

**CITY OF  
IDAHO FALLS, IDAHO**



**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**

FISCAL YEAR ENDED  
**SEPTEMBER 30, 2012**

**CITY OF IDAHO FALLS, IDAHO**  
**Comprehensive Annual Financial Report**  
**For the fiscal year ended September 30, 2012**

**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, 2012

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# INTRODUCTORY SECTION



# City of Idaho Falls

CONTROLLER'S OFFICE

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

February 1, 2013

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, 2012 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, 2012, 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, 2012, 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 56,813. 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 is 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 7.0 percent this year (2011) to a low of 2.4 percent in the year (2007). The unemployment rate at the end of fiscal year 2012

was 5.9 percent which reflects a recovery of the job market in this Idaho Falls metropolitan area. 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 (43.4 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 City is continuing to be financially stable during these difficult economic times.

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 Hitt road, 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 other than the D Street underpass where construction contracts have been approved. 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's focus for the upcoming legislature session is personal property tax elimination, education, and health care. If personal property tax is eliminated without some form of replacement revenue, the City would be adversely affected by approximately 2.7 million dollars.

### **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, 2011. This was the twenty third 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, 2011

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.



*Christopher P. Morrill*

President

*Jeffrey R. Emer*

Executive Director

City of Idaho Falls

Principal Officials

September 30, 2012

City Council

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

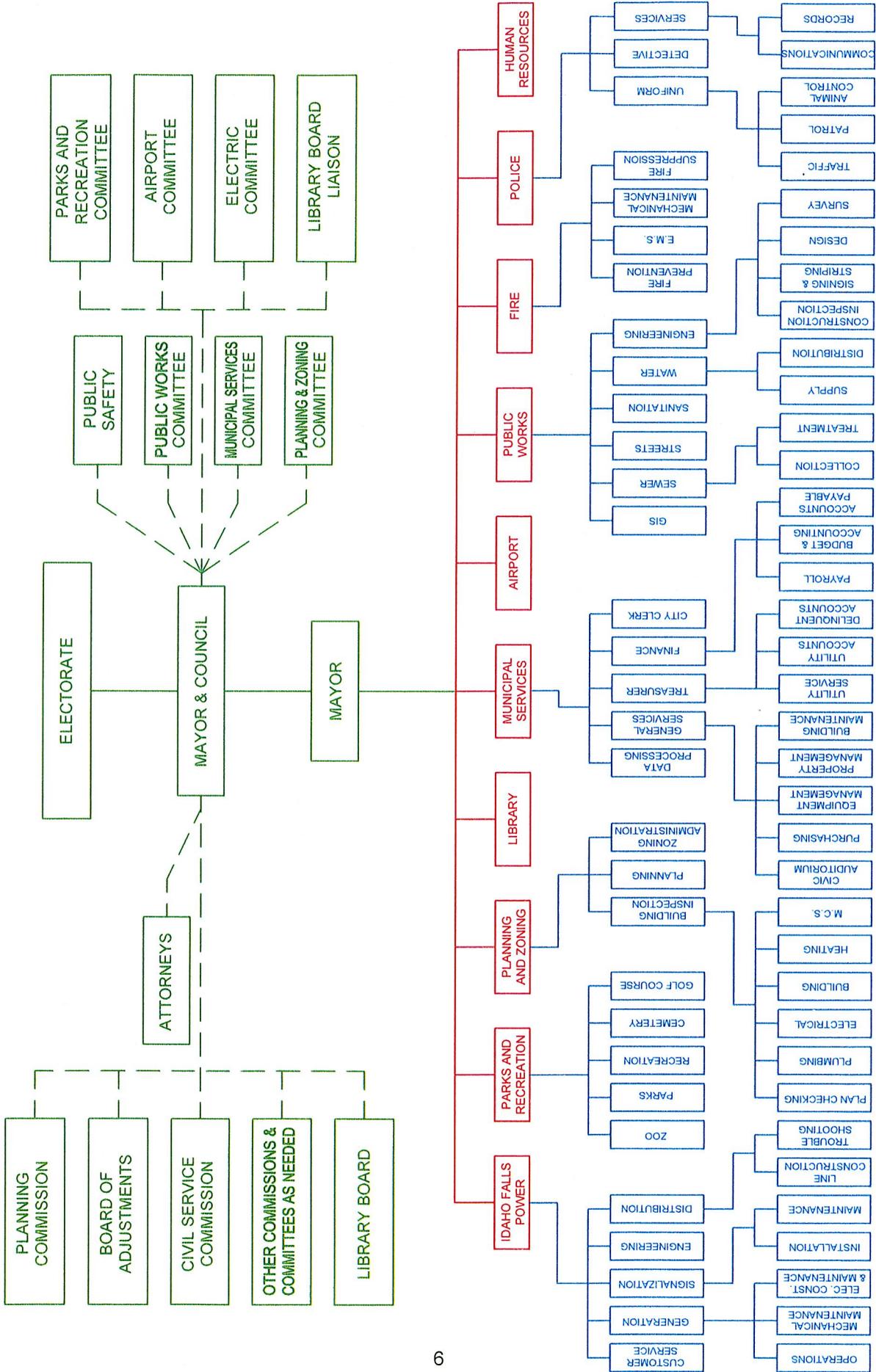
Mayor  
Mayor Pro Tem/Council Member  
Council Member  
Council Member  
Council Member  
Council Member  
Council Member

Other Principal Officers

Craig Davis  
Dean Ellis  
Jackie Flowers  
S. Craig Lords  
Renee Magee  
Steve Roos  
Brian Sagendorf  
Chad Stanger  
Greg Weitzel  
Robert Wright

Airport Director  
Fire Chief  
Electric Light Director  
Municipal Services Director  
Planning & Zoning Director  
Police Chief  
Human Resources Director  
Public Works Director  
Parks & Recreation Director  
Library 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, 2012, 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 49%, 46% 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 above 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, 2012, 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 January 31, 2013, 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 with 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 and analysis on pages 10 through 19 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 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 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 by us and other auditors 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 and statistical sections 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 them.

January 31, 2013

## 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, 2012. 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, 2012 by \$400,974,115. Of this amount, \$104,737,868 of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net assets increased \$14,370,485 as a result of this year's operations. The governmental net assets increased by \$1,108,860 and the business-type net assets increased by \$13,261,625.
- At September 30, 2012, the City's governmental activities reported combined ending net assets of \$126,025,984, an increase of \$1,108,860 in comparison with the prior year. Approximately 23.4 percent of this amount, \$29,474,037, is available for spending at the City's discretion.
- The unassigned fund balance for the general fund was \$15,671,513 or 43.4 percent of the total general fund expenditures.
- Total liabilities of the City decreased by \$8,286,968, which represents a 23.3 percent decrease from 2011.

### 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 thirteen 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 twelve 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 two different types of 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. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for workers' compensation claims as a self-insurance mechanism. Because this service predominantly benefits

governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

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 \$400,974,115 at September 30, 2012.

By far the largest portion of the City's net assets (73.6 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	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 37,929,728	\$ 38,896,541	\$ 91,929,173	\$ 88,688,764	\$129,858,901	\$127,585,305
Capital assets	95,709,742	95,102,500	202,697,538	199,494,859	298,407,280	294,597,359
Total assets	133,639,470	133,999,041	288,183,623	288,183,623	428,266,181	422,182,664
Long-term liabilities outstanding	5,517,631	5,521,747	16,393,515	23,811,561	21,911,146	29,333,308
Other liabilities	2,095,855	3,560,170	3,285,065	2,685,556	5,380,920	6,245,726
Total liabilities	7,613,486	9,081,917	19,678,580	26,497,117	27,292,066	35,579,034
<b>Net assets:</b>						
Invested in capital assets, net of related debt	95,709,742	95,102,500	199,684,300	194,627,548	295,394,042	289,730,048
Restricted	842,205	1,021,942	-	1,086,345	842,205	2,108,287
Unrestricted	29,474,037	28,792,682	75,263,831	65,972,613	104,737,868	94,765,295
Total net assets	\$126,025,984	\$124,917,124	\$274,948,131	\$261,686,506	\$400,974,115	\$386,603,630

An additional portion of the City's net assets (.21 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$104,737,868) 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 \$14,370,485 (3.7 percent) from \$386,603,630 at September 30, 2011 to \$400,974,115 at September 30, 2012. Governmental activities increased \$1,108,860 (.9 percent) over the prior year while the business-type activities increased \$13,261,625 (5.1 percent) over the same period.

**Governmental activities.** Governmental activities increased the City's net assets by \$1,108,860, thereby accounting for 7.7 percent of the total growth in the net assets of the City. Key elements of this increase are as follows:

City of Idaho Falls' Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 8,060,523	\$ 7,750,035	\$ 82,445,956	\$ 81,336,739	\$ 90,506,479	\$ 89,086,774
Operating grants and contributions	899,502	924,186	2,602,918	1,898,908	3,502,420	2,823,094
Capital grants and contributions	1,715,285	1,417,726	4,058,705	2,634,332	5,773,990	4,052,058
<b>General revenues:</b>						
Property taxes	26,921,152	27,033,901			26,921,152	27,033,901
Other taxes	7,316,190	6,968,370			7,316,190	6,968,370
Other	950,568	1,037,524	498,615	452,388	1,449,183	1,489,912
Total revenues	45,863,220	45,131,742	89,606,194	86,322,367	135,469,414	131,454,109
<b>Expenses:</b>						
General government	5,571,014	7,241,664			5,571,014	7,241,664
Public safety	22,081,589	21,326,762			22,081,589	21,326,762
Streets	8,277,596	7,804,662			8,277,596	7,804,662
Culture and recreation	11,307,979	9,737,993			11,307,979	9,737,993
Public works	1,340,331	1,598,222			1,340,331	1,598,222
Airport			5,072,814	4,886,476	5,072,814	4,886,476
Water and sewer			14,523,810	13,184,461	14,523,810	13,184,461
Sanitation			3,395,367	3,449,080	3,395,367	3,449,080
Ambulance			3,393,378	3,179,427	3,393,378	3,179,427
Electric			46,135,051	47,584,461	46,135,051	47,584,461
Total expenses	48,578,509	47,709,303	72,520,420	72,283,905	121,098,929	119,993,208
Increase (decrease) in net assets before transfers	(2,715,289)	(2,577,561)	17,085,774	14,038,462	14,370,485	11,460,901
Transfer	3,824,149	3,842,268	(3,824,149)	(3,842,268)		
Increase (decrease) in net Assets	1,108,860	1,264,707	13,261,625	10,196,194	14,370,485	11,460,901
Net assets – October 1	124,917,124	123,652,417	261,686,506	251,490,312	386,603,630	375,142,729
Net assets – September 30	\$126,025,984	\$124,917,124	\$274,948,131	\$261,686,506	\$400,974,115	\$386,603,630

- The tax amount that was levied for the year remained the same as the prior year. Property taxes decreased by \$112,749 (.4 percent) during the year. This is due to decreased tax collections by the County.
- Operating grants decreased by \$24,684, mostly as a result of a decrease in funding from the Community Development Block Grant (CDBG) from the federal government.
- Capital grants increased by \$297,559, mostly as a result of money received from the Redevelopment Agency for the parking lot at Park Avenue and D Street and for the Memorial Drive reconstruction.

Governmental activity expenses increased \$869,206 (1.8 percent) reflecting the increased cost of goods, services, and fuel costs. There were several additional maintenance projects that were completed this year. Within the streets function \$600,000 was transferred from the general fund for additional street overlays. The council approved an additional \$600,000 to be transferred from the general fund for street overlays in the next fiscal year.

**Business-type activities.** Business-type activities increased the City's net assets by \$13,261,625, accounting for 92.3 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$1,109,217 (1.4 percent). The electric light utility accounts for a significant portion of this increase, which resulted from increased power sales to various entities due to mild climate during the winter months. The snow pack and water flow of the river was below normal but there was sufficient water storage to enable consistent river flows and average electrical power generation.
- Business-type activity expenses were flat with an increase of \$236,515 (.3 percent).
- The electric light utility has received a 50 percent matching federal grant for the development and installation of a smart metering program within the City. During the year the utility was reimbursed \$1,970,850 under this grant.
- The airport fund, water and sewer fund, and the electric fund had contributed capital during the year with a \$4,058,705 value.
- Debt and accrued interest were reduced \$6,463,996.

## 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, 2012, the City's governmental funds reported combined ending fund balances of \$34,443,164, an increase of \$342,755 in comparison with the prior year. Approximately 45.5 percent of this total amount, \$15,671,513 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, 2012, unassigned fund balance of the general fund was \$15,671,513, while total fund balance reached \$22,932,972. 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 43.4 percent of total general fund expenditure, while total fund balance represents 63.5 percent of that same amount.

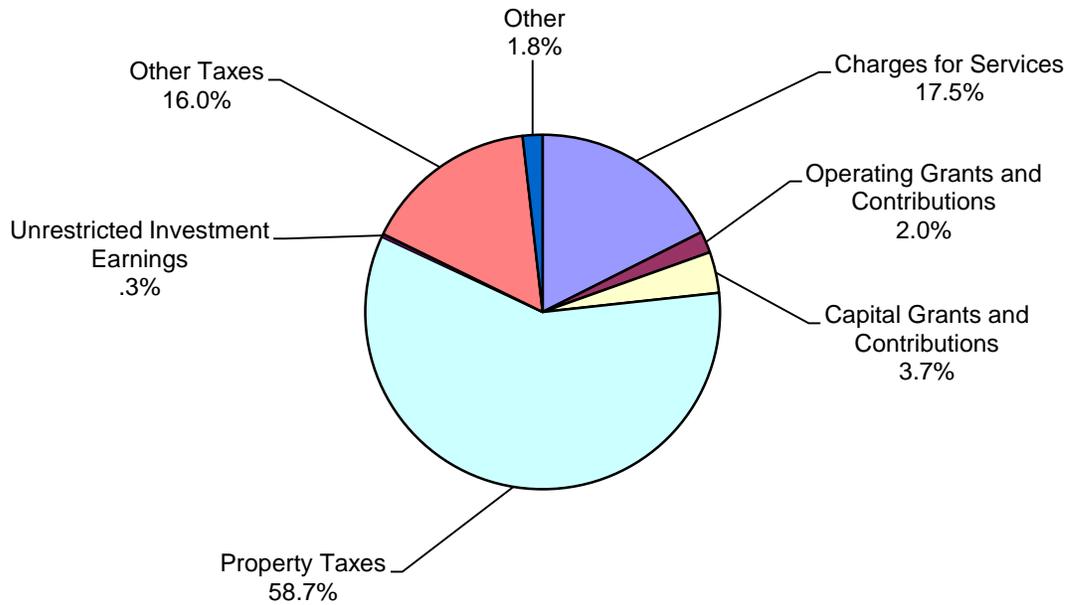
The fund balance of the City's general fund increased by \$469,509 during the current fiscal year. The key factors in this are as follows:

- \$525,000 was budgeted and set aside for snow removal but was not expended due to the mild winter climate.
- \$500,000 was budgeted and set aside for employee cost of living adjustment but during the year no cost of living adjustment was approved and so the funds were not expended.
- Revenues increased by \$235,083 as compared to the prior year.
- Expenditures decreased by \$918,578 as compared to the prior year. There were increases in fuel costs and public safety expenses that were offset by fewer capital projects and land acquisitions.

