299,871	21,530,831	21,558,562	28,776,169	13,996,064	17,658,294	8,675,842	(6,243,896)
Total primary government	\$ 9,458,853	\$ 13,679,852	\$ 23,421,879	\$ 34,643,471	\$ 40,779,112	\$ 16,059,177	\$ 22,249,102	\$ 10,589,875	\$ (2,411,767)

City of Idaho Falls, Idaho  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
Modified Accrual Basis of Accounting

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>General Fund</b>										
Nonspendable	\$ 937,164	\$ 873,481	\$ 662,874	\$ 624,975	\$ 890,248	\$ 540,462	\$ 518,830	\$ 484,888	\$ 774,887	\$ 710,867
Committed	4,902,446	3,701,297	3,052,724	3,125,475	2,799,101	4,724,870	6,256,816	5,449,937	3,516,566	3,977,666
Assigned	3,087,665	3,254,828	3,138,160	3,882,634	9,901,527	5,517,604	3,451,009	3,345,173	2,000,000	2,000,000
Unassigned	13,872,194	11,518,635	10,397,524	9,572,722	6,922,979	9,587,853	9,052,597	8,684,596	9,830,080	7,433,322
<b>Total general fund</b>	<b>\$ 22,799,469</b>	<b>\$ 19,348,241</b>	<b>\$ 17,251,282</b>	<b>\$ 17,205,806</b>	<b>\$ 20,513,855</b>	<b>\$ 20,370,789</b>	<b>\$ 19,279,252</b>	<b>\$ 17,964,594</b>	<b>\$ 16,121,533</b>	<b>\$ 14,121,855</b>
<b>All Other Governmental Funds</b>										
Restricted	\$ 1,213,034	\$ 1,143,785	\$ 988,654	\$ 893,089	\$ 902,877	\$ 985,621	\$ 1,713,210	\$ 1,395,249	\$ 1,747,870	\$ 581,651
Committed	3,395,364	2,433,690	2,777,790	1,902,016	1,652,866	1,710,848	1,676,858	1,523,325	1,444,523	709,822
Assigned	7,110,385	9,687,897	11,610,545	10,884,320	8,799,606	9,024,791	11,874,938	13,603,006	13,340,559	12,869,060
<b>Total all other funds</b>	<b>\$ 11,718,783</b>	<b>\$ 13,265,372</b>	<b>\$ 15,376,989</b>	<b>\$ 13,679,425</b>	<b>\$ 11,355,349</b>	<b>\$ 11,721,260</b>	<b>\$ 15,265,006</b>	<b>\$ 16,521,580</b>	<b>\$ 16,532,952</b>	<b>\$ 14,160,533</b>



**City of Idaho Falls, Idaho**  
**Tax Revenues by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
**Modified Accrual Basis of Accounting**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Property Tax Penalties</b>	<b>Franchise Taxes</b>	<b>Other Taxes</b>	<b>Total Taxes</b>
2010	\$ 26,513,692	\$ 196,711	\$ 893,075	\$ 5,090	\$ 27,608,568
2009	25,972,690	188,648	888,502	5,320	27,055,160
2008	23,769,582	215,310	822,684	6,938	24,814,514
2007	21,385,896	145,639	850,468	7,142	22,389,145
2006	20,394,495	151,492	729,329	6,608	21,281,924
2005	18,995,459	138,152	660,438	6,178	19,800,227
2004	18,583,619	151,474	532,583	8,454	19,276,130
2003	18,073,622	159,151	622,027	7,635	18,862,435
2002	16,947,486	138,911	552,457	15,814	17,654,668
2001	16,010,549	147,197	412,425	9,279	16,579,450
2001-2010 Change	\$ 10,503,143	\$ 49,514	\$ 480,650	\$ (4,189)	\$ 11,029,118

## City of Idaho Falls, Idaho

## Assessed Value and Actual Value of Taxable Property

## Last Ten Fiscal Years

Fiscal Year Ended 30-Sep	Real Property		Total Taxable Assessed Value	Total Direct Tax Levy	Property Taxes Certified to County
	Total Assessed Value	Less Property Tax Exemptions			
2010	\$ 4,024,693,712	\$ 951,335,349	\$ 3,073,358,363	0.008709767	\$ 26,768,236
2009	3,936,744,617	939,683,983	2,997,060,634	0.008718428	26,129,658
2008	3,594,918,894	859,998,849	2,734,920,045	0.008582005	23,471,098
2007	3,172,168,665	744,597,426	2,427,571,239	0.008827421	21,429,192
2006	2,960,999,081	610,229,122	2,350,769,959	0.008582015	20,174,344
2005	2,672,856,319	570,067,357	2,102,788,962	0.008982015	18,887,282
2004	2,506,379,675	531,606,452	1,974,773,223	0.009366159	18,496,040
2003	2,404,156,640	517,311,933	1,886,844,707	0.009516983	17,957,069
2002	2,239,722,363	494,711,352	1,745,011,011	0.009639679	16,821,346
2001	2,115,797,951	475,965,308	1,639,832,643	0.009697564	15,902,382

