

**CITY OF
IDAHO FALLS, IDAHO**



**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDED
SEPTEMBER 30, 2013

CITY OF IDAHO FALLS, IDAHO
Comprehensive Annual Financial Report
For the fiscal year ended September 30, 2013

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, 2013

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INTRODUCTORY SECTION



City of Idaho Falls

CONTROLLER'S OFFICE

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

February 18, 2014

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, 2013 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 information, 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, 2013, 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, 2013, 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 regional medical center hospital, medical specialties and services are concentrated in Idaho Falls.

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.

The state and federal offices in Idaho Falls also serve the Idaho portion of this area. The City is also the County seat. 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.

Because of its location in a region with a varied economic base, unemployment has been relatively stable. Currently the City is experiencing slow but steady economic growth. Within the past ten years, the unemployment rate has reached a high of 7.0 percent in the year (2011) to a low of 2.4 percent in the year (2007). The unemployment rate at the end of fiscal year 2013 was 5.9 percent which reflects a recovery of the job market in this Idaho Falls metropolitan area. Idaho Falls continues to experience

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 (46.7 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 (25 percent) of O&M expenses in reserve. The City is in a stable financial condition.

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 widening of 25th East from Sunnyside to 49th South, the reconstruction of Woodruff Avenue from Caribou Street to Meppen Canal, continued improvements within Ryder Park, a splash park, and a new downtown fire Station or reconstruction of the bay area in existing building. Funding options are being considered and are not set at this time. The City is continuing to improve the 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 online sales tax collection, highway funding, road maintenance, and local option taxation. The state's focus for the upcoming legislature session is education, health care, and prisons. In the 2013 legislative session the State enacted a personal property tax exemption with a one-time calculation of replacement money from the State's ongoing funds.

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, 2012. This was the twenty fourth 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



Government Finance Officers Association

**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, 2012

Executive Director/CEO

City of Idaho Falls

Principal Officials

September 30, 2013

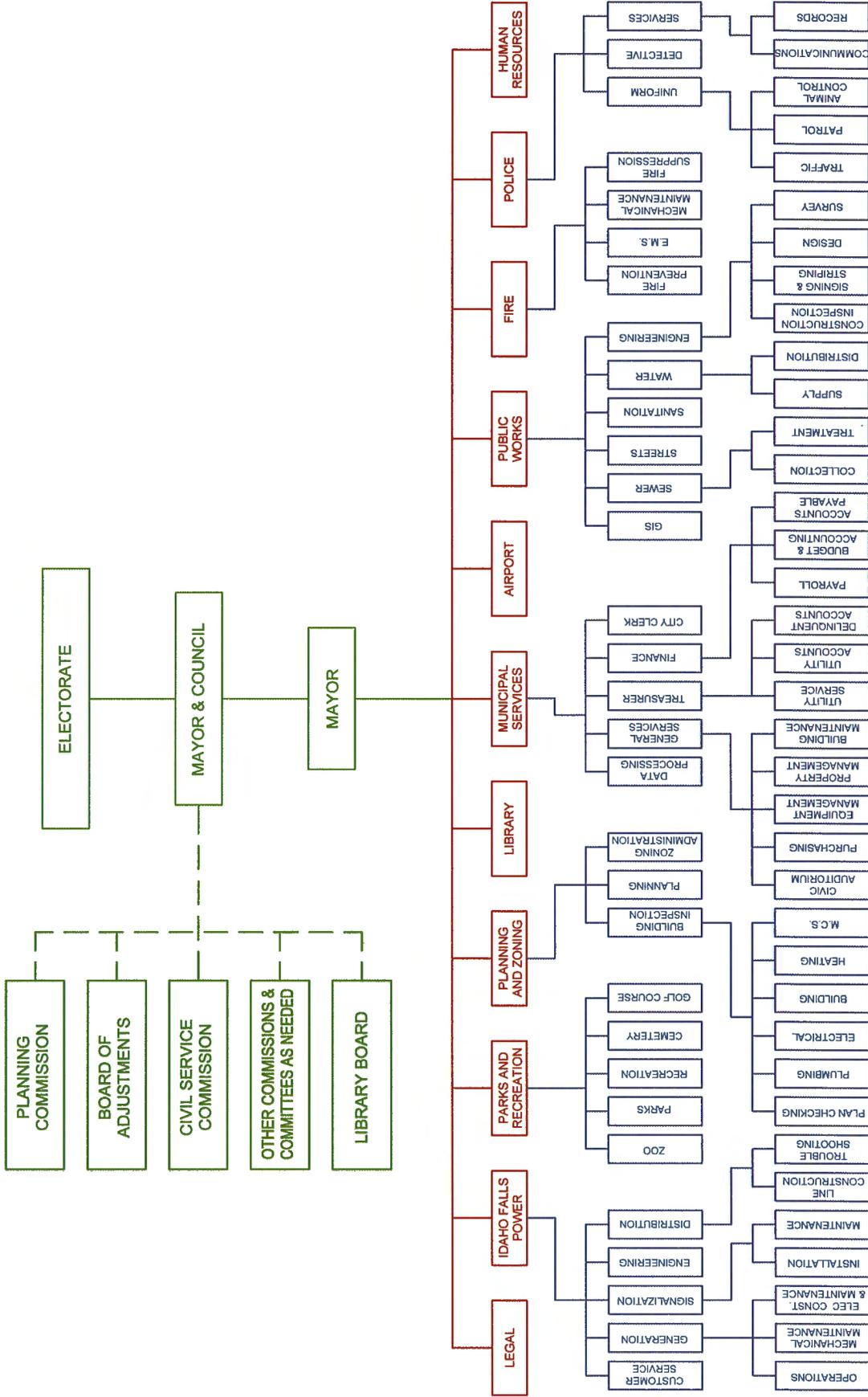
City Council

Jared Fuhriman	Mayor
Sharon Parry	Council Member (Seat 1)
Ken Taylor	Council Member (Seat 2)
Thomas Hally	Council Member (Seat 3)
Ida Hardcastle	Council Member (Seat 4)/Mayor Pro Tem
Michael Lehto	Council Member (Seat 5)
Karen Cornwell	Council Member (Seat 6)

Other Principal Officers

April Collier	Human Resources Director
Craig Davis	Airport Director
Dean Ellis	Fire Chief
Randall Fife	City Attorney
Jackie Flowers	Electric Light Director
Chris Fredericksen	Public Works Director
S. Craig Lords	Municipal Services Director
Renee Magee	Planning & Zoning Director
Mark McBride	Police Chief
Greg Weitzel	Parks & Recreation Director
Robert Wright	Library Director

CITY OF IDAHO FALLS ORGANIZATION



DATE: 7-18-13

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the City of Idaho Falls, Idaho's Electric Light Fund, which is both a major fund and 48%, 47% and 67%, respectively, of the assets, net position, and revenues of the business-type activities.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Idaho Falls, Idaho's Electric Light Fund, which represents 48%, 47% and 67%, respectively, of assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Electric Light Fund, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the 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, including passenger facility charges quarterly reports, of the City of Idaho Falls, Idaho, as of September 30, 2013, 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 10-19 and 23 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Idaho Falls, Idaho's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the budgetary comparison schedules and statistical section, are presented for purposes of

additional analysis and are not a required part of the financial statements. The accompanying schedule of passenger facility charges collected and expended is presented for purposes of additional analysis as specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, and is not a required part of the general purpose 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 States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

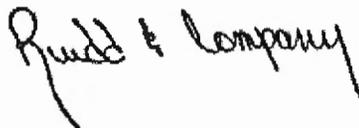
The combining and individual nonmajor fund financial statements, the budgetary comparison schedules, the schedule of passenger facility charges collected and expended and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2014, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Idaho Falls, Idaho's internal control over financial reporting and compliance.

Idaho Falls, Idaho
February 14, 2014



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, 2013. 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, 2013 by \$412,819,659 (net position). Of this amount, \$108,218,999 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$11,845,544 as a result of this year's operations. The governmental net position decreased by \$122,270 and the business-type net position increased by \$11,967,814.
- At September 30, 2013, the City's governmental activities reported combined ending net position of \$125,903,714, a decrease of \$122,270 in comparison with the prior year. Approximately 21.9 percent of this amount, \$27,630,490, is available for spending at the City's discretion.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$24,056,972 or 67.5 percent of the total general fund expenditures.
- Total liabilities of the City increased by \$1,627,554, which represents a 6.0 percent increase from 2012 this is resulting from the net of an increase due to a loan payable to the State to upgrade the solid waste water treatment plant that is in progress and a decrease in paying down of existing electrical system bond debt.