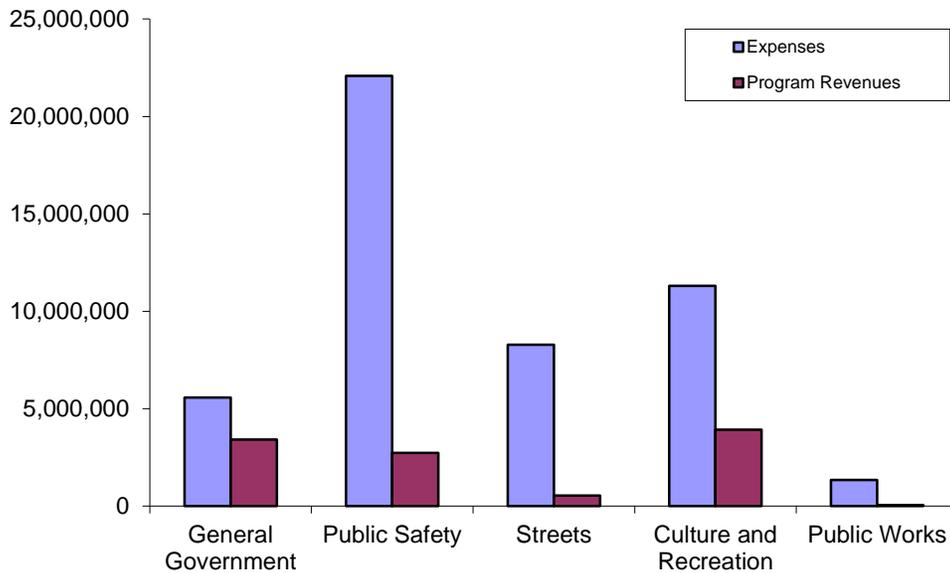
**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of all the proprietary funds at September 30, 2012 amounted to \$75,236,154. Of that total electric operation amounted to \$40,562,786 or 53.9 percent. The total increase in net assets for the funds was \$13,261,625 compared to the prior year unrestricted net assets. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

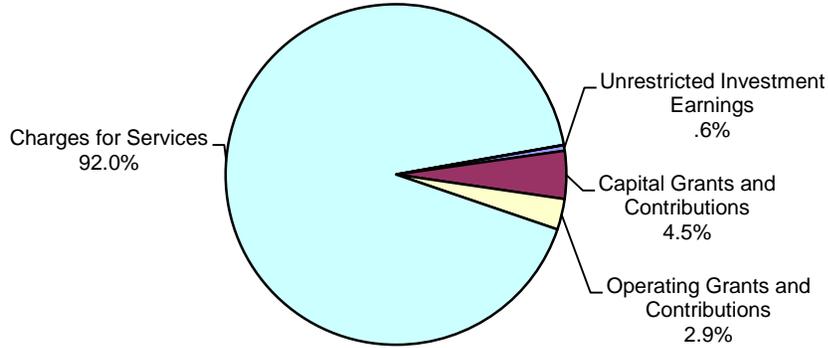
## 2012 Revenues by Source - Governmental Activities



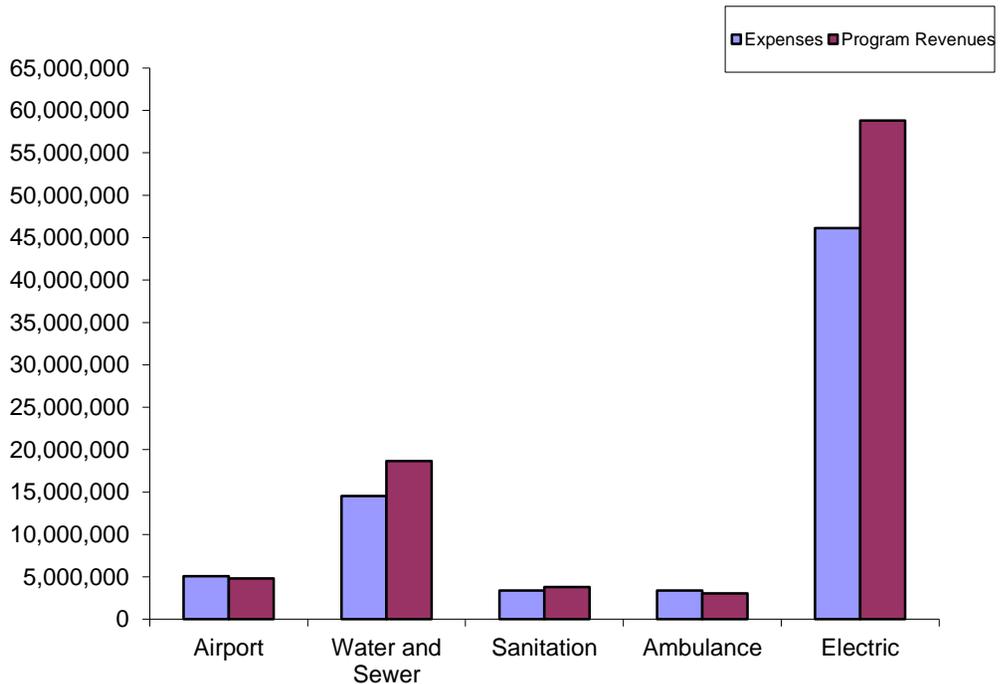
## 2012 Expenses and Program Revenues - Governmental Activities



## 2012 Revenues by Source - Business-type Activities



## 2012 Expenses and Program Revenues - Business-type Activities



**General Fund Budgetary Highlights.** The City did not amend the 2012 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 \$103,033 mainly due to increase in building permits and reimbursement of expenses by other agencies.
- General government administrative expenses were \$3,230,458 less than budgeted due to prior year encumbrance carryover and a cost of living adjustment was budgeted but not given.
- A few budgeted capital projects were not started by the end of the budget year and other cost savings.

**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, 2012 amounts to \$298,407,280 (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 addition of \$3,767,482 in governmental assets for improvements including parks, existing building upgrades, and downtown parking.
- The water and sewer fund spent \$4,470,930 for new water lines, sewer lines and replacement of existing lines.
- The electric fund added \$6,034,174 in capital for transmission, distribution, smart grid, generation, and fiber optics.
- Work began on the Memorial Drive reconstruction project with approximately 50 percent complete at the end of the fiscal year.

City of Idaho Falls’ Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$15,601,829	\$14,509,145	\$ 6,919,531	\$ 5,753,169	\$ 22,521,360	\$ 20,262,314
Infrastructure	82,622,969	79,599,151	-	-	82,622,969	79,599,151
Buildings and improvements	43,340,089	39,572,607	355,979,650	346,814,157	399,319,739	386,386,764
Machinery and equipment	19,265,261	18,540,650	30,170,966	29,093,794	49,436,227	47,634,444
Construction in progress	2,392,727	5,786,931	9,417,877	4,934,346	11,810,604	10,721,277
Accumulated depreciation	(67,513,133)	(62,905,984)	(199,790,486)	(187,100,607)	(267,303,619)	(250,006,591)
<b>Total</b>	<b>\$95,709,742</b>	<b>\$95,102,500</b>	<b>\$202,697,538</b>	<b>\$199,494,859</b>	<b>\$298,407,280</b>	<b>\$294,597,359</b>

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, 2012, the City had \$16,393,515 in business-type debt outstanding compared to \$23,811,561 last year, a 31.2 percent decrease.

City of Idaho Falls' Outstanding Business-type Debt		
	2012	2011
General obligations-zero coupon bonds	\$3,208,233	\$5,029,084
Compensated absences	2,303,772	2,292,556
Total	\$5,512,005	\$7,321,640

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 5.9 percent. This rate has remained fairly constant from 7.0 percent a year ago. This compares favorably to the state's average unemployment rate of 6.4 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. Revenues from building permits increased \$231,969 over the previous year. New residential permits issued increased from 60 last year to 134 in the current year. The economic recovery remains optimistic but slow.

These factors and many others were considered in preparing the City's budget for the 2013 fiscal year.

The general fund ended the current year with an unassigned fund balance of \$15,671,513. The City has not appropriated any of this unassigned fund balance for spending in the 2013 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.

**City of Idaho Falls  
Statement of Net Assets  
September 30, 2012**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Redevelopment Agency
<b>ASSETS</b>				
Cash and cash equivalents	\$ 17,900,868	\$ 24,211,822	\$ 42,112,690	\$ 679,196
Investments	15,050,481	48,929,273	63,979,754	4,554,211
Receivables (net of allowance for uncollectables)	2,642,327	8,157,534	10,799,861	310,131
Internal balances	(25,804)	25,804	-	-
Due from other governments	1,714,179	273,911	1,988,090	-
Inventories	637,972	4,210,415	4,848,387	-
Prepaid charges	9,705	-	9,705	-
Deferred charges	-	194,995	194,995	-
Restricted assets:				
Cash and cash equivalents	-	5,925,419	5,925,419	-
Capital assets (net of accumulated depreciation):				
Land	15,601,829	6,919,531	22,521,360	-
Infrastructure	82,622,969	-	82,622,969	-
Buildings and improvements	43,340,089	355,979,650	399,319,739	-
Machinery and equipment	19,265,261	30,170,966	49,436,227	-
Construction work in progress	2,392,727	9,417,877	11,810,604	-
Accumulated depreciation	(67,513,133)	(199,790,486)	(267,303,619)	-
Total assets	133,639,470	294,626,711	428,266,181	5,543,538
<b>LIABILITIES</b>				
Accounts payable	1,037,613	2,962,390	4,000,003	70,680
Contracts payable	10,000	-	10,000	-
Accrued wages payable	749,674	318,423	1,068,097	-
Security deposits	298,568	4,252	302,820	-
Accrued interest payable from restricted assets	-	-	-	380,777
Noncurrent liabilities:				
Due within one year	3,392,532	9,087,176	12,479,708	-
Due in more than one year	1,899,199	7,214,423	9,113,622	12,123,300
Net other postemployment benefits obligation	225,900	91,916	317,816	-
Total liabilities	7,613,486	19,678,580	27,292,066	12,574,757
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	95,709,742	199,684,300	295,394,042	-
Restricted for:				
Conservation programs	842,205	-	842,205	-
Unrestricted	29,474,037	75,263,831	104,737,868	(7,031,219)
Total net assets (deficit)	\$ 126,025,984	\$ 274,948,131	\$ 400,974,115	\$ (7,031,219)

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, 2012**

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Assets			Component Unit
	Expenses	Operating		Capital Grants and Contributions	Primary Government		Redevelopment Agency	
		Charges for Services	Grants and Contributions		Governmental Activities	Business-type Activities		
<b>Primary Government:</b>								
Government activities:								
General government	\$ 5,571,014	\$ 1,604,692	\$ 693,549	\$ -	\$ (3,272,773)	\$ -	\$ (3,272,773)	
Public safety	22,081,589	2,663,985	68,046	-	(19,349,558)	-	(19,349,558)	
Streets	8,277,596	-	-	1,662,526	(6,615,070)	-	(6,615,070)	
Culture and recreation	11,307,979	3,740,795	137,907	52,759	(7,376,518)	-	(7,376,518)	
Public works	1,340,331	51,051	-	-	(1,289,280)	-	(1,289,280)	
Total governmental activities	48,578,509	8,060,523	899,502	1,715,285	(37,903,199)	-	(37,903,199)	
Business-type activities:								
Airport	5,072,814	2,259,645	592,729	1,954,875	-	\$ (265,565)	(265,565)	
Water and sewer	14,523,810	18,302,228	-	349,135	-	4,127,553	4,127,553	
Sanitation	3,395,367	3,793,937	-	-	-	398,570	398,570	
Ambulance	3,393,378	1,365,716	1,699,483	-	-	(328,179)	(328,179)	
Electric	46,135,051	56,724,430	310,706	1,754,695	-	12,654,780	12,654,780	
Total business-type activities	72,520,420	82,445,956	2,602,918	4,058,705	-	16,587,159	16,587,159	
Total primary government	\$ 121,098,929	\$ 90,506,479	\$ 3,502,420	\$ 5,773,990	(37,903,199)	16,587,159	(21,316,040)	
<b>Component unit:</b>								
Redevelopment agency	\$ 3,125,425	-	-	-	-	-	\$ (3,125,425)	
Total component unit	\$ 3,125,425	\$ -	\$ -	\$ -	-	-	(3,125,425)	
General revenues:								
Property taxes					26,921,152	-	26,921,152	
Unrestricted sales tax and revenue sharing					5,904,764	-	5,904,764	
Franchise taxes					774,011	-	774,011	
Alcoholic beverage taxes					637,415	-	637,415	
Unrestricted investment earnings					120,030	498,615	618,645	10,366
Miscellaneous revenues					830,538	-	830,538	89,413
Transfers					3,824,149	(3,824,149)	-	-
Total general revenues and transfers					39,012,059	(3,325,534)	35,686,525	2,622,912
Change in net assets					1,108,860	13,261,625	14,370,485	(502,513)
Net assets (deficit)-beginning					124,917,124	261,686,506	386,603,630	(6,528,706)
Net assets (deficit)-ending					\$ 126,025,984	\$ 274,948,131	\$ 400,974,115	\$ (7,031,219)