Source: Bonneville County Assessor's Office and the City of Idaho Falls, Idaho.

Note: Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are also actual values. Tax levies are per \$1 of assessed value. Currently, Bonneville County is only able to determine Total Assessed Value and can not distinguish between residential, commercial, and industrial properties. Approximately 89 percent of the property tax exemptions come from the residential home owner's exemption. The exemption is equal to 50 percent of the assessed value of residential property, to a maximum of \$104,471. Approximately 19 percent of the property tax exemptions apply to the Idaho Falls, Idaho Redevelopment Agency which is within the City limits.

**City of Idaho Falls, Idaho**  
**Direct and Overlapping Property Tax Levies**  
**Last Ten Fiscal Years**

City of Idaho Falls, Idaho Direct Levy							
Fiscal Year	General Fund	Fireman's Retirement	Tort	Recreation Fund	Library Fund	Municipal Capital Improvement Fund	Total Direct
2010	0.007061815	0.000359541	0.000171191	0.000158500	0.000568298	0.000390422	0.008709767
2009	0.007070105	0.000348341	0.000200864	0.000154802	0.000555058	0.000389258	0.008718428
2008	0.007125001	0.000308341	0.000212072	0.000155517	0.000557620	0.000223454	0.008582005
2007	0.007231922	0.000347379	0.000275996	0.000161417	0.000578775	0.000231932	0.008827421
2006	0.006999577	0.000358728	0.000285013	0.000155867	0.000558873	0.000223957	0.008582015
2005	0.007327797	0.000356669	0.000317223	0.000162779	0.000583658	0.000233889	0.008982015
2004	0.007681781	0.000374756	0.000282586	0.000170535	0.000611468	0.000245033	0.009366159
2003	0.007912298	0.000376320	0.000171199	0.000175538	0.000629407	0.000252221	0.009516983
2002	0.008033348	0.000392582	0.000143278	0.000177747	0.000637328	0.000255396	0.009639679
2001	0.008089978	0.000408578	0.000123793	0.000178535	0.000640153	0.000256527	0.009697564

Source: Bonneville County Assessor's Office.

Note: Bonneville County sets the City's levy. The Mayor and City Council determine the dollar amount to be levied as determined by State law. Overlapping levies are those taxing districts that apply to property within the City. Not all overlapping levies apply to all the City's property owners. For example, although the County property tax levy applies to all City property owners, School District 93's levy, applies to approximately 14 percent of the City's property owners.

**City of Idaho Falls, Idaho Overlapping Levies**

<b>School District 91</b>	<b>School District 93</b>	<b>Bonneville County</b>	<b>Ambulance District</b>	<b>Flood Control District</b>	<b>New Sweden Cemetery District</b>	<b>Ammon Cemetery District</b>
0.003617960	0.005448000	0.004035117	0.000276415	0.000006109	0.000030482	0.000051550
0.004101884	0.005447938	0.004035117	0.000292873	0.000005940	0.000031360	0.000047506
0.004102010	0.005448000	0.004076056	0.000315747	0.000006107	0.000033031	0.000049285
0.004521858	0.005447634	0.004246505	0.000324330	0.000006252	0.000033121	0.000052042
0.007634142	0.007595133	0.004267845	0.000324285	0.000005947	0.000030151	0.000055896
0.008268900	0.007573027	0.004346074	0.000332077	0.000006138	0.000031008	0.000056246
0.008270018	0.007633046	0.004346074	0.000327255	0.000006468	0.000088612	0.000055171
0.008031303	0.007633000	0.004346074	0.000327255	0.000006416	0.000092812	0.000055579
0.008293489	0.007633082	0.004346074	0.000283949	0.000006417	0.000031479	0.000058320
0.008442673	0.007639000	0.004346074	0.000283949	0.000006284	0.000030412	0.000057880