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 position presents information on all of the City's assets and liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 (e.g., uncollected taxes and earned but unused vacation leave).

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 and 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 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 position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$412,819,659 at September 30, 2013.

By far the largest portion of the City's net position (73.4 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 Position

	Governmental Activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 37,717,592	\$ 37,929,728	\$ 99,725,152	\$ 91,929,173	\$137,442,744	\$129,858,901
Capital assets	97,567,088	95,709,742	206,729,447	202,697,538	304,296,535	298,407,280
Total assets	135,284,680	133,639,470	306,454,599	288,183,623	441,739,279	428,266,181
Long-term liabilities outstanding	7,154,673	5,517,631	11,744,320	16,393,515	18,898,993	21,911,146
Other liabilities	2,226,293	2,095,855	7,794,334	3,285,065	10,020,627	5,380,920
Total liabilities	9,380,966	7,613,486	19,538,654	19,678,580	28,919,620	27,292,066
Net position:						
Net investment in capital assets	97,567,088	95,709,742	201,808,949	199,684,300	299,376,037	295,394,042
Restricted	706,136	842,205	984,291	-	1,690,427	842,205
Unrestricted	27,630,490	29,474,037	84,122,705	75,263,831	111,753,195	104,737,868
Total net position	\$125,903,714	\$126,025,984	\$286,915,945	\$274,948,131	\$412,819,659	\$400,974,115

An additional portion of the City's net position (.41 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net

position (\$108,218,999) 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 position, 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 position of the City as a whole increased \$11,845,544 (2.9 percent) from \$400,974,115 at September 30, 2012 to \$412,819,659 at September 30, 2013. Governmental activities decreased \$122,270 (.1 percent) than the prior year while the business-type activities increased \$11,967,814 (4.4 percent) over the same period.

City of Idaho Falls' Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 9,070,639	\$ 8,060,523	\$ 84,057,129	\$ 82,445,956	\$ 93,127,768	\$ 90,506,479
Operating grants and contributions	793,995	899,502	1,844,770	2,602,918	2,638,765	3,502,420
Capital grants and contributions	2,691,780	1,715,285	3,315,084	4,058,705	6,006,864	5,773,990
General revenues:						
Property taxes	26,953,991	26,921,152			26,953,991	26,921,152
Other taxes	7,520,994	7,316,190			7,520,994	7,316,190
Other	912,978	950,568	464,907	498,615	1,377,885	1,449,183
Total revenues	47,944,377	45,863,220	89,681,890	89,606,194	137,626,267	135,469,414
Expenses:						
General government	7,129,490	5,571,014			7,129,490	5,571,014
Public safety	22,682,037	22,081,589			22,682,037	22,081,589
Streets	7,853,983	8,277,596			7,853,983	8,277,596
Culture and recreation	12,268,230	11,307,979			12,268,230	11,307,979
Public works	2,024,618	1,340,331			2,024,618	1,340,331
Airport			5,174,645	5,072,814	5,174,645	5,072,814
Water and sewer			14,592,349	14,523,810	14,592,349	14,523,810
Sanitation			3,539,347	3,395,367	3,539,347	3,395,367
Ambulance			3,567,676	3,393,378	3,567,676	3,393,378
Electric			46,948,348	46,135,051	46,948,348	46,135,051
Total expenses	51,958,358	48,578,509	73,822,365	72,520,420	125,780,723	121,098,929
Increase (decrease) in net position before transfers	(4,013,981)	(2,715,289)	15,859,525	17,085,774	11,845,544	14,370,485
Transfer	3,891,711	3,824,149	(3,891,711)	(3,824,149)		
Increase (decrease) in net position	(122,270)	1,108,860	11,967,814	13,261,625	11,845,544	14,370,485
Net position – beginning	126,025,984	124,917,124	274,948,131	261,686,506	400,974,115	386,603,630
Net position – ending	\$125,903,714	\$126,025,984	\$286,915,945	\$274,948,131	\$412,819,659	\$400,974,115

Governmental activities. During the current fiscal year, net position for governmental activities decreased \$122,270 from the prior year for an ending balance of \$125,903,714. Key elements of this decrease are as follows:

- The tax amount that was levied for the year remained the same as the prior year. Property taxes collected increased slightly by \$32,839 (.1 percent) during the year. This is due to increased tax collections by the County.
- Operating grants decreased by \$105,507, mostly as a result of timing of projects and reimbursements of funding from the Community Development Block Grant (CDBG) a federal grant.
- Capital grants increased by \$976,495, mostly as a result of money received from the Redevelopment Agency for the Memorial Drive reconstruction.

Governmental activity expenses increased \$3,379,849 (7.0 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 \$1,000,000 to be transferred from the general fund for street overlays and other expenses in the next fiscal year. The general fund also transferred \$254,000 to the golf fund.

Business-type activities. Business-type activities increased the City's net position by \$11,967,814, accounting for 100 percent of the total growth in the government's net position. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$1,611,173 (2.0 percent). The water and sewer fund accounts for a significant portion of this increase, with an increase of \$1,376,756 over the prior year. The ambulance fund also showed an increase in charges for services of \$771,919 over the prior year.
- Business-type activity expenses increased by \$1,301,945 (1.8 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 \$661,211 under this grant.
- The airport fund, water and sewer fund, and the electric fund had contributed capital during the year with a \$3,256,496 value.
- Debt and accrued interest were reduced \$6,910,377.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The City uses governmental funds to provide information on near-term inflows, outflows, 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 discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

As of September 30, 2013, the City's governmental funds reported combined ending fund balances of \$32,612,763, a decrease of \$1,830,401 in comparison with the prior year. Approximately 51 percent of this total amount, \$16,630,071 constitutes unassigned fund balance which is available for spending at the City's discretion. The remainder of fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$688,926), 2) restricted for particular purposes (\$706,136), 3) committed for particular purposes (\$7,765,694), or 4) assigned for particular purposes (\$6,821,936).

The general fund is the chief operating fund of the City. At September 30, 2013, unassigned fund balance of the general fund was \$16,630,071, while total fund balance increased to \$24,649,643. 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 general fund expenditure. Unassigned fund balance represent 46.7 percent of total general fund expenditure, while total fund balance represents 69.2 percent of that same amount.

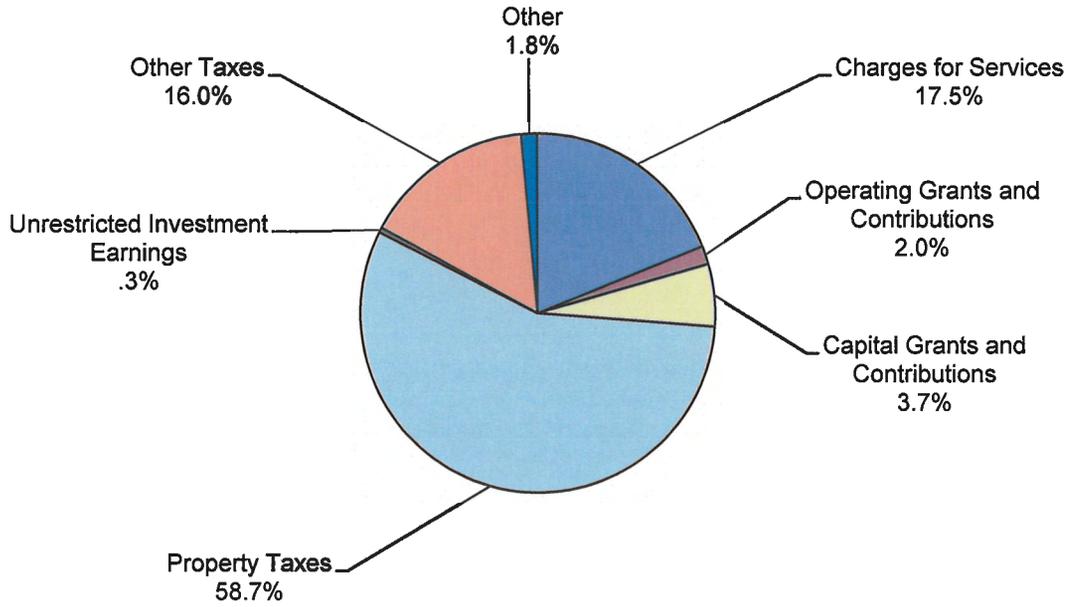
The fund balance of the City's general fund increased by \$1,716,671 during the current fiscal year. The key factors in this are as follows:

- \$525,000 was budgeted and set aside for snow removal but was not expended due to the mild winter climate.
- \$250,000 that was budgeted and set aside for employee cost of living adjustment was not expended.
- Revenues increased slightly by \$44,346 as compared to the prior year.
- Expenditures decreased by \$491,682 as compared to the prior year. There were increases in culture and recreation and public works expenses that were offset by decreased expenditures in general government and public safety.