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

**City of Idaho Falls  
Balance Sheet  
Governmental Funds  
September 30, 2012**

	<b>General</b>	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,653,093	\$ 6,721,616	\$ 17,374,709
Investments	11,481,835	3,568,646	15,050,481
Receivables	1,588,915	1,030,128	2,619,043
Due from other funds	128,113	-	128,113
Due from other governments	869,091	845,088	1,714,179
Inventory	637,972	-	637,972
Prepaid items	9,705	-	9,705
Total assets	\$ 25,368,724	\$ 12,165,478	\$ 37,534,202
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	312,796	282,457	595,253
Contracts payable	-	10,000	10,000
Accrued wages	659,236	90,438	749,674
Due to other funds	-	126,240	126,240
Security deposits	298,568	-	298,568
Deferred revenue	1,165,152	146,151	1,311,303
Total liabilities	2,435,752	655,286	3,091,038
Fund balances:			
Nonspendable	647,676	-	647,676
Restricted	-	842,205	842,205
Committed	3,642,668	7,448,805	11,091,473
Assigned	2,971,115	3,219,182	6,190,297
Unassigned	15,671,513	-	15,671,513
Total fund balances	22,932,972	11,510,192	34,443,164
Total liabilities and fund balances	\$ 25,368,724	\$ 12,165,478	\$ 37,534,202
Total governmental funds balances			34,443,164
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.			1,311,303
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			95,709,742
Internal service funds are used by management to charge the costs of workmans compensation to individual funds. The assets and liabilities of the fund are included in governmental activities in the statement of net assets.			79,406
Compensated absences (a long-term liability) are not due and payable in the current period and, therefore, are not reported in the funds.			(5,291,731)
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.			(225,900)
Net assets of governmental activities			\$ 126,025,984

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, 2012**

	<u>General</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ 24,872,678	\$ 2,923,328	\$ 27,796,006
Licenses and permits	726,603	-	726,603
Intergovernmental	5,693,441	5,031,204	10,724,645
Charges for services	937,323	3,009,394	3,946,717
Fines	452,462	109,835	562,297
Interest	88,401	31,629	120,030
Miscellaneous	1,082,123	465,097	1,547,220
Total revenues	<u>33,853,031</u>	<u>11,570,487</u>	<u>45,423,518</u>
<b>EXPENDITURES</b>			
Current:			
General government	7,132,806	352,492	7,485,298
Public safety	22,240,761	-	22,240,761
Streets	-	4,518,131	4,518,131
Culture & recreation	5,378,529	6,337,358	11,715,887
Public works	1,353,831	-	1,353,831
Capital outlay	-	1,591,004	1,591,004
Total expenditures	<u>36,105,927</u>	<u>12,798,985</u>	<u>48,904,912</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,252,896)</u>	<u>(1,228,498)</u>	<u>(3,481,394)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	4,322,405	1,715,164	6,037,569
Transfers out	(1,600,000)	(613,420)	(2,213,420)
Total other financing sources (uses)	<u>2,722,405</u>	<u>1,101,744</u>	<u>3,824,149</u>
Net change in fund balances	469,509	(126,754)	342,755
Fund balances, October 1	22,463,463	11,636,946	34,100,409
Fund balances, September 30	<u>\$ 22,932,972</u>	<u>\$ 11,510,192</u>	<u>\$ 34,443,164</u>

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

**City of Idaho Falls  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities  
 For the Year Ended September 30, 2012**

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

Net change in fund balances-total governmental funds	342,755
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 depreciation exceeded capital outlays in the current period.	(69,699)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	676,941
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(106,348)
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).	4,116
Internal service funds are used by management to charge the costs of workmans compensation claims to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	261,095
Change in net assets of governmental activities	<u><u>\$ 1,108,860</u></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, 2012**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Taxes	\$ 24,837,442	\$ 24,839,323	\$ 1,881
Licenses and permits	494,200	726,603	232,403
Intergovernmental	5,927,331	5,631,801	(295,530)
Charges for services	852,650	937,323	84,673
Fines	555,450	452,463	(102,987)
Interest	100,000	74,112	(25,888)
Miscellaneous	873,642	1,082,123	208,481
Total revenues	<u>33,640,715</u>	<u>33,743,748</u>	<u>103,033</u>
<b>EXPENDITURES</b>			
Current:			
General government	10,311,163	7,080,705	3,230,458
Public safety	21,768,764	21,426,909	341,855
Culture and recreation	5,492,552	5,205,202	287,350
Public works	1,990,607	1,327,511	663,096
Total expenditures	<u>39,563,086</u>	<u>35,040,327</u>	<u>4,522,759</u>
Excess of revenues over expenditures	<u>(5,922,371)</u>	<u>(1,296,579)</u>	<u>4,625,792</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	4,414,938	4,322,405	(92,533)
Transfers out	<u>(907,400)</u>	<u>(2,549,657)</u>	<u>(1,642,257)</u>
Total other financing sources (uses)	<u>3,507,538</u>	<u>1,772,748</u>	<u>(1,734,790)</u>
Net change in fund balances	(2,414,833)	476,169	2,891,002
Fund balance, October 1	<u>22,463,463</u>	<u>22,463,463</u>	
Fund balance, September 30	<u>\$ 20,048,630</u>	<u>\$ 22,939,632</u>	<u>\$ 2,891,002</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, 2012**

	Business-type Activities-Enterprise Funds						Governmental Activities- Internal Service Funds
	Airport	Water & Sewer	Sanitation	Ambulance	Electric	Total	
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 2,453,293	\$ 10,188,929	\$ 1,246,856	\$ 498,123	\$ 9,824,621	\$ 24,211,822	\$ 526,159
Investments	1,555,723	16,282,061	813,959	371,190	29,906,340	48,929,273	-
Receivables (net of allowance for uncollectibles):							
Utility & accounts	29,422	925,617	189,073	721,927	6,133,440	7,999,479	23,284
Interest	1,207	48,744	236	138	107,730	158,055	-
Due from other governments	273,911	-	-	-	-	273,911	-
Inventory	-	1,095,727	-	-	3,114,688	4,210,415	-
Restricted cash and cash equivalents	-	-	-	-	3,825,241	3,825,241	-
Total current assets	4,313,556	28,541,078	2,250,124	1,591,378	52,912,060	89,608,196	549,443
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	-	-	-	-	2,100,178	2,100,178	-
Deferred charges	-	-	-	-	194,995	194,995	-
Capital assets:							
Land	2,615,359	1,772,716	-	-	2,531,456	6,919,531	-
Buildings	14,335,391	2,379,090	430,756	107,537	4,002,541	21,255,315	-
Improvements other than buildings	49,600,776	105,014,371	39,385	-	180,069,803	334,724,335	-
Machinery & equipment	3,108,185	14,453,277	4,941,832	2,119,852	5,547,820	30,170,966	-
Construction work in progress	1,214,628	977,983	-	-	7,225,266	9,417,877	-
Less accumulated depreciation	(30,206,176)	(55,150,275)	(3,302,350)	(1,503,443)	(109,628,242)	(199,790,486)	-
Total capital assets (net of accumulated depreciation)	40,668,163	69,447,162	2,109,623	723,946	89,748,644	202,697,538	-
Total noncurrent assets	40,668,163	69,447,162	2,109,623	723,946	92,043,817	204,992,711	-
Total assets	\$ 44,981,719	\$ 97,988,240	\$ 4,359,747	\$ 2,315,324	\$ 144,955,877	\$ 294,600,907	\$ 549,443

**Business-type Activities-Enterprise Funds**

	<b>Airport</b>	<b>Water &amp; Sewer</b>	<b>Sanitation</b>	<b>Ambulance</b>	<b>Electric</b>	<b>Total</b>	<b>Governmental Activities- Internal Service Funds</b>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	\$ 7,639	\$ 339,306	\$ 6,200	\$ 53,184	\$ 2,556,061	\$ 2,962,390	\$ 442,360
Accrued wages	15,037	79,846	37,251	49,411	136,878	318,423	-
Due to other funds	218	282	338	60	975	1,873	-
Compensated absences	55,568	309,368	116,774	316,773	638,693	1,437,176	-
Security deposits	4,252	-	-	-	-	4,252	-
Certificates of participation	-	-	-	-	-	-	-
G.O. bonds payable	-	-	-	-	1,693,715	1,693,715	-
Accrued interest payable-current	-	-	-	-	5,956,285	5,956,285	-
Total current liabilities	82,714	728,802	160,563	419,428	10,982,607	12,374,114	442,360
Noncurrent liabilities:							
Accrued interest-G.O. bonds	-	-	-	-	4,833,309	4,833,309	-
Compensated absences	22,630	243,990	69,667	212,410	317,899	866,596	-
Net other postemployment benefits	8,832	36,689	21,036	16,007	9,352	91,916	-
G.O. bonds payable	-	-	-	-	1,514,518	1,514,518	-
Total noncurrent liabilities	31,462	280,679	90,703	228,417	6,675,078	7,306,339	-
Total liabilities	114,176	1,009,481	251,266	647,845	17,657,685	19,680,453	442,360
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	40,668,163	69,447,162	2,109,623	723,946	86,735,406	199,684,300	-
Restricted for debt service	-	-	-	-	-	-	-
Unrestricted	4,199,380	27,531,597	1,998,858	943,533	40,562,786	75,236,154	107,083
Total net assets	\$ 44,867,543	\$ 96,978,759	\$ 4,108,481	\$ 1,667,479	\$ 127,298,192	274,920,454	\$ 107,083
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						27,677	
Net assets of business-type activities						\$ 274,948,131	

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, 2012**

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Airport	Water & Sewer	Sanitation	Ambulance	Electric	
Operating revenues:	\$ 2,259,645	\$ 18,302,228	\$ 3,793,937	\$ 1,365,716	\$ 55,925,934	\$ 1,130,140
Operating expenses:						
Operations and maintenance	2,363,406	10,249,494	2,997,712	3,250,879	39,177,141	773,969
Depreciation	2,715,541	4,302,202	410,892	159,146	5,716,301	-
Total operating expenses	5,078,947	14,551,696	3,408,604	3,410,025	44,893,442	773,969
Operating income (loss)	(2,819,302)	3,750,532	385,333	(2,044,309)	11,032,492	356,171
Nonoperating revenues (expenses):						
Intergovernmental	592,729	-	-	1,699,483	310,706	-
Interest income	11,857	163,874	6,519	3,567	312,798	-
Other	-	-	-	-	798,496	-
Interest expenses	-	-	-	-	(1,272,782)	-
Total nonoperating revenues (expenses)	604,586	163,874	6,519	1,703,050	149,218	-
Net income (loss) before contributions and transfers	(2,214,716)	3,914,406	391,852	(341,259)	11,181,710	356,171
Capital contributions	1,954,875	349,135	-	-	1,754,695	-
Transfers in	613,420	-	-	-	-	-
Transfers out	-	(886,498)	(187,101)	-	(3,363,970)	-
Change in net assets	353,579	3,377,043	204,751	(341,259)	9,572,435	356,171
Total net assets-October 1	44,513,964	93,601,716	3,903,730	2,008,738	117,725,757	(249,088)
Total net assets-September 30	\$ 44,867,543	\$ 96,978,759	\$ 4,108,481	\$ 1,667,479	\$ 127,298,192	\$ 107,083

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. 95,076  
Change in net assets of business-type activities \$ 13,261,625

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

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**City of Idaho Falls**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2012**

	<b>Business-type Activities-Enterprise Funds</b>						<b>Governmental Activities-Internal Service Funds</b>
	<b>Airport</b>	<b>Water &amp; Sewer</b>	<b>Sanitation</b>	<b>Ambulance</b>	<b>Electric</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 2,872,197	\$ 18,215,453	\$ 3,793,937	\$ 1,365,717	\$ 55,217,700	\$ 81,465,004	\$ -
Cash received from other funds	-	-	-	-	-	-	1,130,140
Payments to suppliers	(2,414,933)	(6,596,349)	(998,281)	(607,972)	(32,970,688)	(43,588,223)	-
Payments to employees	(859,661)	(4,094,026)	(2,032,438)	(2,592,741)	(4,997,114)	(14,575,980)	-
Claims paid	-	-	-	-	-	-	(911,058)
Other, net	-	-	-	-	2,769,345	2,769,345	-
	(402,397)	7,525,078	763,218	(1,834,996)	20,019,243	26,070,146	219,082
Net cash provided (used) by operations							
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers from other funds	613,420	-	-	-	-	613,420	-
Transfers to other funds	-	(886,498)	(187,101)	-	(3,363,970)	(4,437,569)	-
	613,420	(886,498)	(187,101)	-	(3,363,970)	(3,824,149)	-
Net cash provided (used) by noncapital financing activities							
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Capital contributions	1,954,875	-	-	-	1,660,144	3,615,019	-
Intergovernmental revenues	592,729	-	-	1,699,483	310,706	2,602,918	-
Acquisition and construction of capital assets	(2,220,169)	(6,834,265)	(468,392)	-	(8,511,099)	(18,033,925)	-
Principal paid on capital debt	(1,000,000)	-	-	-	(1,820,851)	(2,820,851)	-
Interest paid on capital debt	-	-	-	-	(5,849,148)	(5,849,148)	-
	(672,565)	(6,834,265)	(468,392)	1,699,483	(14,210,248)	(20,485,987)	-
Net cash provided (used) by capital and related financing activities							
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Proceeds from sale of investments	8,898,033	57,489,458	5,062,583	2,754,366	71,497,728	145,702,168	-
Purchase of investments	(8,888,799)	(55,736,288)	(4,851,864)	(2,720,858)	(68,793,766)	(140,991,575)	-
Earnings on investments	11,743	161,923	6,516	3,603	344,954	528,739	-
	20,977	1,915,093	217,235	37,111	3,048,916	5,239,332	-
Net cash provided (used) by investing activities							

Net increase (decrease) in cash and cash equivalents	(440,565)	1,719,408	324,960	(98,402)	5,493,941	6,999,342	219,082
Cash and cash equivalents balance, October 1	2,893,858	8,469,521	921,695	596,525	10,256,099	23,137,698	307,077
Cash and cash equivalents balance, September 30	\$ 2,453,293	\$ 10,188,929	\$ 1,246,655	\$ 498,123	\$ 15,750,040	\$ 30,137,040	\$ 526,159

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

Operating income (loss)	\$ (2,819,302)	\$ 3,750,532	\$ 385,333	\$ (2,044,309)	\$ 11,032,492	\$ 10,304,746	\$ 356,171
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	2,715,541	4,302,202	410,892	159,146	5,716,301	13,304,082	-
(Increase) decrease in accounts receivable	982	(86,826)	(13,669)	(39,175)	(669,114)	(807,802)	-
(Increase) decrease due from other governments	(203,058)	-	-	-	-	(203,058)	-
(Increase) decrease inventory	-	(1,853)	-	-	98,185	96,332	-
(Decrease) increase accounts payable	(64,448)	(448,280)	(14,401)	41,325	1,105,653	619,849	(137,089)
(Decrease) increase due to other funds	(18)	(133)	173	(126)	(38,856)	(38,960)	-
(Decrease) increase in accrued liabilities	(32,094)	9,436	(5,110)	48,143	5,237	25,612	-
Other income, net	-	-	-	-	2,769,345	2,769,345	-
Total adjustments	2,416,905	3,774,546	377,885	209,313	8,986,751	15,765,400	(137,089)
Net cash provided (used) by operating activities	\$ (402,397)	\$ 7,525,078	\$ 763,218	\$ (1,834,996)	\$ 20,019,243	\$ 26,070,146	\$ 219,082

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

Contributions of capital assets	-	349,135	-	-	94,551	443,686	-
Transfer of construction work-in-progress to plant in service	-	24,472	182,831	-	2,871,359	3,078,662	-
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	Governmental Activities-Internal Service Funds
Cash and cash equivalents reported on the balance sheet	\$ 2,453,293	\$ 10,188,929	\$ 1,246,856	\$ 498,123	\$ 9,824,621	\$ 24,211,822	\$ 526,159
Restricted cash and cash equivalents included in restricted cash	-	-	-	-	5,925,419	5,925,419	-
Total cash and cash equivalents	\$ 2,453,293	\$ 10,188,929	\$ 1,246,856	\$ 498,123	\$ 15,750,040	\$ 30,137,241	\$ 526,159

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, 2012

**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.

Additionally, the City reports an internal service fund to account for self-insurance and payment of workers' compensation claims for employees of all departments of the City on a cost reimbursement basis.