City of Idaho Falls, Idaho  
Principal Property Tax Payers  
September 30, 2010

Taxpayers	2010			2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Bush Ag. Resources Inc.	\$ 89,554,411	1	2.9%	\$ 51,430,503	1	3.4%
Eastern Idaho Health Serv. Inc.	88,206,540	2	2.9	46,241,836	2	3.1
GMODELO Agriculture Inc.	65,158,886	3	2.1	-	-	-
Grand Teton Mall	51,945,513	4	1.7	34,001,815	3	2.3
Mountain View Hospital	36,303,455	5	1.2	-	-	-
Eastern Idaho Regional Medical Center	24,306,625	6	0.8	-	-	-
Fairwinds Sandcreek Retirement Center	24,073,349	7	0.7	-	-	-
Melaleuca Inc.	22,307,853	8	0.7	-	-	-
Bonaventure Senior Living Community	18,492,640	9	0.6	-	-	-
Center Partners of Idaho	17,122,824	10	0.6	-	-	-
INEL Office Building (Batelle)				18,827,427	5	1.3
Qwest				24,221,479	4	1.6
INEL Engineering Research Office				11,817,985	6	0.8
Melaleuca, Inc.				10,761,244	7	0.7
Fred Meyer Inc.				10,472,899	8	0.7
Shilo Inn				8,866,423	9	0.6
Yellowstone Square Mall				7,340,209	10	0.5
	<u>\$ 437,472,096</u>		<u>14.2%</u>	<u>\$ 223,981,820</u>		<u>15.0%</u>

Source: Bonneville County Auditor's Office

**City of Idaho Falls, Idaho**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended September 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2010	\$ 26,768,236	\$ 25,672,969	95.9%	\$ 752,030	\$ 26,424,999	98.7%
2009	26,129,658	25,224,859	96.5	694,453	25,919,312	99.2
2008	23,471,098	22,716,967	96.8	667,662	23,384,629	99.6
2007	21,429,192	20,733,375	96.8	542,625	21,276,000	99.3
2006	20,174,344	19,583,242	97.1	572,129	20,155,371	99.9
2005	18,887,282	18,346,822	97.1	790,065	19,136,887	101.3
2004	18,496,040	17,698,397	95.7	564,606	18,263,003	98.7
2003	17,957,069	17,760,875	98.9	574,873	18,335,748	102.1
2002	16,821,346	16,249,361	96.6	468,352	16,717,713	99.4
2001	15,902,382	15,402,121	96.9	543,790	15,945,911	100.3

**City of Idaho Falls, Idaho**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita
	Airport Bonds	Airport Certificates of Participation	Electric General Obligation Bonds			
2010		\$ 1,915,000	\$ 6,984,056	8,899,056	0.50%	161
2009		2,750,000	9,084,389	11,834,389	0.70	216
2008		3,510,000	11,408,196	14,918,196	0.90	274
2007		4,205,000	13,903,061	18,108,061	1.13	334
2006	\$ 230,000	4,205,000	16,605,230	21,040,230	1.43	396
2005	450,000	4,955,000	19,501,260	24,906,260	1.82	474
2004	655,000	5,260,000	22,627,492	28,542,492	2.13	547
2003	850,000	5,525,000	25,978,489	32,353,489	2.46	626
2002	1,035,000	5,750,000	29,592,879	36,377,879	2.83	710
2001	1,205,000	6,000,000	32,624,721	39,829,721	3.10	781

Note: Details regarding the City's outstanding debt can be found in the notes to financial statements.  
(1) See Exhibit E-1 for personal income and population data.

**City of Idaho Falls Idaho**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<b>General Bonded Debt Outstanding</b>					
<b>Fiscal Year</b>	<b>Business-Type Electric General Obligation Bonds</b>	<b>Total</b>	<b>Actual Taxable Value of Property</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2010	\$ 6,984,056	\$ 6,984,056	\$ 3,073,358,363	0.23%	126
2009	9,084,389	9,084,389	2,997,060,634	0.30	166
2008	11,408,196	11,408,196	2,734,920,045	0.42	209
2007	13,903,061	13,903,061	2,427,571,239	0.57	256
2006	16,605,230	16,605,230	2,350,769,959	0.71	313
2005	19,501,260	19,501,260	2,102,788,962	0.93	371
2004	22,627,492	22,627,492	1,974,773,223	1.15	434
2003	25,978,489	25,978,489	1,886,844,707	1.38	502
2002	29,592,879	29,592,879	1,745,011,011	1.70	578
2001	32,624,721	32,624,721	1,639,832,643	1.99	641