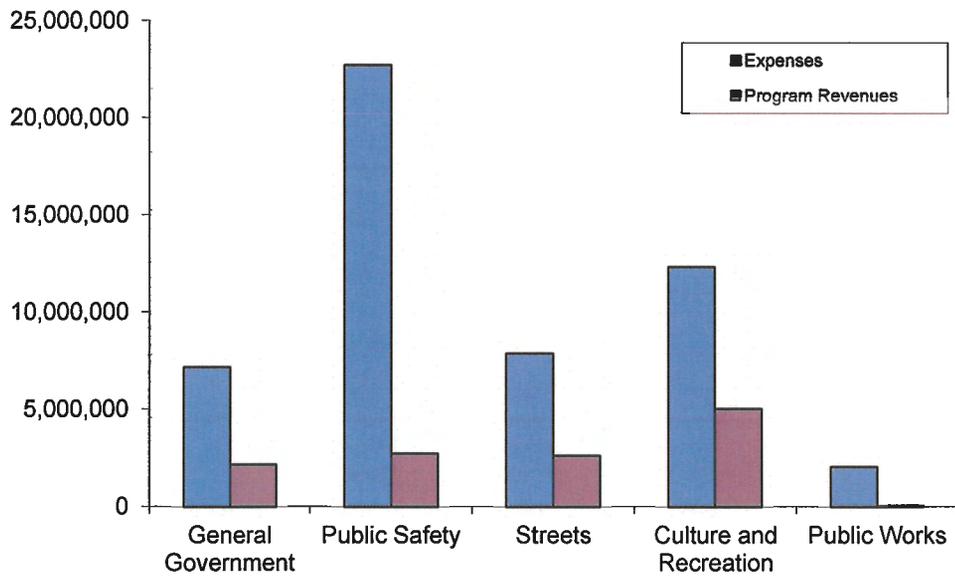
Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of all the proprietary funds at September 30, 2013 amounted to \$80,555,929. Of that total electric operation amounted to \$46,606,894 or 57.9 percent. The total increase in net position for the funds was \$11,962,911 compared to the prior year unrestricted net position. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

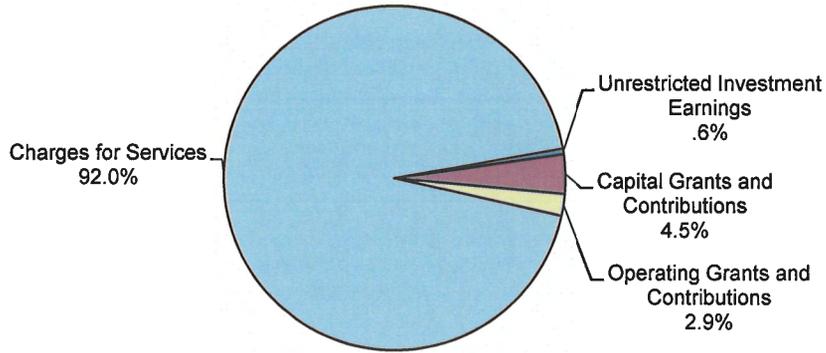
2013 Revenues by Source - Governmental Activities



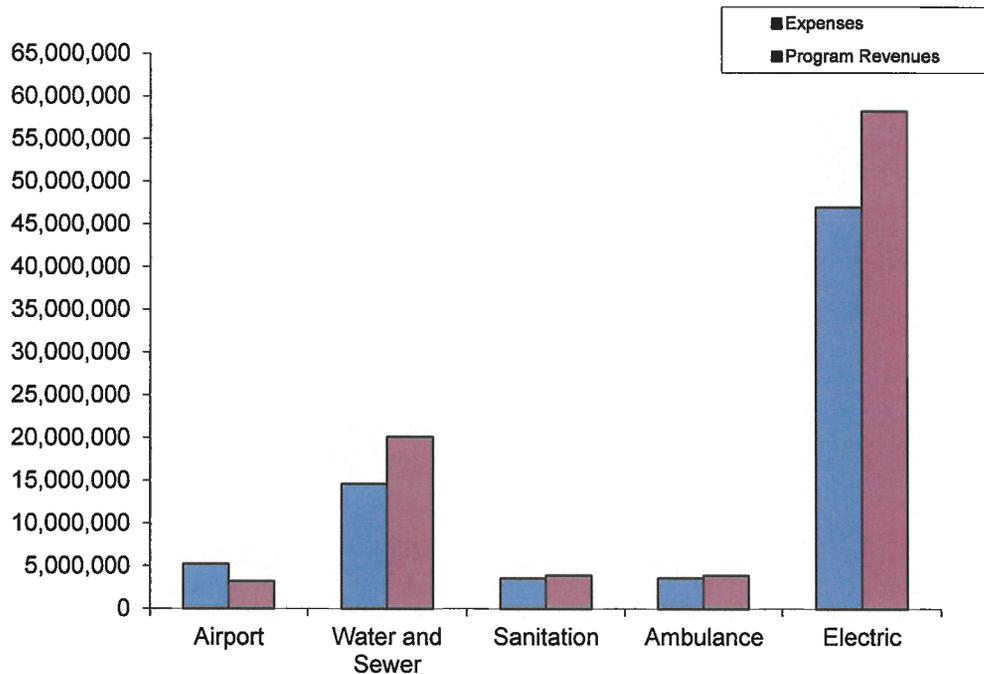
2013 Expenses and Program Revenues - Governmental Activities



2013 Revenues by Source - Business-type Activities



2013 Expenses and Program Revenues - Business-type Activities



General Fund Budgetary Highlights. The City did not amend the 2013 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 \$262,049 mainly due to increase in building permits, interest earned, and unexpected miscellaneous revenues.
- General government administrative expenses were \$2,300,360 less than budgeted due to prior year encumbrance carryover, stabilization of fuel and maintenance costs.
- A few budgeted capital projects were not started by the end of the budget year.
- 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, 2013 amounts to \$304,296,535 (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 \$6,212,447 in governmental assets for improvements including parks, existing building upgrades, equipment replacement, and downtown parking.
- The water and sewer fund spent \$10,099,900 for new water lines, sewer lines, replacement of existing lines and continued construction of the \$20,000,000 project to upgrade the sewer treatment plant.
- The electric fund added \$10,223,591 in capital for transmission, distribution, smart grid, generation, and fiber optics.
- The Memorial Drive reconstruction project began last fiscal year (2012) and was complete at the end of this fiscal year.

City of Idaho Falls' Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$15,488,798	\$15,601,829	\$ 7,009,786	\$ 6,919,531	\$ 22,498,584	\$ 22,521,360
Infrastructure	86,837,034	82,622,969	-	-	86,837,034	82,622,969
Buildings and improvements	43,446,773	43,340,089	363,071,875	355,979,650	406,518,648	399,319,739
Machinery and equipment	19,603,402	19,265,261	31,253,345	30,170,966	50,856,747	49,436,227
Construction in progress	4,861,636	2,392,727	17,277,925	9,417,877	22,139,561	11,810,604
Accumulated depreciation	(72,670,555)	(67,513,133)	(211,883,484)	(199,790,486)	(284,554,039)	(267,303,619)
Total	\$97,567,088	\$95,709,742	\$206,729,447	\$202,697,538	\$304,296,535	\$298,407,280

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, 2013, the City had \$13,039,751 in business-type debt outstanding compared to \$16,393,515 last year, a 31.2 percent decrease.