#### **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 \$95,709,742 represents the entire net value of the City's governmental capital assets after deducting \$67,513,133 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	\$ 5,915,860
Depreciation expense	<u>5,985,559</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (69,699)</u>

**C. Explanation of certain differences between the proprietary fund statement of net assets and the government-wide statement of net assets**

The proprietary fund statement of net assets includes a reconciliation between net assets – total enterprise funds and net assets of business-type activities as reported in the government-wide statement of net assets. The description of the sole element of that reconciliation is “Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.” The detail of this (\$27,677) difference is as follows:

Internal payable representing costs in excess of charges to business-type activities – current year	\$ 27,677
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**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.

#### **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 electric light fund has deposits held separately by a trustee which are classified as restricted.

##### **1. Deposits**

At September 30, 2012, the carrying amount of the City's deposits was \$60,361,109 and the respective bank balances totaled \$63,413,711. Of the bank balances, \$41,646,261 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, 2012, some of the City's deposits totaling \$21,767,450 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, 2012, total deposits of \$41,646,261 were insured or collateralized by deposits held by financial institutions and deposits of \$21,767,450 were unsecured and uncollateralized.

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

As of September 30, 2012, some of the City's investments totaling \$46,638,732 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, 2012 are summarized below:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)			
			Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Notes		\$10,015,000	\$ -	\$5,015,000	\$5,000,000	\$ -
Corporate Bonds	N/A	13,685,554	9,278,504	3,707,050	700,000	-
Commercial Paper	N/A	27,956,200	27,956,200	-	-	-
Total Investments		\$51,656,754	\$37,234,704	\$8,722,050	\$5,700,000	\$ -

#### Reconciliation of deposits categorization:

Cash and Cash Equivalents reported on the Statement of Net Assets	\$42,112,690
Restricted Cash and Cash Equivalent	5,925,419
Investments categorized as deposits	12,323,000
Total deposits categorized	<u>\$60,361,109</u>

#### Reconciliation of investments categorization:

Investments reported on the Statement of Net Assets	\$63,979,754
Less investments categorized as deposits	(12,323,000)
Total investments categorized	<u>\$51,656,754</u>

## 7. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents at September 30, 2012 are as follows:

Electric Light Fund:

Restricted by 1991 General Obligation Electric Refunding Bonds      \$5,925,419

### 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	\$1,485,176						\$ 185,305	\$ 1,670,481
Accounts		\$29,422	\$1,391,478	\$284,233	\$2,594,981	\$7,201,874		11,501,988
Interest	103,739	1,207	48,744	236	138	107,730	2,618	264,412
Loans							842,205	842,205
Internal Service Fund							23,284	23,284
Gross receivables	1,588,915	30,629	1,440,222	284,469	2,595,119	7,309,604	1,053,412	14,302,370
Less: allowance for Uncollectibles			(465,861)	(95,160)	(1,873,054)	(1,068,434)		(3,502,509)
Net total receivables	\$1,588,915	\$30,629	\$ 974,361	\$189,309	\$ 722,065	\$6,241,170	\$1,053,412	\$10,799,861

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)	\$1,165,152
Property taxes – (nonmajor funds)	<u>146,151</u>
Total deferred revenue for governmental funds	<u>\$1,311,303</u>

### C. Capital assets

Capital asset activity for the year ended September 30, 2012 was as follows:

#### Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 14,509,145	\$ 1,092,684		\$ 15,601,829
Construction in progress	5,786,931	1,985,430	\$(5,379,634)	2,392,727
Total capital assets, not being depreciated	<u>20,296,076</u>	<u>3,078,114</u>	<u>(5,379,634)</u>	<u>17,994,556</u>
Capital assets, being depreciated:				
Infrastructure	79,599,151	3,023,818		82,622,969
Buildings and improvements	39,572,607	3,767,482		43,340,089
Machinery and equipment	18,540,650	2,115,017	(1,390,406)	19,265,261
Total capital assets being depreciated	<u>137,712,408</u>	<u>8,906,317</u>	<u>(1,390,406)</u>	<u>145,228,319</u>
Less accumulated depreciation for:				
Infrastructure	(33,236,514)	(3,045,134)		(36,281,648)
Buildings and improvements	(16,516,059)	(1,354,589)		(17,870,648)
Machinery and equipment	(13,153,411)	(1,585,836)	1,378,410	(13,360,837)
Total accumulated depreciation	<u>(62,905,984)</u>	<u>(5,985,559)</u>	<u>1,378,410</u>	<u>(67,513,133)</u>
Total capital assets, being depreciated, net	<u>74,806,424</u>	<u>2,920,758</u>	<u>(11,996)</u>	<u>77,715,186</u>
Governmental activities capital assets, net	<u>\$ 95,102,500</u>	<u>\$ 5,998,872</u>	<u>\$ (5,391,630)</u>	<u>\$ 95,709,742</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,753,169	\$ 1,166,362		\$ 6,919,531
Construction in progress	4,934,346	7,354,890	\$(2,871,359)	9,417,877
Total capital assets, not being depreciated	<u>10,687,515</u>	<u>8,521,252</u>	<u>(2,871,359)</u>	<u>16,337,408</u>
Capital assets, being depreciated:				
Buildings and improvements	346,814,157	9,209,657	(44,164)	355,979,650
Machinery and equipment	29,093,794	1,992,751	(915,579)	30,170,966
Total capital assets being depreciated	<u>375,907,951</u>	<u>11,202,408</u>	<u>(959,743)</u>	<u>386,150,616</u>
Less accumulated depreciation for:				
Buildings and improvements	(171,773,865)	(11,371,954)	37,515	(183,108,305)
Machinery and equipment	(15,326,741)	(1,932,128)	576,688	(16,682,181)
Total accumulated depreciation	<u>(187,100,607)</u>	<u>(13,304,082)</u>	<u>614,203</u>	<u>(199,790,486)</u>
Total capital assets, being depreciated, net	<u>188,807,344</u>	<u>(2,101,671)</u>	<u>(345,541)</u>	<u>186,360,130</u>
Business-type activities capital assets, net	<u>\$199,494,859</u>	<u>\$ 6,419,581</u>	<u>\$(3,216,900)</u>	<u>\$202,697,538</u>

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

Governmental activities:	
General government	\$ 572,214
Public safety	598,607
Streets	3,439,845
Culture and recreation	1,345,810
Public works	29,083
Total depreciation expense – governmental activities	<u>\$ 5,985,559</u>
Business-type activities:	
Airport	\$ 2,715,541
Water & sewer	4,302,202
Sanitation	410,892
Ambulance	159,146
Electric	5,716,301
Total depreciation expense – business-type activities	<u>\$13,304,082</u>

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

The interfund balances at September 30, 2012 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$128,113	
Nonmajor funds		\$126,240
Airport		218
Water and Sewer		282
Sanitation		338
Ambulance		60
Electric Light		975
Total	<u>\$128,113</u>	<u>\$128,113</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 are as follows:

	Transfers In	Transfers Out
Major funds:		
General	\$4,322,405	\$1,600,000
Airport	613,420	
Water and sewer		886,498
Sanitation		187,101
Electric		3,363,970
Nonmajor funds:		
Governmental funds	1,715,164	613,420
	<u>\$6,650,989</u>	<u>\$6,650,989</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, 2012 are as follows:

Year Ending September 30	Principal	Interest
2013	\$1,693,715	\$ 5,956,285
2014	785,658	3,019,342
2015	728,860	3,056,140
Total	<u>\$3,208,233</u>	<u>\$12,031,767</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%. The final payment of \$1,000,000 was paid October 1, 2011.

**Changes in long-term liabilities.** The following is a summary of changes in long-term obligations of the City at September 30, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Other long-term debt obligations:					
Compensated absences	\$ 5,390,433	\$2,086,257	\$(2,184,959)	\$ 5,291,731	\$3,392,532
Other postemployment benefits	131,314	220,149	(125,563)	225,900	
Governmental activity					
Long-term liabilities	<u>\$ 5,521,747</u>	<u>\$2,306,406</u>	<u>\$(2,310,522)</u>	<u>\$ 5,517,631</u>	<u>\$3,392,532</u>
<b>Business-type activities:</b>					
Bonds-notes payable:					
General obligation bonds:					
Electric series 1991	\$ 5,029,084		\$(1,820,851)	\$ 3,208,233	\$1,693,715
Electric series 1991- Zero coupon interest	15,432,739	\$1,206,004	(5,849,149)	10,789,594	5,956,285
Certificates of participation					
Airport series 2006	1,000,000		(1,000,000)	-	-
Total bonds payable	<u>21,461,823</u>	<u>1,206,004</u>	<u>(8,670,000)</u>	<u>13,997,827</u>	<u>7,650,000</u>
Compensated absences	2,292,556	1,088,626	(1,077,410)	2,303,772	1,437,176
Other postemployment benefits	57,182	77,068	(42,334)	91,916	
Business-type activity					
Long-term liabilities	<u>\$23,811,561</u>	<u>\$2,371,696</u>	<u>\$(9,789,744)</u>	<u>\$16,393,515</u>	<u>\$9,087,176</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, 2012, refunded bond issues and the related principal payable from escrow are as follows:

	Principal Balance
Bond issue:	
Business-type activities:	
1979 Electric revenue bonds	\$11,195,000

## 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 in the form of an ordinance, resolution, or formal majority vote.

**Assigned fund balance** – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Council has informally assigned the authority to the Municipal Services director to assign amounts and adjustments.

**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.

The City considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, within unrestricted fund balance, the City considers that committed are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Detail of constraints on fund balances of governmental funds:

	General Fund	Special Revenue Funds	Capital Project Funds	Total
Fund Balances:				
Nonspendable:				
Inventory	\$ 637,972			\$ 637,972
Prepays	9,704			9,704
Restricted for:				
Conservation loans		\$ 842,205		842,205
Committed to:				
Culture and recreation improvements		253,063		253,063
Highway and bridges			\$4,755,870	4,755,870
Equipment replacement	3,642,668	2,439,872		6,082,540
Assigned to:				
Insurance and benefits	2,472,573			2,472,573
Public Safety	45,224			45,224
Culture and recreation	453,318	1,041,484		1,494,802
Streets and municipal projects			816,403	816,403
Business district		69,676		69,676
Conservation program		1,291,619		1,291,619
Unassigned:	15,671,513			15,671,513
Total fund balances	\$22,932,972	\$5,937,919	\$5,572,273	\$34,443,164

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, 2012, 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 \$4,905,562, \$5,006,883, \$4,707,087 for the years ended September 30, 2012, 2011 and 2010 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, 2012 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	
General liability, aggregate	2,000,000	N/A
Employee benefits, liability	500,000	
Automobile, liability	500,000	
Automobile, comprehensive	500,000	2,500
Automobile, collision	500,000	
Public officials	500,000	
Law enforcement, liability	500,000	
Boiler and machinery	20,000,000	2,500
Airport, liability	50,000,000	None
Umbrella	3,000,000	
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 through Blue Cross of Idaho that is separate from the active employees' health insurance, which is also with Blue Cross of Idaho, 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.

On September 30, 2012 there were 36 retirees who met the eligibility requirements and participated in the insurance program. Expenditures for postretirement health insurance are recognized on a pay-as-you-go basis. During the year, expenditures of \$32,000 were recognized for postretirement health insurance. Projected future insurance costs for the current retirees are \$127,200. As of July 1, 2011, the Actuarial Accrued Liability for the current retirees was \$80,141.

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 \$135,897. The Council may decrease or increase this premium contribution at any time. As of July 1, 2011, the Actuarial Accrued Liability for the current retirees was \$297,733.

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, 2011
Actuarial cost method	Projected Unit Credit (PUC)
Amortization method	Open or rolling 30-year, level % of pay
Amortization period	30 years
Discount rate	4.50%
Implied Inflation Rate (CPI)	3.00%
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 6.7% in valuation year 1, 7.3% in valuation year 2, 6.9% in valuation year 3 gradually decreasing to 5.0% in fiscal year 2082 and remaining at 5.0% thereafter.
Growth in membership	0.00%
Mortality	Basis - RP-2000 Combined Mortality, with generational adjustments
Probability of enrollment upon retirement	75% Electric 40% Non-Electric
Salary increase	3.50%
Probability a retiree enrolls a spouse	25%

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, 2012. These calculations are based on the Actuarial Valuation Date of July 1, 2011:

Annual Required Contributions	\$ 296,409
Interest on Net OPEB Obligation	7,540
Adjustment to Annual Required Contributions	<u>(6,732)</u>
Annual OPEB Expense	297,217
Actual Contributions (employer-paid benefits)	<u>(167,897)</u>
Increase in Net OPEB Obligation	129,320
Net OPEB Obligation – Beginning of Year	<u>188,496</u>
Net OPEB Obligation – End of Year	<u><u>\$ 317,816</u></u>

The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits, and is as 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%
July 1, 2011	\$ -	\$3,013,559	\$3,013,559	0%	\$4,917,612	\$29,102,255	9%

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, 2010	219,278	13,869	123,831	63%	112,516
September 30, 2011	229,266	13,076	140,210	67%	188,496
September 30, 2012	297,217	15,293	152,604	56%	317,816

\* 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, 2012, the carrying amount of the Agency's deposits was \$679,196 and the respective bank balances totaled \$679,196. Of the bank balances, \$250,000 was insured or collateralized with pooled securities held by the pledging financial institutions in the name of the Agency.

As of September 30, 2012, \$429,196 of the Agency's total deposits of \$679,196 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 \$4,554,211.