## City of Idaho Falls, Idaho

## Direct and Overlapping Governmental Activities Debt

As of September 30, 2010

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid from property taxes:			
Overlapping:			
Bonneville County	\$ 2,950,000	64%	\$ 1,888,000
Idaho Falls Redevelopment Agency	12,392,530 (b)	0%	
School District No. 91	1,235,000	86%	1,062,100
School District No. 93	64,650,000	14%	9,051,000
Total overlapping	<u>81,227,530</u>		<u>12,001,100</u>
Direct:			
City of Idaho Falls	-	(a)	-
Total direct and overlapping debt	<u>\$ 81,227,530</u>		<u>\$ 12,001,100</u>

Source: Assessed value data used to estimate applicable percentages provided by Bonneville County. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Idaho Falls. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(a) Excludes general obligation bonds reported in enterprise funds and backed by a revenue guarantee.

(b) The bonds and notes to the Idaho Falls Redevelopment Agency, which is entirely within the City, are payable solely from incremental tax revenues from ad valorem taxes levied by all overlapping taxing authorities, which result from increases in assessed valuation of property within the revenue allocation area; no ad valorem levy to pay such bonds and notes is permitted.

City of Idaho Falls, Idaho

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt limit	\$ 80,493,874	\$ 78,734,892	\$ 71,898,378	\$ 63,443,373	\$ 59,219,982	\$ 54,253,617	\$ 50,398,132	\$ 48,385,112	\$ 45,216,813	\$ 42,804,449
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 80,493,874</u>	<u>\$ 78,734,892</u>	<u>\$ 71,898,378</u>	<u>\$ 63,443,373</u>	<u>\$ 59,219,982</u>	<u>\$ 54,253,617</u>	<u>\$ 50,398,132</u>	<u>\$ 48,385,112</u>	<u>\$ 45,216,813</u>	<u>\$ 42,804,449</u>
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-	-	-	-	-	-	-

Legal Debt Margin Calculation for Fiscal Year 2010	
Assessed value	\$ 4,024,693,712
Debt limit (2% of market value)	\$ 80,493,874
Debt applicable to limit:	
General obligation bonds	-
Legal debt margin	<u>\$ 80,493,874</u>

Note: General obligation bonds may be issued by the City for a variety of purposes in an amount which does not at any time exceed in aggregate 2% of the market value for assessment purposes of the real and personal property in the City, according to the preceding year's assessment. However, general obligation bonds issued to acquire, construct, or improve facilities for water, light and power, storm sewers and sanitary sewer systems are exempt from and do not count against the general obligation debt limit. In addition, bonds secured only by a pledge of revenue-producing facility, are not subject to and do not count against the debt limit.

City of Idaho Falls, Idaho  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Fiscal Year	Airport Revenue Bonds and Certificates of Participation				Electric General Obligation Revenue Bonds				
	Revenue(1)	Less Operating Expense(2)	Net Available Revenue	Debt Service (3) Principal Interest Coverage(4)	Revenue(1)	Less Operating Expense(2)	Net Available Revenue	Debt Service (3) Principal Interest Coverage(4)	
2010	\$ 2,808,024	\$ 1,776,245	\$ 1,031,779	\$ 835,000 \$ 87,133 1.12	\$ 53,859,856	\$ 40,872,272	\$ 12,987,584	\$ 2,100,333 \$ 5,594,667 1.69	(6)
2009	2,875,682	1,677,500	1,198,182	760,000 125,125 1.35	53,218,316	40,248,045	12,970,271	2,323,808 5,616,192 1.63	
2008	3,354,790	1,679,366	1,675,424	695,000 159,705 1.96	60,377,193	41,001,766	19,375,427	2,494,865 5,455,135 2.44	
2007	3,519,538	1,372,967	2,146,571	230,000 191,328 5.09	61,943,138	38,371,027	23,572,111	2,702,169 4,996,454 3.06	
2006	3,133,545	1,386,968	1,746,577	970,000 317,785 1.36	62,714,219	38,410,805	24,303,414	2,896,030 4,802,594 3.16	
2005	2,622,993	1,207,267	1,415,726	510,000 346,345 1.65	58,766,450	40,578,989	18,187,461	3,126,232 4,848,768 2.28	
2004	2,406,581	1,252,039	1,154,542	460,000 374,000 1.38	58,766,450	37,898,405	20,868,045	3,350,977 4,629,003 2.62	
2003	2,202,376	1,159,630	1,042,746	410,000 386,379 1.31	56,766,471	37,107,036	19,659,435	3,614,390 4,375,610 2.46	
2002	2,149,807	1,031,044	1,118,763	420,000 403,055 1.36	52,672,441	50,699,130	1,973,311	3,031,842 4,963,158 0.25	(5)
2001	2,173,338	951,210	1,222,128	160,000 75,916 5.18	53,368,671	35,979,066	17,389,605	3,332,333 4,687,667 2.17	