City of Idaho Falls' Outstanding Business-type Debt		
	2013	2012
General obligations-zero coupon bonds	\$1,514,518	\$3,208,233
State of Idaho DEQ note	3,534,196	0
Compensated absences	2,294,717	2,303,772
Total	<u>\$7,343,431</u>	<u>\$5,512,005</u>

The general obligation bonds are zero coupon bonds. The bonds were sold at a discount with the interest accruing until the bond is callable.

The State of Idaho note is a wastewater treatment facility loan for design and construction. Note proceeds are not payable until construction is completed.

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 remains the same as reported last year at 5.9 percent. This compares favorably to the state's average unemployment rate of 6.0 percent.
- Inflationary trends for the City are about the same as the national level.
- Interest rates are expected to remain at low levels throughout fiscal year 2013-2014.
- The City compares favorably with the mountain west region in economic growth. Revenues from building permits increased the prior year significantly and remain constant this year. The economic outlook remains optimistic with a slow upward trend.
- There have been slight declines in taxable assessed property value during the last two years. It is expected that the assessed values will remain flat in the near future and that this will continue to be a constraint in raising new revenue through property taxes.

These factors and many others were considered in preparing the City's budget for the 2014 fiscal year.

The general fund ended the current year with an unassigned fund balance of \$16,630,071. The City has not appropriated any of this unassigned fund balance for spending in the 2014 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 Position
September 30, 2013**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Redevelopment Agency
ASSETS				
Cash and cash equivalents	\$ 7,406,172	\$ 16,212,922	\$ 23,619,094	\$ 893,985
Investments	25,391,599	62,995,681	88,387,280	4,510,916
Receivables (net of allowance for uncollectables)	2,506,431	10,306,592	12,813,023	203,685
Internal balances	(30,870)	30,870	-	-
Due from other governments	1,755,334	1,141,484	2,896,818	-
Inventories	688,926	4,905,754	5,594,680	-
Amortized bond issuance costs	-	128,216	128,216	-
Restricted assets:				
Cash and cash equivalents	-	4,003,633	4,003,633	-
Capital assets (net of accumulated depreciation):				
Land	15,488,798	7,009,786	22,498,584	-
Infrastructure	86,837,034	-	86,837,034	-
Buildings and improvements	43,446,773	363,071,875	406,518,648	-
Machinery and equipment	19,603,402	31,253,345	50,856,747	-
Construction work in progress	4,861,636	17,277,925	22,139,561	-
Accumulated depreciation	(72,670,555)	(211,883,484)	(284,554,039)	-
Total assets	<u>135,284,680</u>	<u>306,454,599</u>	<u>441,739,279</u>	<u>5,608,586</u>
LIABILITIES				
Accounts payable	2,503,729	6,070,531	8,574,260	155,490
Contracts payable	10,000	-	10,000	-
Accrued wages payable	942,906	428,372	1,371,278	-
Security deposits	284,025	-	284,025	-
Accrued interest payable from restricted assets	-	-	-	1,156,161
Noncurrent liabilities:				
Due within one year	3,414,013	5,245,417	8,659,430	-
Due in more than one year	1,904,246	7,670,946	9,575,192	11,990,216
Net other postemployment benefits obligation	322,047	123,388	445,435	-
Total liabilities	<u>9,380,966</u>	<u>19,538,654</u>	<u>28,919,620</u>	<u>13,301,867</u>
NET POSITION				
Net investment in capital assets	97,567,088	201,808,949	299,376,037	-
Restricted for:				
Debt service	-	984,291	984,291	-
Conservation program	706,136	-	706,136	-
Unrestricted	27,630,490	84,122,705	111,753,195	(7,693,281)
Total net position (deficit)	<u>\$ 125,903,714</u>	<u>\$ 286,915,945</u>	<u>\$ 412,819,659</u>	<u>\$ (7,693,281)</u>

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, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position			Component Unit Redevelopment Agency
	Expenses	Operating		Capital Grants and Contributions	Primary Government Business-type Activities		Total	
		Charges for Services	Grants and Contributions		Governmental Activities	Business-type Activities		
Primary Government:								
Government activities:								
General government	\$ 7,129,490	\$ 1,535,438	\$ 618,065	\$ -	\$ (4,975,987)	\$ (4,975,987)		
Public safety	22,682,037	2,643,553	88,148	-	(19,950,336)	(19,950,336)		
Streets	7,853,983	-	-	2,619,290	(5,234,693)	(5,234,693)		
Culture and recreation	12,268,230	4,844,210	87,782	72,490	(7,263,748)	(7,263,748)		
Public works	2,024,618	47,438	-	-	(1,977,180)	(1,977,180)		
Total governmental activities	51,958,358	9,070,639	793,995	2,691,780	(39,401,944)	(39,401,944)		
Business-type activities:								
Airport	5,174,645	1,912,135	97,610	1,172,316	\$ (1,992,584)	(1,992,584)		
Water and sewer	14,592,349	19,678,984	-	412,949	5,499,584	5,499,584		
Sanitation	3,539,347	3,895,506	-	-	356,159	356,159		
Ambulance	3,567,676	2,137,635	1,747,160	-	317,119	317,119		
Electric	46,948,348	56,432,869	-	1,729,819	11,214,340	11,214,340		
Total business-type activities	73,822,365	84,057,129	1,844,770	3,315,084	15,394,618	15,394,618		
Total primary government	\$ 125,780,723	\$ 93,127,768	\$ 2,638,765	\$ 6,006,864	(39,401,944)	(24,007,326)		
Component unit:								
Redevelopment agency	\$ 3,072,158	\$ -	\$ -	\$ -	\$ (3,072,158)	(3,072,158)		
Total component unit	\$ 3,072,158	\$ -	\$ -	\$ -	\$ (3,072,158)	(3,072,158)		
General revenues:								
Property taxes					26,953,991	26,953,991		2,371,587
Unrestricted sales tax and revenue sharing					6,187,664	6,187,664		-
Franchise taxes					676,897	676,897		-
Alcoholic beverage taxes					656,433	656,433		-
Unrestricted investment earnings					219,289	464,907	684,196	7,597
Miscellaneous revenues					693,689	693,689		30,912
Transfers					3,891,711	(3,891,711)		-
Total general revenues and transfers					39,279,674	(3,426,804)	35,852,870	2,410,096
Change in net position					(122,270)	11,967,814	11,845,544	(662,062)
Net position (deficit)-beginning					126,025,984	274,948,131	400,974,115	(7,031,219)
Net position (deficit)-ending					\$ 125,903,714	\$ 286,915,945	\$ 412,819,659	\$ (7,693,281)

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

**City of Idaho Falls
Balance Sheet
Governmental Funds
September 30, 2013**

	<u>General</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 4,764,358	\$ 1,877,953	\$ 6,642,311
Investments	19,639,234	5,752,365	25,391,599
Receivables	1,594,873	882,274	2,477,147
Due from other funds	3,009	-	3,009
Due from other governments	922,416	832,918	1,755,334
Inventory	592,671	96,255	688,926
Total assets	<u>\$ 27,516,561</u>	<u>\$ 9,441,765</u>	<u>\$ 36,958,326</u>
LIABILITIES			
Accounts payable	\$ 631,977	\$ 1,201,682	\$ 1,833,659
Contracts payable	-	10,000	10,000
Accrued wages	819,201	123,706	942,907
Due to other funds	-	1,299	1,299
Security deposits	284,025	-	284,025
Total liabilities	<u>1,735,203</u>	<u>1,336,687</u>	<u>3,071,890</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	1,131,715	141,958	1,273,673
Total deferred inflows of resources	<u>1,131,715</u>	<u>141,958</u>	<u>1,273,673</u>
FUND BALANCES			
Nonspendable	592,671	96,255	688,926
Restricted	-	706,136	706,136
Committed	4,330,726	3,434,968	7,765,694
Assigned	3,096,175	3,725,761	6,821,936
Unassigned	16,630,071	-	16,630,071
Total fund balances	<u>24,649,643</u>	<u>7,963,120</u>	<u>32,612,763</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 27,516,561</u>	<u>\$ 9,441,765</u>	<u>\$ 36,958,326</u>