### **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 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, 2012:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Promissory note 2004	\$ 3,438,975		\$(128,277)	\$ 3,438,975
Promissory note 2008	8,812,602			8,812,602
Total notes payable	<u>\$12,251,577</u>	<u></u>	<u>\$(128,277)</u>	<u>\$12,123,300</u>

## 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.

Entity differences. Certain funds not included in the annual budgetary statements but which have the characteristics of governmental funds are presented in the General Fund for GAAP purposes.

Basis differences. Budgetary funds are accounted for on the cash basis of accounting, while under GAAP the governmental funds use the modified accrual basis. Accrued revenues and expenditures are recognized in the GAAP financial statements.

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

Net Change in Fund Balance <u>General Fund</u>	
Fund balance (budgetary basis)	<u>\$22,939,632</u>
Reconciling adjustments:	
Entity differences:	
Municipal equipment replacement fund reporting:	
Revenues	14,289
Expenditures	(1,046,458)
Transfers out	<u>949,657</u>
Basis differences:	
Tax receivable	(50,939)
State shared revenue receivable	59,640
Inventory correction	(17,143)
Deferred revenue	<u>84,295</u>
Fund balance (GAAP basis)	<u>\$22,932,972</u>

## G. Commitments

The City has several active construction projects and/or major encumbrances as of September 30, 2012. The projects include airport improvements, 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, library expansion, and upgrade of the electric service within the Aquatic Center.

At year-end the City's commitments with contractors are as follows:

<u>Projects</u>	<u>Spent-to- Date</u>	<u>Remaining Commitment</u>
Library expansion	775,370	240,154
Airport improvements	553,874	92,138
Aquatic center electrical upgrade	75,356	12,909
Sewer and water improvements	2,953,787	979,397
Street and bridge improvements	3,628,237	5,135,044
Total	<u>\$7,986,624</u>	<u>\$6,459,642</u>

The airport improvements are being financed 93.75% by the Federal Aviation Administration and 6.25% by the airport. 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 17 years. The cost of power from this contract is determined through this formal and statutorily required rate setting procedure every two years by BPA. It is impossible for the City to know the outcome of these future rate proceedings and therefore the future price of the power from this contract.

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 along with provisions to true up accounting errors up to five years in arrears.. BPA assesses this true up on an annual basis subsequent to year-end. The true up is generally settled in December for the previous fiscal year. The Slice portion of the agreement commits the City to purchase a fixed percentage of BPA generation which will vary in total quantity from year to year depending on overall snowpack and runoff conditions into the BPA hydro generation system. This can result in surplus power that the City would sell on the open market. These natural variances in hydrological conditions can result in shortages of power that would result in the City purchasing power from the market during low snowpack / runoff situations.

**Bulb Turbine Project** – Effective October 1, 2011, the City entered into a 10-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, 2012 and 2011, the City's power sales to BPA under this agreement were \$5,177,579 and \$4,149,295 respectively. There can be substantial fluctuations from period to period in market prices that determine the index pricing mechanism of this sales agreement. Along with the fluctuations in market prices that Idaho Falls Power receives from the project, there is also substantial variation in generation from year to year due to varying hydrological conditions in the Upper Snake River Basin which supplies water for the projects.

**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, 2012 and 2011, PacifiCorp payments under this agreement were \$2,825,006 and \$2,708,669, 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, cost of the resource, or a mix of thereof. Unplanned purchases and sales to and from UAMPS are based upon a market proxy for the appropriate period. UAMPS passes along fees for transmission service based upon PacifiCorp's actual transmission costs incurred by UAMPS for power deliveries. For the years ended September 30, 2012 and 2011, power purchases from UAMPS were \$1,654,501 and \$3,038,441, respectively. The contract also allows for the City to sell surplus energy to UAMPS. For the year ended September 30, 2012 and 2011, power sales to UAMPS were \$2,110,230 and \$1,733,515, respectively.

**Horse Butte Wind Project** – Horse Butte Wind Project is a wind generation facility that was constructed east of the City of Idaho Falls. This is a joint ownership project within the UAMPS organization with other UAMPS members participating as owners. The project attained commercial operation on August 15, 2012, with a total generation capacity of fifty-six (56) megawatts of which the City is obligated to purchase through a power purchase agreement three (3) megawatts of this capacity.

**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.

**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, committed, or assigned 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.

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.

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, 2012**

**Special Revenue**

	<b>Street</b>	<b>Recreation</b>	<b>Library</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 133,535	\$ 289,932
Investments	1,000,477	335,896	811,611
Taxes receivable	-	30,253	108,470
Interest receivable	130	278	652
Loans receivable	-	-	-
Due from other governments	821,191	-	23,897
<b>Total assets</b>	<b>\$ 1,821,798</b>	<b>\$ 499,962</b>	<b>\$ 1,234,562</b>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable	\$ 40,816	\$ 24,440	\$ 171,280
Contracts payable	10,000	-	-
Accrued wages	28,889	12,615	28,521
Due to other funds	124,746	658	481
Deferred revenues	-	23,751	85,159
<b>Total liabilities</b>	<b>204,451</b>	<b>61,464</b>	<b>285,441</b>
<b>FUND BALANCES</b>			
Restricted	-	-	-
Committed	1,617,347	83,234	262,901
Assigned	-	355,264	686,220
<b>Total fund balances</b>	<b>1,617,347</b>	<b>438,498</b>	<b>949,121</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,821,798</b>	<b>\$ 499,962</b>	<b>\$ 1,234,562</b>

**Special Revenue**

<b>Airport Passenger Facility</b>	<b>Electric Light Public Purpose</b>	<b>Business Improvement District</b>	<b>Golf</b>	<b>Total</b>
\$ -	\$ 812,367	\$ 69,676	\$ 338,340	\$ 1,643,850
-	500,000	-	420,662	3,068,646
-	-	-	-	138,723
-	436	-	-	1,496
-	842,205	-	-	842,205
-	-	-	-	845,088
<b>\$ -</b>	<b>\$ 2,155,008</b>	<b>\$ 69,676</b>	<b>\$ 759,002</b>	<b>\$ 6,540,008</b>
\$ -	\$ 21,184	\$ -	\$ 8,781	\$ 266,501
-	-	-	-	10,000
-	-	-	20,413	90,438
-	-	-	355	126,240
-	-	-	-	108,910
-	21,184	-	29,549	602,089
-	842,205	-	-	842,205
-	-	-	729,453	2,692,935
-	1,291,619	69,676	-	2,402,779
-	2,133,824	69,676	729,453	5,937,919
<b>\$ -</b>	<b>\$ 2,155,008</b>	<b>\$ 69,676</b>	<b>\$ 759,002</b>	<b>\$ 6,540,008</b>

**City of Idaho Falls  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2012**

	<b>Capital Projects</b>		
	<b>Municipal Capital Improvement</b>	<b>Street Capital Improvement</b>	<b>Bridge and Arterial Street</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,053,708	\$ 107,750	\$ 1,498,360
Investments	100,000	-	-
Taxes receivable	46,582	-	-
Interest receivable	794	-	-
Loans receivable	-	-	-
Due from other governments	-	-	-
Total assets	<u>\$ 3,201,084</u>	<u>\$ 107,750</u>	<u>\$ 1,498,360</u>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable	\$ 3,343	\$ 10,740	\$ -
Contracts payable	-	-	-
Accrued wages	-	-	-
Due to other funds	-	-	-
Deferred revenues	37,241	-	-
Total liabilities	<u>40,584</u>	<u>10,740</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted	-	-	-
Committed	3,160,500	97,010	1,498,360
Assigned	-	-	-
Total fund balances	<u>3,160,500</u>	<u>97,010</u>	<u>1,498,360</u>
Total liabilities and fund balances	<u>\$ 3,201,084</u>	<u>\$ 107,750</u>	<u>\$ 1,498,360</u>

**Capital Projects**

	<b>Surface Drainage</b>		<b>Traffic Light Capital Improvement</b>		<b>Total</b>		<b>Total Nonmajor Governmental Funds</b>
\$	56,472	\$	361,476	\$	5,077,766	\$	6,721,616
	-		400,000		500,000		3,568,646
	-		-		46,582		185,305
	-		328		1,122		2,618
	-		-		-		842,205
	-		-		-		845,088
<b>\$</b>	<b>56,472</b>	<b>\$</b>	<b>761,804</b>	<b>\$</b>	<b>5,625,470</b>	<b>\$</b>	<b>12,165,478</b>
\$	1,873	\$	-	\$	15,956	\$	282,457
	-		-		-		10,000
	-		-		-		90,438
	-		-		-		126,240
	-		-		37,241		146,151
	1,873		-		53,197		655,286
	-		-		-		842,205
	-		-		4,755,870		7,448,805
	54,599		761,804		816,403		3,219,182
	54,599		761,804		5,572,273		11,510,192
<b>\$</b>	<b>56,472</b>	<b>\$</b>	<b>761,804</b>	<b>\$</b>	<b>5,625,470</b>	<b>\$</b>	<b>12,165,478</b>

**City of Idaho Falls**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2012**

	<b>Special Revenue</b>		
	<b>Street</b>	<b>Recreation</b>	<b>Library</b>
<b>REVENUES</b>			
Taxes	\$ -	\$ 483,681	\$ 1,734,308
Intergovernmental	3,120,355	-	749,198
Charges for services	-	770,975	9,030
Fines	-	-	109,835
Interest	8,907	1,719	5,320
Miscellaneous	5,914	39,071	45,496
Total revenues	3,135,176	1,295,446	2,653,187
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Streets	4,518,131	-	-
Culture & recreation	-	1,274,068	3,247,809
Capital outlay	-	-	-
Total expenditures	4,518,131	1,274,068	3,247,809
Excess (deficiency) of revenues over (under) expenditures	(1,382,955)	21,378	(594,622)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,600,000	-	-
Transfers out	-	-	-
Total other financing sources and (uses)	1,600,000	-	-
Net change in fund balances	217,045	21,378	(594,622)
Fund balances - beginning	1,400,302	417,120	1,543,743
Fund balances - ending	\$ 1,617,347	\$ 438,498	\$ 949,121

<b>Special Revenue</b>					
<b>Airport Passenger Facility</b>	<b>Electric Light Public Purpose</b>	<b>Business Improvement District</b>	<b>Golf</b>	<b>Total</b>	
\$ -	\$ -	\$ -	\$ -	\$ -	2,217,989
-	-	-	-	-	3,869,553
613,420	-	-	1,576,646	-	2,970,071
-	-	-	-	-	109,835
-	3,854	-	3,084	-	22,884
-	313,760	51,431	9,425	-	465,097
613,420	317,614	51,431	1,589,155	-	9,655,429
<hr/>					
-	306,892	45,600	-	-	352,492
-	-	-	-	-	4,518,131
-	-	-	1,815,481	-	6,337,358
-	-	-	-	-	-
-	306,892	45,600	1,815,481	-	11,207,981
<hr/>					
613,420	10,722	5,831	(226,326)	-	(1,552,552)
<hr/>					
-	-	-	-	-	1,600,000
(613,420)	-	-	-	-	(613,420)
(613,420)	-	-	-	-	986,580
<hr/>					
-	10,722	5,831	(226,326)	-	(565,972)
-	2,123,102	63,845	955,779	-	6,503,891
<hr/>					
\$ -	\$ 2,133,824	\$ 69,676	\$ 729,453	\$ -	5,937,919

**City of Idaho Falls**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2012**

	<b>Capital Projects</b>		
	<b>Municipal Capital Improvement</b>	<b>Street Capital Improvement</b>	<b>Bridge and Arterial Street</b>
<b>REVENUES</b>			
Taxes	\$ 705,339	\$ -	\$ -
Intergovernmental	271,999	889,652	-
Charges for services	-	-	33,380
Fines	-	-	-
Interest	6,049	-	-
Miscellaneous	-	-	-
Total revenues	<u>983,387</u>	<u>889,652</u>	<u>33,380</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Streets	-	-	-
Culture & recreation	-	-	-
Capital outlay	206,314	1,304,315	2,304
Total expenditures	<u>206,314</u>	<u>1,304,315</u>	<u>2,304</u>
Excess (deficiency) of revenues over (under) expenditures	<u>777,073</u>	<u>(414,663)</u>	<u>31,076</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	777,073	(414,663)	31,076
Fund balances - beginning	<u>2,383,427</u>	<u>511,673</u>	<u>1,467,284</u>
Fund balances - ending	<u>\$ 3,160,500</u>	<u>\$ 97,010</u>	<u>\$ 1,498,360</u>

**Capital Projects**

	<b>Surface Drainage</b>	<b>Traffic Light Capital Improvement</b>	<b>Total</b>	<b>Total Nonmajor Governmental Funds</b>			
\$	-	\$	-	\$	705,339	\$	2,923,328
	-		-		1,161,651		5,031,204
	5,943		-		39,323		3,009,394
	-		-		-		109,835
	-	2,696		8,745			31,629
	-		-		-		465,097
	5,943	2,696		1,915,058			11,570,487
	-		-		-		352,492
	-		-		-		4,518,131
	-		-		-		6,337,358
	37,460	40,611		1,591,004			1,591,004
	37,460	40,611		1,591,004			12,798,985
	(31,517)	(37,915)		324,054			(1,228,498)
	-	115,164		115,164			1,715,164
	-		-		-		(613,420)
	-	115,164		115,164			1,101,744
	(31,517)	77,249		439,218			(126,754)
	86,116	684,555		5,133,055			11,636,946
\$	54,599	\$	761,804	\$	5,572,273	\$	11,510,192

**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, 2012**

	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>			
Highway users' apportionment	\$ 1,096,656	\$ 1,881,875	\$ 785,219
Revenue sharing	1,866,770	1,238,480	(628,290)
Interest	500	8,907	8,407
Miscellaneous	-	5,914	5,914
Total revenues	<u>2,963,926</u>	<u>3,135,176</u>	<u>171,250</u>
<b>EXPENDITURES</b>			
Streets	<u>4,632,611</u>	<u>4,518,131</u>	<u>114,480</u>
Excess of revenues over (under) expenditures	<u>(1,668,685)</u>	<u>(1,382,955)</u>	<u>285,730</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	1,600,000	1,600,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>1,600,000</u>	<u>1,600,000</u>
Excess of revenues and other financing sources over (under) expenditures and uses	(1,668,685)	217,045	1,885,730
Fund balances - beginning	<u>1,400,302</u>	<u>1,400,302</u>	<u>-</u>
Fund balances - ending	<u>\$ (268,383)</u>	<u>\$ 1,617,347</u>	<u>\$ 1,885,730</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, 2012**