(1) Revenues include operating revenues, interest income, sales taxes, PFC funds, certain federal grants, and non-operating income.  
(2) Operating expenses do not include depreciation and payments in lieu of taxes but includes other charges.  
(3) Includes principal and interest on revenue bonds, certificates of participation, and general obligation bonds which are paid from operating revenues and subject to debt coverage requirements.  
(4) The Airport bond ordinance requires 1.25 coverage while the Electric bond ordinance requires 1.15 coverage.  
(5) The Electric Fund did not meet its rate coverage of 1.15 for the year ended September 30, 2002. The City Council raised electrical rates in October, 2002 as required by the bond ordinance to meet rate coverage.  
(6) The Airport Fund did not meet its rate coverage of 1.25 for the year ended September 30, 2010.

City of Idaho Falls, Idaho

Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income	Median Age	Education Attainment			School Enrollment	Unemployment Rate
					High School Graduates or Higher	25 Years and Older	4 or More Years of College		
2010	55,312 (1)	\$ 1,787,573,216	\$ 32,318	32	89.3%	27.5%	10,500	6.7%	
2009	54,750 (1)	1,680,715,500	30,698 (1)	-	-	-	10,480	6.5	
2008	54,334	1,656,582,000 (1)	30,396 (1)	-	-	-	10,400	3.6	
2007	54,272 (1)	1,609,219,072 (1)	29,651 (1)	-	-	-	10,279	2.4	
2006	53,000 (1)	1,473,400,000 (1)	27,800 (1)	-	-	-	10,400	2.6	
2005	52,500 (1)	1,365,000,000 (1)	26,000 (1)	-	-	-	10,400	2.7	
2004	52,148	1,340,203,600 (1)	25,700 (1)	-	-	-	10,385	3.1	
2003	51,703	1,315,686,241	25,447	-	-	-	10,520	2.9	
2002	51,216	1,283,370,528	25,058	-	-	-	10,648	3.5	
2001	51,023	1,233,838,186	24,182	-	-	-	10,767	3.4	

(1) Numbers are estimated.

Sources: Population, provided by Idaho Commerce and Labor, Personal Income is calculated by multiplying population by per capita personal income. Per Capita Personal Income provided by U.S. Department of Commerce and Bureau of Economic Analysis. U.S. Department of Labor for unemployment rate. U.S. Census Bureau for Median Age and Educational information. Educational information is only available every ten years.

City of Idaho Falls, Idaho

Principal Employers

Current Year and Nine Years Ago

Employer	2010 (a)			2001		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Bechtel BWXT Idaho	3,800	1	11.93%	2,500	1	8.40%
Idaho Falls School District 91	1,700	2	5.34	1,700	2	5.71
CH2M Hill WG, LLC	1,700	3	5.34	-	-	-
Eastern Idaho Regional Medical Center	1,300	4	4.08	1,311	3	4.40
Melaleuca, Inc.	1,300	5	4.08	1,300	4	4.37
Bonneville Joint School District 93	850	6	2.67	850	5	2.86
City of Idaho Falls	750	7	2.35	750	6	2.52
Center Partners	600	8	1.88	600	7	2.02
Wal-Mart	450	9	1.41	450	9	1.51
Bonneville County	450	10	1.41	450	8	1.51
Albertsons, Inc.	-	-	-	350	10	1.18
<b>Total</b>	<b>12,900</b>		<b>40.49%</b>	<b>10,261</b>		<b>34.48%</b>

Source: Idaho Commerce and Labor

(a) These numbers are averages. They include part time and full time employees. Data not available for period nine years prior, 2001 earliest data available.