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

Total fund balances - governmental funds	\$ 32,612,763
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	97,567,088
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	1,273,673
Internal service funds are used by management to charge the costs of workers' compensation to individual funds. The assets and liabilities of the fund are included in governmental activities in the statement of net position.	90,496
Long-term liabilities, including compensated absences and postemployment benefits obligation are not due and payable in the current period, and, therefore, are not reported in the funds.	(5,640,306)
Net position of governmental activities	<u>\$ 125,903,714</u>

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, 2013

	<u>General</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 24,753,288	\$ 2,909,540	\$ 27,662,828
Licenses and permits	685,216	-	685,216
Intergovernmental	5,966,671	6,030,961	11,997,632
Charges for services	958,836	3,869,589	4,828,425
Fines	447,801	107,879	555,680
Interest	197,781	21,508	219,289
Miscellaneous	887,784	437,973	1,325,757
Total revenues	<u>33,897,377</u>	<u>13,377,450</u>	<u>47,274,827</u>
EXPENDITURES			
Current:			
General government	6,511,022	335,911	6,846,933
Public safety	22,030,673	-	22,030,673
Streets	-	4,575,815	4,575,815
Culture & recreation	5,418,860	6,532,771	11,951,631
Public works	1,653,690	-	1,653,690
Capital outlay	-	5,938,197	5,938,197
Total expenditures	<u>35,614,245</u>	<u>17,382,694</u>	<u>52,996,939</u>
Excess (deficiency) of revenues over expenditures	<u>(1,716,868)</u>	<u>(4,005,244)</u>	<u>(5,722,112)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,279,924	4,953,815	9,233,739
Transfers out	(846,385)	(4,495,643)	(5,342,028)
Total other financing sources (uses)	<u>3,433,539</u>	<u>458,172</u>	<u>3,891,711</u>
Net change in fund balances	1,716,671	(3,547,072)	(1,830,401)
Fund balances, beginning	22,932,972	11,510,192	34,443,164
Fund balances, ending	<u>\$ 24,649,643</u>	<u>\$ 7,963,120</u>	<u>\$ 32,612,763</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, 2013**

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

Net change in fund balances-total governmental funds	\$ (1,830,401.00)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,270,059
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(37,630)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	(412,713)
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).	(122,675)
Internal service funds are used by management to charge the costs of workers' compensation claims to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	11,090
Change in net position of governmental activities	\$ (122,270)

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, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 24,865,452	\$ 24,725,916	\$ (139,536)
Licenses and permits	530,800	685,216	154,416
Intergovernmental	6,033,625	5,913,346	(120,279)
Charges for services	860,150	972,478	112,328
Fines	500,664	447,801	(52,863)
Interest	100,000	180,103	80,103
Miscellaneous	619,548	847,428	227,880
Total revenues	<u>33,510,239</u>	<u>33,772,288</u>	<u>262,049</u>
EXPENDITURES			
Current:			
General government	8,692,637	6,392,277	2,300,360
Public safety	21,664,903	21,671,757	(6,854)
Culture and recreation	5,502,811	5,239,683	263,128
Public works	1,929,424	1,530,299	399,125
Total expenditures	<u>37,789,775</u>	<u>34,834,016</u>	<u>2,955,759</u>
Excess (deficiency) of revenues over expenditures	<u>(4,279,536)</u>	<u>(1,061,728)</u>	<u>3,217,808</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,235,319	4,279,924	44,605
Transfers out	(907,180)	(1,907,190)	(1,000,010)
Total other financing sources (uses)	<u>3,328,139</u>	<u>2,372,734</u>	<u>(955,405)</u>
Net change in fund balances	(951,397)	1,311,006	2,262,403
Fund balance, beginning	<u>22,932,972</u>	<u>22,932,972</u>	<u>-</u>
Fund balance, ending	<u>\$ 21,981,575</u>	<u>\$ 24,243,978</u>	<u>\$ 2,262,403</u>

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

City of Idaho Falls
Statement of Net Position
Proprietary Funds
September 30, 2013

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Airport	Water & Sewer	Sanitation	Ambulance	Electric	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,048,467	\$ 7,892,960	\$ 410,297	\$ 173,872	\$ 6,687,326	\$ 16,212,922
Investments	2,671,685	21,283,485	1,795,200	342,564	36,902,747	62,995,681
Receivables (net of allowance for uncollectibles):						
Utility & accounts	65,960	1,953,563	391,660	1,201,244	6,483,030	10,095,457
Interest	842	40,183	341	101	169,668	211,135
Due from other governments	1,141,484	-	-	-	-	1,141,484
Inventory	-	1,348,246	-	-	3,557,508	4,905,754
Restricted cash and cash equivalents	-	-	-	-	1,903,298	1,903,298
Total current assets	<u>4,928,438</u>	<u>32,518,437</u>	<u>2,597,498</u>	<u>1,717,781</u>	<u>55,703,577</u>	<u>97,465,731</u>
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	-	-	-	-	2,100,335	2,100,335
Amortized bond issuance costs	-	-	-	-	128,216	128,216
Capital assets:						
Land	2,615,359	1,772,716	-	-	2,621,711	7,009,786
Buildings	14,335,391	2,379,090	430,756	107,537	4,503,582	21,756,356
Improvements other than buildings	50,277,843	107,714,748	39,385	-	183,283,543	341,315,519
Machinery & equipment	3,584,748	14,510,191	5,101,520	2,469,321	5,587,565	31,253,345
Construction work in progress	1,198,485	8,042,596	-	-	8,036,844	17,277,925
Less accumulated depreciation	(32,988,898)	(58,804,167)	(3,609,331)	(1,687,552)	(114,793,536)	(211,883,484)
Total capital assets (net of accumulated depreciation)	<u>39,022,928</u>	<u>75,615,174</u>	<u>1,962,330</u>	<u>889,306</u>	<u>89,239,709</u>	<u>206,729,447</u>
Total noncurrent assets	<u>39,022,928</u>	<u>75,615,174</u>	<u>1,962,330</u>	<u>889,306</u>	<u>91,468,260</u>	<u>208,957,998</u>
Total assets	<u>\$ 43,951,366</u>	<u>\$ 108,133,611</u>	<u>\$ 4,559,828</u>	<u>\$ 2,607,087</u>	<u>\$ 147,171,837</u>	<u>\$ 306,423,729</u>

Business-type Activities-Enterprise Funds

	Airport	Water & Sewer	Sanitation	Ambulance	Electric	Total	Governmental Activities- Internal Service Funds
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 345,599	\$ 2,234,698	\$ 8,731	\$ 16,831	\$ 3,464,672	\$ 6,070,531	\$ 670,070
Accrued wages	22,052	90,765	49,168	75,122	191,265	428,372	-
Due to other funds	494	268	-	665	283	1,710	-
Compensated absences	74,378	296,866	117,240	316,255	635,678	1,440,417	-
Certificates of participation	-	-	-	-	-	-	-
G.O. bonds payable	-	-	-	-	785,658	785,658	-
Accrued interest payable-current	-	-	-	-	3,019,342	3,019,342	-
Total current liabilities	442,523	2,622,597	175,139	408,873	8,096,898	11,746,030	670,070
Noncurrent liabilities:							
Accrued interest-G.O. bonds	-	-	-	-	2,553,590	2,553,590	-
Compensated absences	24,781	228,450	74,758	191,126	335,185	854,300	-
Net other postemployment benefits	11,427	50,222	27,252	21,775	12,712	123,388	-
Loan payable	-	3,534,196	-	-	-	3,534,196	-
G.O. bonds payable	-	-	-	-	728,860	728,860	-
Total noncurrent liabilities	36,208	3,812,868	102,010	212,901	3,630,347	7,794,334	-
Total liabilities	478,731	6,435,465	277,149	621,774	11,727,245	19,540,364	670,070
NET POSITION							
Net investment in capital assets	39,022,928	72,080,978	1,962,330	889,306	87,853,407	201,808,949	-
Restricted for debt service	-	-	-	-	984,291	984,291	-
Unrestricted	4,449,707	29,617,168	2,320,349	1,096,007	46,606,894	84,090,125	123,076
Total net position	\$ 43,472,635	\$ 101,698,146	\$ 4,282,679	\$ 1,985,313	\$ 135,444,592	286,883,365	\$ 123,076
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						32,580	
Net position of business-type activities						\$ 286,915,945	