	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>			
Property taxes	\$ 484,499	\$ 483,681	\$ (818)
Charges for services	794,050	770,975	(23,075)
Interest	1,000	1,719	719
Miscellaneous	28,900	39,071	10,171
Total revenues	<u>1,308,449</u>	<u>1,295,446</u>	<u>(13,003)</u>
<b>EXPENDITURES</b>			
Recreation	<u>1,461,562</u>	<u>1,274,068</u>	<u>187,494</u>
Excess of revenues over (under) expenditures	<u>(153,113)</u>	<u>21,378</u>	<u>174,491</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	(153,113)	21,378	174,491
Fund balances - beginning	<u>417,120</u>	<u>417,120</u>	<u>-</u>
Fund balances - ending	<u>\$ 264,007</u>	<u>\$ 438,498</u>	<u>\$ 174,491</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, 2012**

	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>			
Property taxes	\$ 1,737,164	\$ 1,734,308	\$ (2,856)
Intergovernmental	740,357	749,198	8,841
Charges for services	4,500	9,030	4,530
Fines	95,000	109,835	14,835
Interest	3,000	5,320	2,320
Miscellaneous	29,246	45,496	16,250
Total revenues	<u>2,609,267</u>	<u>2,653,187</u>	<u>43,920</u>
<b>EXPENDITURES</b>			
Culture	<u>3,692,886</u>	<u>3,247,809</u>	<u>445,077</u>
Excess of revenues over (under) expenditures	<u>(1,083,619)</u>	<u>(594,622)</u>	<u>488,997</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	(1,083,619)	(594,622)	488,997
Fund balances - beginning	<u>1,543,743</u>	<u>1,543,743</u>	<u>-</u>
Fund balances - ending	<u>\$ 460,124</u>	<u>\$ 949,121</u>	<u>\$ 488,997</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, 2012**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Charges for services	\$ 560,000	\$ 613,420	\$ 53,420
Total revenues	<u>560,000</u>	<u>613,420</u>	<u>53,420</u>
<b>EXPENDITURES</b>			
	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	<u>(560,000)</u>	<u>(613,420)</u>	<u>(53,420)</u>
Total other financing sources (uses)	<u>(560,000)</u>	<u>(613,420)</u>	<u>(53,420)</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>\$ -</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, 2012**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Interest	\$ 2,000	\$ 3,854	\$ 1,854
Miscellaneous	600,000	313,760	(286,240)
Total revenues	<u>602,000</u>	<u>317,614</u>	<u>(284,386)</u>
<b>EXPENDITURES</b>			
General government	<u>600,000</u>	<u>306,892</u>	<u>293,108</u>
Excess of revenues over (under) expenditures	<u>2,000</u>	<u>10,722</u>	<u>8,722</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	2,000	10,722	8,722
Fund balances - beginning	<u>2,123,102</u>	<u>2,123,102</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 2,125,102</u></u>	<u><u>\$ 2,133,824</u></u>	<u><u>\$ 8,722</u></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, 2012**

	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Miscellaneous	\$ 58,000	\$ 51,431	\$ (6,569)
Total revenues	<u>58,000</u>	<u>51,431</u>	<u>(6,569)</u>
<b>EXPENDITURES</b>			
General government	<u>59,000</u>	<u>45,600</u>	<u>13,400</u>
Excess of revenues over (under) expenditures	<u>(1,000)</u>	<u>5,831</u>	<u>6,831</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>(1,000)</u>	<u>5,831</u>	<u>6,831</u>
Fund balances - beginning	<u>63,845</u>	<u>63,845</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 62,845</u></u>	<u><u>\$ 69,676</u></u>	<u><u>\$ 6,831</u></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, 2012**

	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>			
Charges for services	\$ 1,848,700	\$ 1,576,646	\$ (272,054)
Interest	-	3,084	3,084
Miscellaneous	-	9,425	9,425
Total revenues	<u>1,848,700</u>	<u>1,589,155</u>	<u>(259,545)</u>
<b>EXPENDITURES</b>			
Recreation	<u>1,831,788</u>	<u>1,815,481</u>	<u>16,307</u>
Excess of revenues over (under) expenditures	<u>16,912</u>	<u>(226,326)</u>	<u>(243,238)</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	16,912	(226,326)	(243,238)
Fund balances - beginning	<u>955,779</u>	<u>955,779</u>	<u>-</u>
Fund balances - ending	<u>\$ 972,691</u>	<u>\$ 729,453</u>	<u>\$ (243,238)</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, 2012**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Property taxes	\$ 696,131	\$ 705,339	\$ 9,208
Intergovernmental	-	271,999	271,999
Interest	7,000	6,049	(951)
Total revenues	<u>703,131</u>	<u>983,387</u>	<u>280,256</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>2,800,000</u>	<u>206,314</u>	<u>2,593,686</u>
Excess of revenues over (under) expenditures	<u>(2,096,869)</u>	<u>777,073</u>	<u>2,873,942</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	(2,096,869)	777,073	2,873,942
Fund balances - beginning	<u>2,383,427</u>	<u>2,383,427</u>	<u>-</u>
Fund balances - ending	<u>\$ 286,558</u>	<u>\$ 3,160,500</u>	<u>\$ 2,873,942</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, 2012**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Charges for services	\$ -	\$ -	\$ -
Intergovernmental	-	889,652	889,652
Interest	-	-	-
Total revenues	<u>-</u>	<u>889,652</u>	<u>889,652</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>7,335,000</u>	<u>1,304,315</u>	<u>6,030,685</u>
Excess of revenues over (under) expenditures	<u>(7,335,000)</u>	<u>(414,663)</u>	<u>6,920,337</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>(7,335,000)</u>	<u>(414,663)</u>	<u>6,920,337</u>
Fund balances - beginning	<u>511,673</u>	<u>511,673</u>	<u>-</u>
Fund balances - ending	<u><u>\$ (6,823,327)</u></u>	<u><u>\$ 97,010</u></u>	<u><u>\$ 6,920,337</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, 2012**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Charges for services	\$ 40,000	\$ 33,380	\$ (6,620)
Intergovernmental	-	-	-
Interest	2,000	-	(2,000)
Total revenues	<u>42,000</u>	<u>33,380</u>	<u>(8,620)</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>1,501,977</u>	<u>2,304</u>	<u>1,499,673</u>
Excess of revenues over (under) expenditures	<u>(1,459,977)</u>	<u>31,076</u>	<u>1,491,053</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>(1,459,977)</u>	<u>31,076</u>	<u>1,491,053</u>
Fund balances - beginning	<u>1,467,284</u>	<u>1,467,284</u>	<u>-</u>
Fund balances - ending	<u>\$ 7,307</u>	<u>\$ 1,498,360</u>	<u>\$ 1,491,053</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, 2012**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Charges for services	\$ 15,000	\$ 5,943	\$ (9,057)
Interest	500	-	(500)
Total revenues	<u>15,500</u>	<u>5,943</u>	<u>(9,557)</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>114,549</u>	<u>37,460</u>	<u>77,089</u>
Excess of revenues over (under) expenditures	<u>(99,049)</u>	<u>(31,517)</u>	<u>67,532</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	(99,049)	(31,517)	67,532
Fund balances - beginning	<u>86,116</u>	<u>86,116</u>	<u>-</u>
Fund balances - ending	<u>\$ (12,933)</u>	<u>\$ 54,599</u>	<u>\$ 67,532</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, 2012**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Interest	\$ 1,000	\$ 2,696	\$ 1,696
Total revenues	<u>1,000</u>	<u>2,696</u>	<u>1,696</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>536,465</u>	<u>40,611</u>	<u>495,854</u>
Excess of revenues over (under) expenditures	<u>(535,465)</u>	<u>(37,915)</u>	<u>497,550</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	115,164	115,164	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>115,164</u>	<u>115,164</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(420,301)</u>	<u>77,249</u>	<u>497,550</u>
Fund balances - beginning	<u>684,555</u>	<u>684,555</u>	<u>-</u>
Fund balances - ending	<u>\$ 264,254</u>	<u>\$ 761,804</u>	<u>\$ 497,550</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 Ten Fiscal Years

Accrual Basis of Accounting

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Government activities</b>										
Invested in capital assets, net of related debt	\$ 95,709,742	\$ 95,102,500	\$ 93,304,031	\$ 92,745,461	\$ 90,587,825	\$ 89,628,017	\$ 75,420,697	\$ 62,705,757	\$ 57,633,347	\$ 52,305,750
Restricted	842,205	1,021,942	1,213,034	1,143,785	988,654	1,518,064	3,402,646	6,736,942	6,056,616	3,130,340
Unrestricted	29,474,037	28,792,682	29,135,352	27,445,983	27,378,769	25,706,747	24,727,016	21,860,561	25,269,081	28,275,109
Total government activities net assets	126,025,984	124,917,124	123,652,417	121,335,229	118,955,248	116,852,828	103,550,359	91,303,260	88,959,044	83,711,199
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	199,684,300	194,627,548	192,686,784	189,866,463	181,218,089	166,859,124	157,413,332	108,875,345	98,911,578	87,471,546
Restricted	-	1,086,345	1,553,210	1,878,003	2,016,097	2,313,968	2,219,983	7,811,452	5,280,458	4,518,779
Unrestricted	75,263,831	65,972,613	57,250,318	52,327,208	49,537,617	42,067,880	30,049,095	44,219,444	42,718,141	37,261,558
Total business-type activities net assets	274,948,131	261,686,506	251,490,312	244,071,674	232,771,803	211,240,972	189,682,410	160,906,241	146,910,177	129,251,883
<b>Primary government</b>										
Invested in capital assets, net of related debt	295,394,042	289,730,048	285,990,815	282,611,924	271,805,914	256,487,141	232,834,029	171,581,102	156,544,925	139,777,296
Restricted	842,205	2,108,287	2,766,244	3,021,788	3,004,751	3,832,032	5,622,629	14,548,394	11,337,074	7,649,119
Unrestricted	104,737,868	94,765,295	86,385,670	79,773,191	76,916,386	67,774,627	54,776,111	66,080,005	67,987,222	65,536,667
Total primary government net assets	\$ 400,974,115	\$ 386,603,630	\$ 375,142,729	\$ 365,406,903	\$ 351,727,051	\$ 328,093,800	\$ 293,232,769	\$ 252,209,501	\$ 235,869,221	\$ 212,963,082

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>										
Governmental activities:										
General government	\$ 5,571,014	\$ 7,241,664	\$ 6,745,582	\$ 7,315,174	\$ 7,397,540	\$ 6,352,659	\$ 6,045,214	\$ 7,020,227	\$ 5,687,846	\$ 5,246,689
Public safety	22,081,589	21,326,762	20,478,897	20,467,132	20,869,523	18,764,841	18,504,730	17,049,527	16,101,112	15,631,429
Streets	8,277,596	7,804,662	7,053,652	6,883,494	6,595,657	5,472,555	4,821,388	4,623,301	5,276,158	4,339,488
Culture and recreation	11,307,979	9,737,993	10,055,502	10,686,792	10,130,787	8,894,067	8,565,987	7,997,412	7,942,206	7,836,918
Public works	1,340,331	1,598,222	1,901,223	3,200,900	2,827,838	2,387,383	3,993,094	2,567,482	3,445,460	1,318,930
Total governmental activities expense	48,578,509	47,709,303	46,234,856	48,553,492	47,821,345	41,871,505	41,930,413	39,257,949	38,452,782	34,373,454
Business-type activities:										
Airport	5,072,814	4,886,476	4,196,279	3,965,696	3,921,248	3,358,665	3,327,638	3,000,115	3,044,875	2,980,682
Water and sewer	14,523,810	13,184,461	12,569,738	12,185,186	11,140,464	10,707,873	10,131,230	9,761,885	8,829,366	9,389,813
Sanitation	3,395,367	3,449,080	3,265,698	3,233,531	2,978,262	2,739,364	2,653,943	2,444,929	2,405,552	2,290,599
Ambulance	3,393,378	3,179,427	3,160,466	2,937,746	2,811,351	2,453,241	2,451,434	2,373,885	2,255,651	2,064,268
Electric	46,135,051	47,584,461	48,572,917	48,140,349	48,820,273	46,277,879	46,368,111	48,762,832	46,199,973	45,597,007
Total business-type activities expenses	72,520,420	72,283,905	71,765,098	70,482,508	69,671,598	65,537,022	64,932,356	66,343,646	62,735,417	62,322,369
Total primary government expenses	\$ 121,098,929	\$ 119,993,208	\$ 117,999,954	\$ 119,016,000	\$ 117,492,943	\$ 107,408,527	\$ 106,862,769	\$ 105,601,595	\$ 101,188,199	\$ 96,695,823
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,604,692	\$ 1,505,682	\$ 1,495,623	\$ 1,447,854	\$ 1,935,811	\$ 1,942,675	\$ 1,749,636	\$ 1,579,249	\$ 1,663,469	\$ 2,174,184
Public Safety	2,663,985	2,650,242	2,622,893	2,591,457	2,388,287	2,335,010	2,317,726	2,079,157	2,011,819	2,021,885
Culture and recreation	3,740,795	3,554,707	3,583,524	3,542,074	3,486,720	3,450,895	3,285,176	3,096,376	2,935,330	2,543,718
Other activities	51,051	39,404	68,068	527,650	978,933	2,553,284	993,388	852,820	758,329	787,945
Operating grants and contributions	899,502	924,186	625,402	869,368	521,471	1,046,978	1,173,294	2,425,562	2,128,657	2,101,732
Capital grants and contributions	1,715,285	1,417,726	882,387	2,588,058	3,311,708	8,417,579	9,092,823	2,191,632	5,868,434	256,318
Total governmental activities program revenues	10,675,310	10,091,947	9,277,897	11,566,461	12,622,930	19,746,421	18,612,043	12,224,796	15,366,038	9,885,782
Business-type activities:										
Charges for service:										
Water and Sewer	18,302,228	17,767,507	17,425,627	17,026,050	13,733,266	13,193,636	12,312,167	10,707,560	9,074,694	9,152,546
Electric	56,724,430	56,261,765	53,371,324	52,428,594	58,747,641	59,829,162	61,146,482	57,543,412	58,065,365	55,875,701
Other activities	7,419,298	7,307,467	7,402,500	7,635,143	7,481,727	7,299,938	5,921,743	5,508,043	5,385,174	4,834,271
Operating grants and contributions	2,602,918	1,898,908	1,660,981	1,835,937	1,503,087	1,518,842	1,551,558	1,447,533	1,182,247	1,290,522
Capital grants and contributions	4,058,705	2,634,332	1,567,924	5,439,660	11,408,555	6,043,486	14,238,986	7,195,422	8,001,076	1,642,458
Total business-type activities program revenue	89,107,579	85,869,979	81,428,356	84,365,384	92,874,276	87,895,064	95,170,936	82,401,970	81,708,556	72,795,498
Total primary government program revenues	\$ 99,782,889	\$ 95,961,926	\$ 90,706,253	\$ 95,931,845	\$ 105,497,206	\$ 107,631,485	\$ 113,782,979	\$ 94,626,766	\$ 97,074,594	\$ 82,681,280