Full-time Equivalent City of Idaho Falls Government Employees by Function/Program

Last Ten Fiscal Years

Function/Program	Actual Full-time Employees as of September 30									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General government:										
Mayor and council	9	8	8	7	8	8	8	8	7	8
Municipal services	70	68	68	67	67	69	69	69	67	67
Human resources	2	2	2	2	2	2	2	2	2	2
Planning and building	19	17	17	17	16	14	14	15	16	17
Public safety:										
Police	131	127	127	122	122	121	118	116	119	119
Fire	103	103	103	100	97	94	94	95	90	94
Streets	21	21	21	21	20	20	20	21	20	21
Culture and recreation:										
Parks and recreation	64	63	63	62	59	60	60	58	60	58
Library	21	21	21	21	20	25	25	23	26	27
Public works	20	20	20	19	20	20	20	19	19	19
Airport	11	14	14	13	13	13	13	13	13	13
Water and sewer	54	54	54	50	49	49	49	49	49	46
Sanitation	29	30	30	27	27	26	26	26	26	26
Electric	64	64	64	62	59	60	59	61	62	62
<b>Total</b>	<b>618</b>	<b>612</b>	<b>612</b>	<b>590</b>	<b>579</b>	<b>581</b>	<b>577</b>	<b>575</b>	<b>576</b>	<b>579</b>

Source: "Monthly Employment Report" compiled by the City of Idaho Falls Human Resources Division.

City of Idaho Falls, Idaho

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Planning and building										
Building permits issued	484	408	595	849	837	834	874	810	840	778
Value of building permits	\$38,008,986	\$23,403,760	\$54,005,000	\$71,772,712	\$62,226,668	\$63,329,405	\$72,804,706	\$49,865,046	\$47,922,805	\$72,477,904
Inspections	4,978	5,476	8,947	9,414	9,213	9,160	8,969	7,645	7,165	6,812
Police										
Physical arrest	3,165	3,599	3,950	4,317	4,931	4,070	4,158	4,197	3,545	3,867
Parking violations	3,757	4,130	3,192	3,723	4,869	4,869	10,776	8,023	10,201	12,846
Traffic violations	13,894	14,835	11,502	19,028	18,384	17,902	16,564	20,440	20,293	7,151
Fire										
Total dispatches	4,134	4,211	3,945	3,884	3,852	3,759	3,765	3,830	3,504	3,235
Emergency responses	3,177	3,365	3,850	1,912	1,871	1,873	916	874	731	696
Fires extinguished	270	275	445	324	394	453	217	278	209	
Inspections	894	1,825	1,805	1,723	907	2,551	3,162			
Parks and recreation										
18 hole golf rounds played	115,715	130,882	127,063	144,647	133,410	133,312	134,762	141,528	119,720	120,988
Zoo Admissions	120,169	129,710	119,267	108,435	107,947	106,612	89,459	81,085	84,742	99,844
Aquatic center usage	117,337	121,422	117,112	118,286	111,378	105,068	98,917	105,665	114,900	128,609
Total program participants	30,739	39,377	36,812	40,522	51,234	36,461	36,055	37,166	37,976	42,889
Library										
Total items held for circulation	334,539	285,812	274,232	272,651	258,552	246,658	229,583	228,104	223,769	228,007
Annual circulation	1,126,172	1,097,030	944,340	811,053	778,235	700,305	668,520	633,676	648,617	636,429
Airport										
Enplanements	143,550	138,514	151,200	152,407	148,756	139,918	117,354	116,142	114,143	117,896
Average flights per day	11	10	13	14	13	17	16	16	16	16
Water and sewer										
Average daily consumption in gallons	22,425,000	23,178,000	24,526,000	25,784,000	24,100,000	21,170,000	21,820,000	22,500,000	21,600,000	23,200,000
Monthly residential water rate	\$ 21.00	\$ 21.00	\$ 21.00	\$ 15.00	\$ 13.00	\$ 13.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00
Average daily sewage treatment in gallons	10,777,019	11,142,663	11,701,000	11,787,000	11,831,000	11,049,000	10,604,000	9,859,000	9,948,000	10,500,000
Monthly residential sewer rates	\$ 18.95	\$ 18.95	\$ 18.95	\$ 16.50	\$ 16.50	\$ 16.50	\$ 12.50	\$ 12.50	\$ 12.50	\$ 12.50
Sanitation										
Total cubic yards of Refuse collected	308,296	321,883	301,174	310,996	327,845	266,683	213,000	286,685	254,811	260,608
Monthly residential rate	\$ 9.00	\$ 9.00	\$ 9.00	\$ 7.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50
Electric										
Average daily usage in kwh	1,904,978	1,912,749	1,943,896	1,898,308	1,865,943	1,783,821	1,697,980	1,679,091	1,709,213	1,732,254
Residential rate per kwh	\$ 0.054	\$ 0.054	\$ 0.054	\$ 0.055	\$ 0.058	\$ 0.060	\$ 0.064	\$ 0.064	\$ 0.055	\$ 0.045
Average Mwh generated per hour (1)	28.2	26.3	26.4	29.7	30.2	25.3	24.1	24.6	23.5	15.7

Source: Various City Departments

(1) The City has the capacity to generate up to 50 mwh if water flow is adequate.