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 Position
Proprietary Funds
For the Year Ended September 30, 2013

	Business-type Activities-Enterprise Funds					Governmental Activities-Internal Service Funds
	Airport	Water & Sewer	Sanitation	Ambulance	Electric	
Operating revenues:	\$ 1,912,135	\$ 19,678,984	\$ 3,895,506	\$ 2,137,635	\$ 55,684,091	\$ 83,308,351
Operating expenses:						
Operations and maintenance	2,392,185	10,728,558	3,086,411	3,384,305	40,302,585	59,894,044
Depreciation	2,782,722	3,864,941	453,476	184,108	5,841,575	13,126,822
Total operating expenses	5,174,907	14,593,499	3,539,887	3,568,413	46,144,160	73,020,866
Operating income (loss)	(3,262,772)	5,085,485	355,619	(1,430,778)	9,539,931	10,287,485
Nonoperating revenues (expenses):						
Intergovernmental	97,610	-	-	1,747,160	58,588	1,903,358
Interest income	7,910	126,142	6,448	1,452	322,955	464,907
Other	-	-	-	-	748,778	748,778
Interest expenses	-	-	-	-	(806,402)	-
Total nonoperating revenues (expenses)	105,520	126,142	6,448	1,748,612	323,919	2,310,641
Net income (loss) before contributions and transfers	(3,157,252)	5,211,627	362,067	317,834	9,863,850	12,598,126
Capital contributions	1,172,316	412,949	-	-	1,671,231	3,256,496
Transfers in	590,028	-	-	-	-	590,028
Transfers out	-	(905,189)	(187,869)	-	(3,388,681)	(4,481,739)
Change in net position	(1,394,908)	4,719,387	174,198	317,834	8,146,400	11,962,911
Net position-beginning	44,867,543	96,978,759	4,108,481	1,667,479	127,298,192	107,083
Net position-ending	\$ 43,472,635	\$ 101,698,146	\$ 4,282,679	\$ 1,985,313	\$ 135,444,592	\$ 123,076
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					4,903	
Change in net position of business-type activities					\$ 11,967,814	

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, 2013

Business-type Activities-Enterprise Funds

	Airport	Water & Sewer	Sanitation	Ambulance	Electric	Total	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 2,465,260	\$ 18,124,887	\$ 3,693,024	\$ 1,658,280	\$ 55,334,348	\$ 81,275,799	\$ -
Cash received from other funds	-	-	-	-	-	-	1,146,786
Payments to suppliers	(2,649,669)	(4,593,413)	(2,061,755)	(670,229)	(34,464,134)	(44,439,200)	(216,416)
Payments to employees	(835,197)	(4,093,775)	(998,878)	(2,740,109)	(5,301,331)	(13,969,290)	(692,668)
Other, net	-	-	-	-	1,468,727	1,468,727	-
Net cash provided (used) by operations	(1,019,606)	9,437,699	632,391	(1,752,058)	17,037,610	24,336,036	237,702
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Intergovernmental revenues	97,610	-	-	1,747,160	58,588	1,903,358	-
Transfers from other funds	590,028	-	-	-	-	590,028	-
Transfers to other funds	-	(905,189)	(187,869)	-	(3,388,681)	(4,481,739)	-
Net cash provided (used) by noncapital financing activities	687,638	(905,189)	(187,869)	1,747,160	(3,330,093)	(1,988,353)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital contributions	1,172,316	-	-	-	661,211	1,833,527	-
Acquisition and construction of capital assets	(1,137,487)	(9,495,953)	(306,183)	(349,468)	(5,042,418)	(16,331,509)	-
Principal paid on capital debt	-	3,534,196	-	-	(1,693,715)	1,840,481	-
Interest paid on capital debt	-	-	-	-	(5,956,286)	(5,956,286)	-
Net cash provided (used) by capital and related financing activities	34,829	(5,961,757)	(306,183)	(349,468)	(12,031,208)	(18,613,787)	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sale of investments	9,705,703	58,376,733	5,256,425	1,594,825	71,252,166	146,185,852	-
Purchase of investments	(10,821,665)	(63,378,158)	(6,237,666)	(1,566,200)	(78,248,573)	(160,252,262)	-
Earnings on investments	8,275	134,703	6,343	1,489	261,017	411,827	-
Net cash provided (used) by investing activities	(1,107,667)	(4,866,722)	(974,898)	30,114	(6,735,390)	(13,654,583)	-

Net increase (decrease) in cash and cash equivalents	(1,404,826)	(2,295,969)	(836,559)	(324,252)	(5,059,081)	(9,920,687)	237,702
Cash and cash equivalents balance, October 1	2,453,293	10,188,929	1,246,856	498,123	15,750,040	30,137,241	526,159
Cash and cash equivalents balance, September 30	\$ 1,048,467	\$ 7,892,960	\$ 410,297	\$ 173,871	\$ 10,690,959	\$ 20,216,554	\$ 763,861

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

Operating income (loss)	\$ (3,262,772)	\$ 5,085,485	\$ 355,619	\$ (1,430,778)	\$ 9,539,783	\$ 10,287,337	\$ 15,993
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	2,782,722	3,864,941	453,476	184,108	5,841,575	13,126,822	-
(Increase) decrease in accounts receivable	(36,538)	(1,027,946)	(202,587)	(479,317)	(358,799)	(2,105,187)	(6,001)
(Increase) decrease due from other governments	(867,573)	-	-	-	-	(867,573)	-
(Increase) decrease inventory	-	(252,519)	-	-	(442,820)	(695,339)	-
(Decrease) increase accounts payable	337,960	1,895,392	2,531	(36,353)	977,270	3,176,800	227,710
(Decrease) increase due to other funds	276	(14)	(338)	605	8,514	9,043	-
(Decrease) increase in accrued liabilities	26,319	(3,590)	23,690	9,677	3,360	59,456	-
Other income, net	-	(124,050)	-	-	1,468,727	1,344,677	-
Total adjustments	2,243,166	4,352,214	276,772	(321,280)	7,497,827	14,048,699	221,709
Net cash provided (used) by operating activities	\$ (1,019,606)	\$ 9,437,699	\$ 632,391	\$ (1,752,058)	\$ 17,037,610	\$ 24,336,036	\$ 237,702

Noncash investing, capital, and financing activities:

Contributions of capital assets	-	412,949	-	-	1,010,020	1,422,969	-
Transfer of construction work-in-progress to plant in service	-	-	77,500	-	4,598,068	4,675,568	-
Amortization of debt related premium and deferred charges included in interest expense	-	-	-	-	66,779	66,779	-

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

	Airport	Water and Sewer	Sanitation	Ambulance	Electric	Total
Cash and cash equivalents reported on the balance sheet	\$ 1,048,467	\$ 7,892,960	\$ 410,297	\$ 173,872	\$ 6,687,326	\$ 16,212,922
Restricted cash and cash equivalents included in restricted cash	-	-	-	-	4,003,633	4,003,633
Total cash and cash equivalents	\$ 1,048,467	\$ 7,892,960	\$ 410,297	\$ 173,872	\$ 10,690,959	\$ 20,216,555

Governmental
Activities-
Internal
Service Funds

\$ 763,861
\$ 763,861

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, 2013

I. Summary of significant accounting policies

A. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. 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. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is a legally separate from the City.

Discretely presented component units. The Idaho Falls Redevelopment Agency (Agency) was created in 1966 and re-established in 1988 by the Idaho Falls City Council for the purpose of redeveloping and rehabilitating certain deteriorating areas in the City. The Agency is governed by six members who are appointed by the Mayor and approved by the Council. The Agency is authorized under the provisions of the Idaho Urban Renewal Law of 1965 (chapter 20, Title 50, Idaho Code).

Separately issued financial reports are available for the Idaho Falls Redevelopment Agency. These reports may be obtained by contacting the City of Idaho Falls City Clerk's office.

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The Governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for the governmental funds and proprietary funds.

As discussed earlier, the City has one discretely presented component unit. This component unit is presented separately in the government-wide financial statements.