Fiscal Year

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net (expense) revenue	\$ (37,903,199)	\$ (37,617,356)	\$ (36,956,959)	\$ (36,987,031)	\$ (35,198,415)	\$ (22,125,084)	\$ (23,318,370)	\$ (27,033,153)	\$ (23,086,744)	\$ (24,487,672)
Governmental activities	16,597,159	13,586,074	9,663,258	13,902,876	23,202,678	22,348,042	30,238,580	16,058,324	18,973,139	10,473,129
Business-type activities	\$ (21,316,040)	\$ (24,031,282)	\$ (27,293,701)	\$ (23,084,155)	\$ (11,995,737)	\$ 222,958	\$ 6,920,210	\$ (10,974,829)	\$ (4,113,605)	\$ (14,014,543)
Total primary government net expenses										

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

Governmental activities:										
Taxes										
Property taxes	\$ 26,921,152	\$ 27,033,901	\$ 26,890,757	\$ 26,487,935	\$ 23,914,223	\$ 21,694,620	\$ 20,550,997	\$ 19,133,611	\$ 18,737,942	\$ 18,232,773
Sales tax and revenue sharing	5,904,764	5,582,668	5,412,698	5,429,055	6,028,163	6,312,994	6,152,996	3,947,652	3,580,742	3,416,541
Franchise taxes	774,011	776,813	898,165	893,822	829,622	857,610	730,926	666,616	538,161	628,309
Alcoholic beverages taxes	637,415	608,889	613,462	728,432	665,556	647,954	562,977	523,045	489,583	416,652
Unrestricted investment earnings	120,030	104,189	145,159	282,375	819,317	1,242,137	1,062,467	682,832	371,203	480,250
Miscellaneous revenues	830,538	933,335	2,139,340	1,850,123	921,902	822,360	2,716,785	753,985	748,483	454,937
Transfers	3,824,149	3,842,268	2,897,593	3,695,270	3,910,680	3,632,318	3,544,165	3,388,525	3,211,438	2,772,243
Total governmental activities	39,012,059	38,882,063	38,997,174	39,367,012	37,089,463	35,209,993	35,321,313	29,096,266	27,677,552	26,401,705
Business-type activities:										
Sales taxes	-	-	-	13,532	14,565	14,773	14,065	13,073	13,138	11,992
Unrestricted investment income	498,615	452,388	652,973	1,078,733	2,224,268	2,828,065	2,067,689	970,618	480,876	354,446
Gain on sale of assets	-	-	-	-	-	-	-	24,682	1,050,887	-
Miscellaneous revenues	-	-	-	-	-	-	-	317,892	351,692	608,518
Transfers	(3,824,149)	(3,842,268)	(2,897,593)	(3,695,270)	(3,910,680)	(3,632,318)	(3,544,165)	(3,388,525)	(3,211,438)	(2,772,243)
Total business-type activities	(3,325,534)	(3,389,880)	(2,244,620)	(2,603,005)	(1,671,847)	(789,480)	(1,462,411)	(2,062,260)	(1,314,845)	(1,797,287)
Total primary government	\$ 35,686,525	\$ 35,492,183	\$ 36,752,554	\$ 36,764,007	\$ 35,417,616	\$ 34,420,513	\$ 33,858,902	\$ 27,034,006	\$ 26,362,707	\$ 24,604,418

**Change in Net Assets**

Governmental activities	\$ 1,108,860	\$ 1,264,707	\$ 2,040,215	\$ 2,379,981	\$ 1,891,048	\$ 13,084,909	\$ 12,002,943	\$ 2,063,113	\$ 4,590,808	\$ 1,914,033
Business-type activities	13,261,625	10,196,194	7,418,638	11,299,871	21,530,831	21,558,562	28,776,169	13,996,064	17,658,294	8,675,842
Total primary government	\$ 14,370,485	\$ 11,460,901	\$ 9,458,853	\$ 13,679,852	\$ 23,421,879	\$ 34,643,471	\$ 40,779,112	\$ 16,059,177	\$ 22,249,102	\$ 10,589,875

City of Idaho Falls, Idaho

Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Nonspendable	\$ 647,676	\$ 725,023	\$ 937,164	\$ 873,481	\$ 662,874	\$ 624,975	\$ 890,248	\$ 540,462	\$ 518,830	\$ 484,888
Committed	3,642,668	3,943,533	4,902,446	3,701,297	3,052,724	3,125,475	2,799,101	4,724,870	6,256,816	5,449,937
Assigned	2,971,115	2,941,927	3,087,665	3,254,828	3,138,160	3,882,634	9,901,527	5,517,604	3,451,009	3,345,173
Unassigned	15,671,513	14,852,980	13,872,194	11,518,635	10,397,524	9,572,722	6,922,979	9,587,853	9,052,597	8,684,596
Total general fund	\$ 22,932,972	\$ 22,463,463	\$ 22,799,469	\$ 19,348,241	\$ 17,251,282	\$ 17,205,806	\$ 20,513,855	\$ 20,370,789	\$ 19,279,252	\$ 17,964,594
All Other Governmental Funds										
Restricted	\$ 842,205	\$ 1,021,942	\$ 1,213,034	\$ 1,143,785	\$ 988,654	\$ 893,089	\$ 902,877	\$ 985,621	\$ 1,713,210	\$ 1,395,249
Committed	7,448,805	3,162,766	3,395,364	2,433,690	2,777,790	1,902,016	1,652,866	1,710,848	1,676,858	1,523,325
Assigned	321,912	7,452,238	7,110,385	9,687,897	11,610,545	10,884,320	8,799,606	9,024,791	11,874,938	13,603,006
Total all other funds	\$ 8,612,922	\$ 11,636,946	\$ 11,718,783	\$ 13,265,372	\$ 15,376,989	\$ 13,679,425	\$ 11,355,349	\$ 11,721,260	\$ 15,265,006	\$ 16,521,580

**City of Idaho Falls, Idaho**  
**Changes in Fund Balances of Governmental Funds**

**Last Ten Fiscal Years**

**Modified Accrual Basis of Accounting**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenues</b>										
Taxes	\$ 27,796,006	\$ 27,689,090	\$ 27,608,568	\$ 27,055,160	\$ 24,814,514	\$ 22,389,145	\$ 21,281,924	\$ 19,800,227	\$ 19,276,130	\$ 18,862,435
Licenses and permits	726,603	508,313	487,589	469,239	806,908	844,455	693,211	687,528	761,834	622,316
Intergovernmental	10,724,645	10,133,824	9,245,009	9,476,653	9,260,828	9,923,966	9,822,574	8,716,581	8,050,760	7,447,200
Charges for services	3,946,717	3,624,847	3,782,298	4,147,007	4,764,733	6,369,716	4,590,109	4,122,096	3,903,334	3,881,242
Fines	562,297	601,554	663,779	654,329	605,379	656,125	638,446	543,370	571,351	587,759
Interest	120,030	104,190	145,159	282,375	819,316	1,242,137	1,062,467	683,127	371,203	480,250
Miscellaneous	1,547,220	1,569,510	3,173,123	2,771,218	1,617,075	4,161,192	3,655,551	1,430,627	1,539,593	1,634,045
<b>Total revenues</b>	<b>45,423,518</b>	<b>44,231,328</b>	<b>45,105,525</b>	<b>44,855,981</b>	<b>42,688,753</b>	<b>45,586,736</b>	<b>41,744,282</b>	<b>35,983,556</b>	<b>34,474,205</b>	<b>33,515,247</b>
<b>Expenditures</b>										
General government	7,485,298	7,983,427	7,057,291	7,793,577	6,985,481	6,508,728	6,048,169	6,833,352	5,623,662	5,364,838
Public safety	22,240,761	21,201,113	20,480,244	20,125,700	19,941,808	18,437,544	18,330,346	16,548,647	15,752,993	15,113,070
Streets	4,518,131	3,996,278	3,477,488	3,208,216	2,912,534	2,404,574	2,215,289	2,666,953	3,227,363	2,968,327
Culture and recreation	11,715,887	11,820,771	11,506,429	10,529,685	9,988,537	14,059,309	8,382,678	7,844,033	8,101,224	7,896,034
Public works	1,353,831	1,772,224	1,532,164	2,201,627	2,131,286	1,480,771	1,556,942	1,296,431	1,037,692	1,229,408
Capital outlay	1,591,004	1,717,623	2,044,863	4,707,104	2,896,747	7,312,101	8,977,868	6,634,874	4,127,133	1,884,124
Debt service:										
Principal										
Interest										
<b>Total expenditures</b>	<b>48,904,912</b>	<b>48,491,436</b>	<b>46,098,479</b>	<b>48,565,909</b>	<b>44,856,393</b>	<b>50,203,027</b>	<b>45,511,292</b>	<b>41,824,290</b>	<b>37,870,067</b>	<b>34,455,801</b>
Excess of revenues over (under) expenditures	(3,481,394)	(4,260,108)	(992,954)	(3,709,928)	(2,167,640)	(4,616,291)	(3,767,010)	(5,840,734)	(3,395,862)	(940,554)
<b>Other Financing Sources (Uses)</b>										
Capital contributions	6,037,569	5,421,773	4,306,852	8,737,334	6,148,529	9,148,696	7,288,377	6,277,178	242,508	4,372,103
Transfer in	(2,213,420)	(1,579,508)	(1,409,259)	(5,042,064)	(2,237,849)	(5,516,378)	(3,744,212)	(2,888,653)	(1,671,035)	(1,599,860)
Transfers out										
<b>Total other financing sources (uses)</b>	<b>3,824,149</b>	<b>3,842,265</b>	<b>2,897,593</b>	<b>3,695,270</b>	<b>3,910,680</b>	<b>3,632,318</b>	<b>3,544,165</b>	<b>3,388,525</b>	<b>3,453,946</b>	<b>2,772,243</b>
<b>Net change in fund balances</b>	<b>\$ 342,755</b>	<b>\$ (417,843)</b>	<b>\$ 1,904,639</b>	<b>\$ (14,658)</b>	<b>\$ 1,743,040</b>	<b>\$ (983,973)</b>	<b>\$ (222,845)</b>	<b>\$ (2,452,209)</b>	<b>\$ 58,084</b>	<b>\$ 1,831,689</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>
2012	\$ 26,724,540	\$ 297,455	\$ 770,431	\$ 3,580	\$ 27,796,006
2011	26,689,984	222,293	772,887	3,926	27,689,090
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
2003-2012 Change	\$ 8,650,918	\$ 138,304	\$ 148,404	\$ (4,055)	\$ 8,933,571

**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			
2012	\$ 3,921,199,209	\$ 906,060,385	\$ 3,015,138,824	0.008877945	\$ 26,768,236
2011	3,954,896,311	940,007,554	3,014,888,757	0.008878681	26,768,236
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

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**

<b>Fiscal Year</b>	<b>General Fund</b>	<b>Fireman's Retirement</b>	<b>Tort</b>	<b>Recreation Fund</b>	<b>Library Fund</b>	<b>Municipal Capital Improvement Fund</b>	<b>Total Direct</b>
2012	0.007325810	0.000389236	0.000195184	0.000160689	0.000576147	0.000230879	0.008877945
2011	0.007328925	0.000388074	0.000193542	0.000160760	0.000576400	0.000230980	0.008878681
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

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>
0.003226703	0.005447999	0.004035117	0.000276415	0.000006515	0.000032506	0.000055662
0.003226703	0.005447999	0.004035117	0.000276415	0.000006515	0.000032506	0.000055662
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

City of Idaho Falls, Idaho  
Principal Property Tax Payers  
September 30, 2012

Taxpayers	2012			2003		
	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.	\$ 85,294,731	1	2.8%	\$ 39,389,262	2	2.3%
Eastern Idaho Health Serv. Inc.	80,949,675	2	2.7	79,513,833	1	4.6
InteGrow Malt LLC	64,909,418	3	2.2	-	-	-
Grand Teton Mall	56,306,856	4	1.9	33,769,965	3	1.9
Mountain View Hospital	35,247,320	5	1.2	-	-	-
Melaleuca Inc.	25,094,892	6	0.8	12,526,118	6	0.7
Bonaventure Senior Living Community	16,671,890	8	0.6	-	-	-
Qwest Corporation	15,902,735	7	0.5	32,923,991	4	1.9
Wal-Mart	14,275,038	9	0.5	-	-	-
INL Office Building (Batelle)	12,713,041	10	0.4	13,707,454	5	0.8
Fairwinds Sandcreek Retirement Center				12,312,637	7	0.7
Engineering Research Office				11,817,985	8	0.7
Shilo Inn				8,866,423	9	0.5
Teton Apartments				7,364,800	10	0.4
	<u>\$ 407,365,596</u>		<u>13.5%</u>	<u>\$ 252,192,468</u>		<u>14.5%</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>
2012	\$ 26,768,236	\$ 25,729,508	96.1%	\$ -	\$ 25,729,508	96.1%
2011	26,768,236	25,793,487	96.4	560,296	26,353,783	98.5
2010	26,768,236	25,672,969	95.9	957,506	26,630,475	99.5
2009	26,129,658	25,224,859	96.5	897,337	26,122,196	100.0
2008	23,471,098	22,716,967	96.8	754,131	23,471,098	100.0
2007	21,429,192	20,733,375	96.8	695,817	21,429,192	100.0
2006	20,174,344	19,583,242	97.1	591,102	20,174,344	100.0
2005	18,887,282	18,346,822	97.1	540,460	18,887,282	100.0
2004	18,496,040	17,698,397	95.7	797,643	18,496,040	100.0
2003	17,957,069	17,760,875	98.9	196,194	17,957,069	100.0

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

Fiscal Year	Business-Type Activities		Electric General Obligation Bonds	Total Primary Government	Percentage of Personal Income (1)	Per Capita
	Airport Bonds	Airport Certificates of Participation				
2012			\$ 3,208,233	3,208,233	0.33%	56
2011		\$ 1,000,000	5,029,084	6,029,084	0.33	106
2010		1,915,000	6,984,056	8,899,056	0.48	157
2009		2,750,000	9,084,389	11,834,389	0.70	214
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

Note: Details regarding the City's outstanding debt can be found in the notes to financials 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>
2012	\$ 3,208,233	\$ 3,208,233	\$ 3,015,138,236	0.11%	56
2011	5,029,084	5,029,084	3,014,888,757	0.17	89
2010	6,984,056	6,984,056	3,073,358,363	0.23	123
2009	9,084,389	9,084,389	2,997,060,634	0.30	164
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