City of Idaho Falls, Idaho  
Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Satellite offices	1	1	1	1	1	1	1	1	1	1
Cars	110	111	108	107	102	100	101	99	91	86
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Fire Trucks	17	16	16	16	16	15	15	15	15	15
Street (Miles)	280	284	284	270	261	258	256	251	245	240
Parks and recreation										
Parks	52	52	52	52	52	52	52	51	51	51
Acres	1,844	1,842	1,826	1,801	1,749	1,749	1,749	1,749	1,749	1,749
Baseball/softball diamonds	26	26	26	26	26	26	26	26	26	26
Soccer/football fields	29	29	25	21	16	16	16	16	16	16
Golf courses	3	3	3	3	3	3	3	3	3	3
Swimming pools	1	1	1	1	1	1	1	1	1	1
Library buildings	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	309	308	306	302	301	299	298	258	254	252
Fire hydrants	2,048	2,031	2,023	1,984	1,890	1,878	1,835	1,803	1,725	1,690
Wells	19	19	19	19	18	18	18	17	17	17
Sewer										
Sanitary sewer (miles)	276	273	266	257	246	243	241	236	233	223
Treatment capacity (gallons)	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000
Sanitation Trucks	19	19	17	17	17	17	17	17	17	17
Electric										
Transmission lines (miles)	37	37	37	38	38	38	38	38	38	38
Distribution lines (miles)	414	414	408	401	360	352	337	330	325	320
Hydro generating plants	4	4	4	4	4	4	4	4	4	4
Street lights	4,523	4,383	4,027	3,782	4,220	4,190	4,050	4,023	3,881	3,881
Traffic signals	51	53	48	46	47	46	43	43	43	42

Source: Various City Departments

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# **SINGLE AUDIT SECTION**

**CITY OF IDAHO FALLS, IDAHO**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2010**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>	<u>Cash Basis Revenues</u>
U.S. Department of Housing and Urban Development				
Direct Programs:				
* Community Development Block Grant	14.218	-	\$ 384,840	\$ 420,243
U.S. Department of Interior				
Pass-through Idaho Historical Society				
Historical Preservation Fund Grant	15.904	16-09-21818	\$ 5,000	\$ 5,000
U.S. Department of Justice				
Pass-through Idaho Department of				
Juvenile Corrections:				
Enforcing Underage Drinking Laws	16.727	2007ANFX0047	\$ 2,259	\$ 2,259
U.S. Department of Transportation				
Direct Programs:				
* Airport Improvement Program	20.106	3-16-0018-30	\$ 24,781	\$ 24,781
		3-16-0018-32	195,589	236,448
		3-16-0018-34	621,476	621,476
			<u>\$ 841,846</u>	<u>\$ 882,705</u>
Pass-through Idaho Dept of Transportation:				
Highway Planning and Construction	20.205	Key09767 A009 (935) A011 (511) A011 (513)	\$ 101,846	\$ 101,846
State and Highway Safety	20.600	PT-210-01-00-00 OP-2009-06-00-00	11,672	11,672
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	K8-2010-01-00-00 K8-2009-01-00-00	7,289	7,289
Interagency Hazardous Materials Public Sector Training and Planning Grant			<u>22,354</u>	<u>22,354</u>
Total Department of Transportation			<u>\$ 143,161</u>	<u>\$ 143,161</u>

**CITY OF IDAHO FALLS, IDAHO**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended September 30, 2009**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>	<u>Cash Basis Revenues</u>
U.S. Department of Homeland Security Pass-through Idaho State Military Division Homeland Security Grant	97.067		\$ 59,983	\$ 59,983
Total Federal Assistance			<u>\$ 1,437,089</u>	<u>\$ 1,513,351</u>

\* Represents major programs.

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Idaho Falls, Idaho as of September 30, 2010 and is presented in accordance with the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amount presented in, or used in, the preparation of the financial statements.