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 where the amounts are reasonably equivalent in value to the interfund services provided 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.

D. Basis of presentation - fund financial statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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 enterprise funds:

The airport fund accounts for the activities of the City airport.

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

The City has elected to include the following as major proprietary funds that would have been normally classified as nonmajor:

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.

Additionally the City reports the following fund types:

Internal Service funds account for risk management services for self-insured workers' compensation provided to other departments on a cost reimbursement basis.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide statements. Balances between funds included in the governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between funds included in the business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in the governmental activities are eliminated so that only the net amount is included as internal balances

in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amounts are included as internal balances in the business-type activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

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 proprietary funds are reported using the economic resources measurement focus and accrual basis of accounting.

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

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

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 following 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

Inventory is stated at average cost. Inventory for all funds except golf consist of expendable supplies held for consumption and is recorded as expense when consumed (consumption method). Inventory for the golf fund consists of items for resale.

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. Depreciable assets are depreciated 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

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently does not report any item in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflow of resources. The separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as inflow of resources (revenue) until that time. The City has only one type of item, which arises only under modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available.

7. 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.

8. 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 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 amortized issuance costs and amortized over the term of the related debt.

9. 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 position

The government fund balance sheet includes reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. The principal element of that difference is reported as the net investment in capital assets reported. However, there is no debt related to the government capital assets; the \$97,567,088 represents the entire net value of the City's governmental capital assets after deducting \$72,670,555 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 position 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	\$ 8,494,760
Depreciation expense	<u>6,224,701</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 2,270,059</u>

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

The proprietary fund statement of net position includes a reconciliation between net position – total enterprise funds and net position of business-type activities as reported in the government-wide statement of net position. 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 \$32,580 difference is as follows:

Internal receivable representing charges in excess of cost to business-type activities-prior years	\$ 27,677
Internal receivable representing charges in excess of cost to business-type activities-current year	4,903
Net adjustment to increase net position – total enterprise funds to arrive at net position – business-type activities	<u>\$ 32,580</u>

III. Stewardship, compliance, and accountability

A. Budgetary information

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

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

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

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

On or before June 9 of each year, all divisions of the City submit appropriation requests to the City

Controller's office so that a budget may be prepared. The budget is prepared for the entire City by fund, function and activity, and includes information on the past year, current year estimates, and requested appropriation for the next fiscal year.

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

A public hearing is conducted to obtain citizen comments.

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

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

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

The City did not amend its original budget ordinance.

B. Excess of expenditures over appropriations

For the current fiscal year, expenditures exceeded appropriations in the golf fund by \$532,563. The excess expenditure is attributed to a change in business model made subsequent to adopting the budget. Also the self-insured workers' compensation fund expenditures exceeded appropriations by \$136,794. These two instances of excess expenditures over appropriations were funded by new revenues and available fund balance in each of the respective funds.

IV. Detailed notes on all funds

A. Cash and investments

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

1. Deposits

At September 30, 2013, the carrying amount of the City's deposits was \$40,612,727 and the respective bank balances totaled \$42,184,838. Of the bank balances, \$26,734,693 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, 2013, some of the City's deposits totaling \$15,450,145 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, 2013, total deposits of \$26,734,693 were insured or collateralized by deposits held by financial institutions and deposits of \$15,450,145 were unsecured and uncollateralized.

3. Custodial Credit Risk – Investments

As of September 30, 2013, some of the City's investments totaling \$62,476,352 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, 2013 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		\$12,920,928	\$ -	\$6,920,928	\$6,000,000	\$ -
Corporate Bonds	N/A	21,509,332	8,193,220	12,600,377	715,735	-
Commercial Paper	N/A	40,967,020	40,967,020	-	-	-
Total Investments		\$75,397,280	\$49,160,240	\$19,521,305	\$6,715,735	\$ -

Reconciliation of deposits categorization:

Cash and Cash Equivalents reported on the Statement of Net Assets	\$23,619,094
Restricted Cash and Cash Equivalent	4,003,633
Investments categorized as deposits	12,990,000
Total deposits categorized	<u>\$40,612,727</u>

Reconciliation of investments categorization:

Investments reported on the Statement of Net Assets	\$88,387,280
Less investments categorized as deposits	(12,990,000)
Total investments categorized	<u>\$75,397,280</u>

7. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents at September 30, 2013 are as follows:

Electric Light Fund:

Restricted by 1991 General Obligation Electric Refunding Bonds \$4,003,633

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	\$1,446,088						\$ 174,623	\$ 1,670,481
Accounts		\$65,960	\$2,445,805	\$490,347	\$3,993,193	\$7,596,541		11,501,988
Interest	148,785	842	40,183	341	101	169,668	1,515	264,412
Loans							706,136	842,205
Internal Service Fund							29,285	23,284
Gross receivables	1,594,873	66,802	2,485,988	490,688	3,993,294	7,766,209	911,559	14,302,370
Less: allowance for Uncollectibles			(492,242)	(98,687)	(2,791,949)	(1,113,511)		(3,502,509)
Net total receivables	\$1,594,873	\$66,802	\$1,993,746	\$392,001	\$1,201,345	\$6,652,698	\$ 911,559	\$10,799,861

C. Capital assets

Capital asset activity for the year ended September 30, 2013 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 15,601,829	\$ 91,928	\$(204,959)	\$ 15,488,798
Construction in progress	2,392,727	3,651,297	(1,202,388)	4,841,636
Total capital assets, not being depreciated	<u>17,994,556</u>	<u>3,743,225</u>	<u>(1,407,347)</u>	<u>20,330,434</u>
Capital assets, being depreciated:				
Infrastructure	82,622,969	4,214,065		86,837,034
Buildings and improvements	43,340,089	954,965	(848,281)	43,446,773
Machinery and equipment	19,265,261	1,043,417	(705,276)	19,603,402
Total capital assets being depreciated	<u>145,228,319</u>	<u>6,212,447</u>	<u>(1,553,557)</u>	<u>149,887,209</u>
Less accumulated depreciation for:				
Infrastructure	(36,281,648)	(3,206,318)		(39,487,966)
Buildings and improvements	(17,870,648)	(1,562,461)	618,461	(18,814,648)
Machinery and equipment	(13,360,837)	(1,455,922)	448,818	(14,367,941)
Total accumulated depreciation	<u>(67,513,133)</u>	<u>(6,224,701)</u>	<u>1,067,279</u>	<u>(72,670,555)</u>
Total capital assets, being depreciated, net	<u>77,715,186</u>	<u>(12,254)</u>	<u>(486,278)</u>	<u>77,216,654</u>
Governmental activities capital assets, net	<u>\$ 95,709,742</u>	<u>\$ 3,730,971</u>	<u>\$(1,893,625)</u>	<u>\$ 97,547,088</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 6,919,531	\$ 90,255		\$ 7,009,786
Construction in progress	9,417,877	13,135,182	\$(5,275,134)	17,277,925
Total capital assets, not being depreciated	<u>16,337,408</u>	<u>13,225,437</u>	<u>(5,275,134)</u>	<u>24,287,711</u>
Capital assets, being depreciated:				
Buildings and improvements	355,979,650	7,968,031	(875,806)	363,071,875
Machinery and equipment	30,170,966	1,754,602	(672,223)	31,253,345
Total capital assets being depreciated	<u>386,150,616</u>	<u>9,722,633</u>	<u>(1,548,029)</u>	<u>394,325,220</u>
Less accumulated depreciation for:				
Buildings and improvements	(183,108,305)	(11,124,003)	592,244	(193,640,053)
Machinery and equipment	(16,682,181)	(2,002,819)	441,569	(18,243,431)
Total accumulated depreciation	<u>(199,790,486)</u>	<u>(13,126,822)</u>	<u>1,033,823</u>	<u>(211,883,484)</u>
Total capital assets, being depreciated, net	<u>186,360,130</u>	<u>(3,404,190)</u>	<u>(514,205)</u>	<u>182,441,736</u>
Business-type activities capital assets, net	<u>\$202,697,539</u>	<u>\$ 9,821,247</u>	<u>\$(5,789,339)</u>	<u>\$206,729,447</u>

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

Governmental activities:	
General government	\$ 458,168
Public safety	551,370
Streets	3,628,810
Culture and recreation	1,153,290
Public works	<u>33,063</u>
Total depreciation expense – governmental activities	<u>\$ 6,224,701</u>
Business-type activities:	
Airport	\$ 2,782,722
Water & sewer	3,864,941
Sanitation	453,476
Ambulance	184,108
Electric	<u>5,841,575</u>
Total depreciation expense – business-type activities	<u>\$13,126,822</u>

D. Interfund receivables, payables, and transfers

The interfund balances at September 30, 2013 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 3,009	
Nonmajor funds		\$ 1,299
Airport		494
Water and Sewer		268
Ambulance		665
Electric Light		<u>283</u>
Total	<u>\$ 3,009</u>	<u>\$ 3,009</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:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General	\$4,279,924	\$ 846,385
Airport	590,028	
Water and sewer		905,189
Sanitation		187,869
Electric		3,388,681
Nonmajor funds:		
Governmental funds	<u>4,953,815</u>	<u>4,495,643</u>
	<u>\$9,823,767</u>	<u>\$9,823,767</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.