## City of Idaho Falls, Idaho

## Direct and Overlapping Governmental Activities Debt

As of September 30, 2012

<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	\$ 2,040,000	64%	\$ 1,305,600
Idaho Falls Redevelopment Agency	12,123,299 (b)	0%	
School District No. 91	43,990,000	86%	37,831,400
School District No. 93	68,355,000	14%	9,569,700
Total overlapping	<u>126,508,299</u>		<u>48,706,700</u>
Direct:			
City of Idaho Falls	-	(a)	-
Total direct and overlapping debt	<u>\$ 126,508,299</u>		<u>\$ 48,706,700</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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt limit	\$78,423,984	\$79,097,926	\$80,493,874	\$78,734,892	\$71,898,378	\$63,443,373	\$59,219,982	\$54,253,617	\$50,398,132	\$48,385,112
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$78,423,984</u>	<u>\$79,097,926</u>	<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>

Total net debt applicable to the limit as a percentage of debt limit

-	-	-	-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---	---	---	---

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$3,921,199,209
Debt limit (2% of market value)	\$ 78,423,984
Debt applicable to limit:	
General obligation bonds	-
Legal debt margin	<u>\$ 78,423,984</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	Coverage(4)	Revenue(1)	Less Operating Expense(2)	Net Available Revenue	Coverage(4)	
			Principal	Interest	Principal	Interest	Principal	Interest	
2012	\$ 3,477,651	\$ 2,363,406	\$ 1,114,245	\$ -	\$ 1,000,000	\$ -	\$ 1,820,851	\$ 5,849,148	2.36
2011	2,602,203	2,155,159	447,044	45,500	915,000	45,500	1,954,972	5,725,028	2.26
2010	2,808,024	1,776,245	1,031,779	87,133	835,000	87,133	2,100,333	5,594,667	1.69
2009	2,875,682	1,677,500	1,198,182	125,125	760,000	125,125	2,323,808	5,616,192	1.63
2008	3,354,790	1,679,366	1,675,424	159,705	695,000	159,705	2,494,865	5,455,135	2.44
2007	3,519,538	1,372,967	2,146,571	191,328	230,000	191,328	2,702,169	4,996,454	3.06
2006	3,133,545	1,386,968	1,746,577	317,785	970,000	317,785	2,896,030	4,802,594	3.16
2005	2,622,993	1,207,267	1,415,726	346,345	510,000	346,345	3,126,232	4,848,768	2.28
2004	2,406,581	1,252,039	1,154,542	374,000	460,000	374,000	3,350,977	4,629,003	2.62
2003	2,202,376	1,159,630	1,042,746	386,379	410,000	386,379	3,614,390	4,375,610	2.46

(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 Airport Fund did not meet its rate coverage of 1.25 for the year ended September 30, 2010.

(6) On February 15, 2011 all funds needed to payoff the Airport Fund certificates of participation was deposited in escrow account with the trustee as per agreement with the certificate holder and trustee. Rate coverage was below the required 1.25 as of September 30, 2011. Final payment from the escrow account to the certificate holder in the amount of \$1,022,750 was made on October 1, 2011.

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		
2012	57,646 (1)	\$ 1,932,293,920 (1)	\$ 33,520 (1)	-	-	-	10,411	5.9%	
2011	56,813 (1)	1,853,921,816 (1)	32,632 (1)	-	-	-	10,514	7.0	
2010	56,813	1,836,082,534	32,318	32	89.3	27.5	10,500	7.3	
2009	55,312 (1)	1,680,715,500 (1)	30,698 (1)	-	-	-	10,480	6.5	
2008	54,334 (1)	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)	1,340,203,600 (1)	25,700 (1)	-	-	-	10,385	3.1	
2003	51,703 (1)	1,315,686,241 (1)	25,447 (1)	-	-	-	10,520	2.9	

(1) Numbers are estimated.

Sources: Population, provided by Idaho Commerce and Labor, Personal Income is calculated by multiplying population by per capital personal income. Per Capita Personal Income provided by U.S. Department of Commerce and Labor 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 Ten Years Ago

Employer	2012 (a)			2003		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Bechtel BWXI Idaho	3,800	1	13.42%	2,500	1	8.40%
CH2M Hill WG, LLC	1,700	2	6.00	-	-	-
Idaho Falls School District 91	1,600	3	5.65	1,700	2	5.71
Eastern Idaho Regional Medical Center	1,300	4	4.59	1,311	3	4.40
Melaleuca, Inc.	1,300	5	4.59	1,300	4	4.37
City of Idaho Falls	860	6	2.83	850	5	2.86
Bonneville Joint School District 93	800	7	3.04	750	6	2.52
Center Partners	600	8	2.12	600	7	2.02
Wal-Mart	450	9	1.59	450	9	1.51
Bonneville County	550	10	1.94	450	8	1.51
Albertsons, Inc.	-	-	-	350	10	1.18
<b>Total</b>	<b>12,960</b>		<b>45.77%</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.

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government:										
Mayor and council	9	9	9	8	8	7	8	8	8	8
Municipal services	71	71	70	68	68	67	67	69	69	69
Human resources	3	3	2	2	2	2	2	2	2	2
Planning and building	18	18	19	17	17	17	16	14	14	15
Public safety:										
Police	127	131	131	127	127	122	122	121	118	116
Fire	101	102	103	103	103	100	97	94	94	95
Streets	21	20	21	21	21	21	20	20	20	21
Culture and recreation:										
Parks and recreation	67	67	64	63	63	62	59	60	60	58
Library	20	20	21	21	21	21	20	25	25	23
Public works	20	20	20	20	20	19	20	20	20	19
Airport	11	12	11	14	14	13	13	13	13	13
Water and sewer	52	52	54	54	54	50	49	49	49	49
Sanitation	28	28	29	30	30	27	27	26	26	26
Electric	65	65	64	64	64	62	59	60	59	61
<b>Total</b>	<b>613</b>	<b>618</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>

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Planning and building										
Building permits issued	408	519	484	408	595	849	837	834	874	810
Value of building permits	\$ 82,763,617	\$ 34,257,071	\$ 38,008,986	\$ 23,403,760	\$ 54,005,000	\$ 71,772,712	\$ 62,226,668	\$ 63,329,405	\$ 72,804,706	\$ 49,865,046
Inspections	5,671	4,664	4,978	5,476	8,947	9,414	9,213	9,160	8,969	7,645
Police										
Physical arrest	3,017	3,363	3,165	3,599	3,950	4,317	4,931	4,070	4,158	4,197
Parking violations	2,977	3,193	3,757	4,130	3,192	3,723	4,869	4,869	10,776	8,023
Traffic violations	11,106	14,238	13,894	14,835	11,502	19,028	18,384	17,902	16,564	20,440
Fire										
Total dispatches	4,771	3,467	4,134	4,211	3,945	3,884	3,852	3,759	3,765	3,830
Fires extinguished	335	238	270	275	445	324	394	453	217	278
Inspections	1,040	1,086	894	1,825	1,805	1,723	907	2,551	3,162	
Parks and recreation										
18 hole golf rounds played	122,255	119,848	115,715	130,882	127,063	144,647	133,410	133,312	134,762	141,528
Zoo Admissions	124,594	121,404	120,169	129,710	119,267	108,435	107,947	106,612	89,459	81,085
Aquatic center usage	108,885	112,623	117,337	121,422	117,112	118,286	111,378	105,068	98,917	105,665
Total program participants	24,026	23,429	30,739	39,377	36,812	40,522	51,234	36,461	36,055	37,166
Library										
Total items held for circulation	334,311	332,224	334,539	285,812	274,232	272,651	258,552	246,658	229,583	228,104
Annual circulation	1,239,813	1,187,745	1,126,172	1,097,030	944,340	811,053	778,235	700,305	668,520	633,676
Airport										
Enplanements	158,761	144,851	143,550	138,514	151,200	152,407	148,756	139,918	117,354	116,142
Average flights per day	12	12	11	10	13	14	13	17	16	16
Water and sewer										
Average daily consumption in gallons	25,852,459	23,123,288	22,425,000	23,178,000	24,526,000	25,784,000	24,100,000	21,170,000	21,820,000	22,500,000
Monthly residential water rate	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 15.00	\$ 13.00	\$ 13.00	\$ 11.00	\$ 11.00
Average daily sewage treatment in gallons	9,716,046	10,718,244	10,777,019	11,142,663	11,701,000	11,787,000	11,831,000	11,049,000	10,604,000	9,859,000
Monthly residential sewer rates	\$ 21.03	\$ 21.03	\$ 18.95	\$ 18.95	\$ 18.95	\$ 16.50	\$ 16.50	\$ 16.50	\$ 12.50	\$ 12.50
Sanitation										
Total cubic yards of Refuse collected	266,194	269,907	308,296	321,883	301,174	310,996	327,845	266,683	213,000	286,685
Monthly residential rate	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 7.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50
Electric										
Average daily usage in kwh	1,886,463	1,906,637	1,904,978	1,912,749	1,943,896	1,898,308	1,865,943	1,783,821	1,697,980	1,679,091
Residential rate per kwh	\$ 0.060	\$ 0.057	\$ 0.054	\$ 0.054	\$ 0.054	\$ 0.055	\$ 0.058	\$ 0.060	\$ 0.064	\$ 0.064
Average Mwh generated per hour (1)	38.7	30.3	28.2	26.3	26.4	29.7	30.2	25.3	24.1	24.6

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
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	109	109	110	111	108	107	102	100	101	99
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Fire Trucks	17	17	17	16	16	16	16	15	15	15
Street (Miles)	284	284	280	284	284	270	261	258	256	251
Parks and recreation										
Parks	52	52	52	52	52	52	52	52	52	51
Acres	1,844	1,844	1,844	1,842	1,826	1,801	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	29	29	25	21	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)	311	311	309	308	306	302	301	299	298	258
Fire hydrants	2,052	2,052	2,048	2,031	2,023	1,984	1,890	1,878	1,835	1,803
Wells	19	19	19	19	19	19	18	18	18	17
Sewer										
Sanitary sewer (miles)	266	266	276	273	266	257	246	243	241	236
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	20	19	19	19	17	17	17	17	17	17
Electric										
Transmission lines (miles)	37	37	37	37	37	38	38	38	38	38
Distribution lines (miles)	410	410	414	414	408	401	360	352	337	330
Hydro generating plants	4	4	4	4	4	4	4	4	4	4
Street lights	4,519	4,527	4,523	4,383	4,027	3,782	4,220	4,190	4,050	4,023
Traffic signals	50	51	51	53	48	46	47	46	43	43

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, 2012**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Cash Basis Revenues
U.S. Department of Housing and Urban Development Direct Programs: Community Development Block Grant	14.218		\$ 382,148	\$ 382,148
U.S. Department of Interior Pass-through Idaho Historical Society Historical Preservation Fund Grant	15.904	16-11-31919	8,000	\$ 8,000
U.S. Department of Justice Pass-through Idaho Department of Juvenile Corrections Enforcing Underage Drinking Laws	16.607	2010AHFX0084	\$ 1,497	\$ 1,497
U.S. Department of Transportation Direct Programs: * Airport Improvement Program	20.106	3-16-0018-35 3-16-0018-36	8,122 1,946,753	\$ 8,122 1,728,628
			\$ 1,954,875	\$ 1,736,750
Pass-through Idaho Dept of Transportation: * Highway Planning and Construction	20.205	A010 (660) A011 (193) A011 (201)	\$ 8,490 97,083 23,638	\$ 8,490 97,083 23,638
			\$ 129,211	\$ 129,211
State and Highway Safety	20.600	PT-2011-01-00-00 OP-2012-01-00-00	\$ 4,000 5,000	\$ 4,000 5,000
			9,000	\$ 9,000
Alcohol Traffic Safety & Drunk Driving Prevention	20.601	K8-2011-01-00-00	\$ 821	\$ 821
Pass-through Idaho Military Division: Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HMHMP0245110100	\$ 35,008	\$ 8,577
Total Department of Transportation			\$ 2,128,915	\$ 1,884,359

**CITY OF IDAHO FALLS, IDAHO**  
**Schedule of Expenditures of Federal Awards (continued)**  
**Year Ended September 30, 2012**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Cash Basis Revenues
National Endowment for Humanities Pass-through Idaho Commission for Libraries State Library Program	45.310	LS-0011001311	\$ 900	\$ 900
U.S. Department of Energy Direct Programs: Electric Delivery and Energy Reliability, Research, Development and Analysis	81.122		\$ 1,970,850	\$ 1,970,850
U.S. Department of Health and Human Services Direct Programs: Early Retiree Reinsurance Program	93.546		12,116	\$ 12,116
U.S. Department of Homeland Security Pass-through Idaho State Military Division Homeland Security Grant	97.067	2009SST90014 2008GET80044 2010SST00088	\$ 95,275 10,500 23,215	\$ 95,275 10,500 23,215
			\$ 128,990	\$ 128,990
Total Federal Assistance			\$ 4,633,416	\$ 4,388,860

\* 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, 2012 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, 2012, which collectively comprise the City of Idaho Falls, Idaho's basic financial statements and have issued our report thereon dated January 31, 2013. Other auditors audited the financial statements of the Electric Light Fund, as described in our report on the City of Idaho Falls, Idaho's financial statements. The financial statements of the Electric Light Fund were not audited in accordance with *Government Auditing Standards*. 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**

Management of the City of Idaho Falls, Idaho is responsible for establishing and maintaining effective 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.

January 31, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND PASSENGER FACILITY CHARGE 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 *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 (PFC) Audit Guide for Public Agencies, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended September 30, 2012. 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 compliance 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, 2012.

## **Internal Control Over Compliance**

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, 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.

January 31, 2013

**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, 2012, and have issued our report thereon dated January 31, 2013. 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, 2012, 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.

January 31, 2013

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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, 2012**

	<b>Passenger Facility Charges Collected</b>	<b>Passenger Facility Charges Expended</b>
PFC Charges Collected and Expended for the Current Year	\$ 613,420	\$ 613,420
PFC Charges Collected and Expended in Prior Years	7,755,680	7,755,680
Total PFC Charges to Date	<u>\$ 8,369,100</u>	8,369,100
PFC Interest Earned to Date		27,394
Actual PFC Related Expenditures to Date		<u>(11,270,462)</u>
Ending Balance Unliquidated PFC Revenue Account (PFC Expended to Date, Plus Interest Less Actual Expenditures to Date)		<u>\$ (2,873,968)</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, 2012**

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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 of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

**CITY OF IDAHO FALLS, IDAHO**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended September 30, 2012**

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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
20.106	Airport Improvement Program
20.205	Highway Planning and Construction

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