**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***

Honorable Mayor and Members of the City Council  
City of Idaho Falls, Idaho

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Idaho Falls, Idaho, as of and for the year ended September 30, 2010, which collectively comprise the City of Idaho Falls, Idaho's basic financial statements and have issued our report thereon dated February 7, 2011. We did not audit the financial statements of the Electric Light Fund, which is both major and 50%, 44% and 68% respectively, of the assets, net assets and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Electric Light Fund is based solely on the report of other auditors. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Idaho Falls, Idaho's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Idaho Falls, Idaho's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Idaho Falls, Idaho's internal control over financial reporting.

*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.

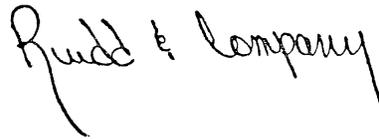
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Idaho Falls, Idaho's financial statements are free of 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*.

This report is intended solely for the information and use of management, City Council, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

February 7, 2011

A handwritten signature in cursive script that reads "Rudd & Company". The signature is written in dark ink and is positioned to the right of the date.



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
AND PASSENGER FACILITY CHARGE (PFC) PROGRAMS**

Honorable Mayor and Members of the City Council  
City of Idaho Falls, Idaho

**Compliance**

We have audited the City of Idaho Falls, Idaho's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Idaho Falls, Idaho's major federal programs and with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended September 30, 2010. The City of Idaho Falls, Idaho's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and to its passenger facility program is the responsibility of the City of Idaho Falls, Idaho's management. Our responsibility is to express an opinion on the City of Idaho Falls, Idaho's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Guide. Those standards, OMB Circular A-133 and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or on the passenger facility program occurred. An audit includes examining, on a test basis, evidence about the City of Idaho Falls, Idaho's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Idaho Falls, Idaho's compliance with those requirements.

In our opinion, the City of Idaho Falls, Idaho complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs and the passenger facility charge program for the year ended September 30, 2010.

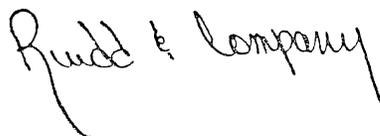
## Internal Control Over Compliance

The management of the City of Idaho Falls, Idaho is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and to the passenger facility charge program. In planning and performing our audit, we considered the City of Idaho Falls, Idaho's internal control over compliance with requirements that could have a direct and material effect on a major federal program or on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Idaho Falls, Idaho's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, The Federal Aviation Administration and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



February 7, 2011



**INDEPENDENT AUDITORS' REPORT  
ON SCHEDULE OF  
PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED**

Honorable Mayor and City Council  
City of Idaho Falls, Idaho

We have audited the financial statements of the City of Idaho Falls, Idaho for the year ended September 30, 2010, and have issued our report thereon dated February 7, 2011. These financial statements are the responsibility of the City of Idaho Falls, Idaho's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Passenger Facility Charge Program Audit Compliance Guide. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of the City of Idaho Falls, Idaho, taken as a whole. The accompanying Schedule of Passenger Facility Charges Collected and Expended for the year ended September 30, 2010, which is the responsibility of management of the City of Idaho Falls, Idaho, is presented for the purpose of additional analysis and as required by the Federal Aviation Administration of the U.S. Department of Transportation to implement Section 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990 and is not a required part of the financial statements. The information in the schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

February 7, 2011

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**CITY OF IDAHO FALLS, IDAHO**  
**Idaho Falls, Idaho Municipal Airport**  
**Schedule of Passenger Facility Charges Collected and Expended**  
**Year Ended September 30, 2010**

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	<b>Passenger Facility Charges Collected</b>	<b>Passenger Facility Charges Expended</b>
	<u>                    </u>	<u>                    </u>
PFC Charges Collected and Expended for the Current Year	\$ 523,368	\$ 523,368
PFC Charges Collected and Expended in Prior Years	<u>6,677,804</u>	<u>6,677,804</u>
Total PFC Charges to Date	<u>\$ 7,201,172</u>	7,201,172
PFC Interest Earned to Date		27,394
Actual PFC Related Expenditures to Date		<u>(10,645,462)</u>
Ending Balance Unliquidated PFC Revenue Account (PFC Expended to Date, Plus Interest Less Actual Expenditures to Date		<u>\$ (3,416,896)</u>
Total Approved PFC Related Expenditures to Date		<u>\$ 11,255,531</u>

**CITY OF IDAHO FALLS, IDAHO**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2010**

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**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

*Federal Awards*

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type or auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

**CITY OF IDAHO FALLS, IDAHO**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended September 30, 2010**

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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grant
20.106	Airport Improvement Program

Dollar threshold used to distinguish  
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

**Section II - Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None