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 two years.

Annual debt service requirements to maturity for general obligation bonds outstanding at September 30, 2013 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 785,658	\$3,019,342
2015	728,860	3,056,140
Total	<u>\$1,514,518</u>	<u>\$6,075,482</u>

State of Idaho note. The City entered into a loan agreement with the State of Idaho as authorized by Title 39, Chapter 36, Idaho Code from the Wastewater Treatment Facility Loan Account. This loan is to assist the City in the design and construction of improvements of the wastewater treatment facility. The authorized amount is \$18,150,000 with an interest rate of 1.75% (interest of 0.75% and loan fee of 1.00%) to be repaid in biannual installments over 20 years. Annual debt service is unknown until the project is complete and the final draw on the loan has been made. Currently the City has drawn \$3,534,196 of the available \$18,150,000.

Changes in long-term liabilities. The following is a summary of changes in long-term obligations of the City at September 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Other long-term debt obligations:					
Compensated absences	\$ 5,291,731	\$1,844,795	\$(1,818,267)	\$ 5,318,259	\$3,414,013
Other postemployment benefits	225,900	231,529	(135,382)	322,047	
Governmental activity Long-term liabilities	<u>\$ 5,517,631</u>	<u>\$2,076,324</u>	<u>\$(1,953,649)</u>	<u>\$ 5,517,631</u>	<u>\$3,414,013</u>
Business-type activities:					
Bonds-notes payable:					
General obligation bonds:					
Electric series 1991	\$ 3,208,233		\$(1,693,715)	\$ 1,514,518	\$785,658
Electric series 1991- Zero coupon interest	10,789,594	\$ 739,623	(5,956,285)	5,572,932	3,019,342
State of Idaho DEQ note: Loan number WW102		3,534,196		3,534,196	
Total bonds payable	13,997,827	4,273,819	(7,650,000)	10,621,646	3,805,000
Compensated absences	2,303,772	872,847	(881,902)	2,294,717	1,440,417
Other postemployment benefits	91,916	79,188	(47,716)	123,388	
Business-type activity Long-term liabilities	<u>\$16,393,515</u>	<u>\$5,225,854</u>	<u>\$(8,579,618)</u>	<u>\$ 13,039,751</u>	<u>\$5,245,417</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, 2013, refunded bond issues and the related principal payable from escrow are as follows:

	Principal Balance
Bond issue:	
Business-type activities:	
1979 Electric revenue bonds	\$ 9,360,000

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 a resolution.

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	\$ 592,671	\$ 96,255		\$ 688,926
Restricted for:				
Conservation loans		706,136		706,136
Committed to:				
Culture and recreation improvements	68,958	8,300		77,258
Highway and bridges			\$1,796,595	1,796,595
Building Construction	60,648			60,648
Equipment replacement	4,201,120	1,630,073		5,831,193
Assigned to:				
Insurance and benefits	2,472,573			2,472,573
Public Safety	63,290			63,290
Culture and recreation	560,312	1,511,386		2,071,698
Streets and municipal projects			727,780	727,780
Business district		74,145		74,145
Conservation program		1,412,450		1,412,450
Unassigned:	16,630,071			16,630,071
Total fund balances	\$24,649,643	\$5,438,745	\$2,524,375	\$32,612,763

Minimum fund balance policy – 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, 2013, 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	11.32%	6.79 %
Police	11.66	8.36
Fire (hired after 10-01-80)	28.90	8.36
Fire (hired before 10-01-80)	37.55	11.45

The City’s contributions required and paid were \$5,564,302, \$4,905,562, and \$5,006,883, for the years ended September 30, 2013, 2012 and 2011 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 October 1, 2013 were as follows:

<u>Type of Coverage</u>	<u>Coverage Amounts</u>	<u>Deductible</u>
Property and equipment	\$187,629,544	\$ 2,500
General liability, per occurrence	500,000	
General liability, aggregate	3,000,000	N/A
Employee benefits, liability	500,000	
Automobile, liability	500,000	
Automobile, comprehensive	500,000	2,500
Automobile, collision	500,000	2,500
Errors and omissions-public officials	500,000	
Law enforcement, liability	500,000	
Boiler and machinery	20,000,000	2,500
Airport, liability	50,000,000	
Cyber Liability	1,000,000	2,500
Aggregate-sections of general liability, auto liability, errors and omissions, chemical spraying, and endorsements	5,000,000	
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, 2013 there were 29 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 \$37,200 were recognized for postretirement health insurance. Projected future insurance costs for the current retirees are \$138,300. 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 \$145,898. 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	4.00%
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, 2013. These calculations are based on the Actuarial Valuation Date of July 1, 2011:

Annual Required Contributions	\$ 309,355
Interest on Net OPEB Obligation	12,713
Adjustment to Annual Required Contributions	<u>(11,351)</u>
Annual OPEB Expense	310,717
Actual Contributions (employer-paid benefits)	<u>(183,098)</u>
Increase in Net OPEB Obligation	127,619
Net OPEB Obligation – Beginning of Year	<u>317,816</u>
Net OPEB Obligation – End of Year	<u>\$ 445,435</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, 2011	229,266	13,076	140,210	67%	188,496
September 30, 2012	297,217	15,293	152,604	56%	317,816
September 30, 2013	310,717	17,946	165,152	59%	445,435

* 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, 2013, the carrying amount of the Agency's deposits was \$893,985 and the respective bank balances totaled \$893,985. 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, 2013, \$643,985 of the Agency's total deposits of \$893,985 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 \$4,510,916.

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, 2018, 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, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Promissory note 2004	\$ 3,310,698		\$(133,084)	\$ 3,177,614
Promissory note 2008	8,812,602			8,812,602
Total notes payable	<u>\$12,123,300</u>	<u></u>	<u>\$(133,084)</u>	<u>\$11,990,216</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>\$24,243,978</u>
Reconciling adjustments:	
Entity differences:	
Municipal equipment replacement fund reporting:	
Revenues	49,021
Expenditures	(551,373)
Transfers out	<u>1,056,753</u>
Basis differences:	
Tax receivable	(6,065)
State shared revenue receivable	53,324
Inventory correction	(80,704)
Prepays	(70,172)
Deposits	13,075
Accounts Payable	(91,631)
Unearned revenue	<u>33,437</u>
Fund balance (GAAP basis)	<u>\$24,649,643</u>

G. Commitments

The City has several active construction projects and/or major encumbrances as of September 30, 2013. 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, and upgrades to the sewer treatment plant.

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

<u>Projects</u>	<u>Spent-to- Date</u>	<u>Remaining Commitment</u>
Wastewater treatment plant upgrade	6,681,637	16,639,027
Airport improvements	878,153	2,063,768
D street underpass reconstruction	3,139,294	2,260,073
Yellowstone avenue parking lot	387,253	141,735
Sewer and water improvements	2,016,401	364,543
Street and bridge improvements	1,782,033	468,087
Total	<u>\$14,884,771</u>	<u>\$21,937,233</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, 2011, the City entered into a Block and Slice Power Sales Agreement with the Bonneville Power Administration (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 the power from this contract is determined through this formal and statutorily required rate setting procedure every two years by the Bonneville Power Administration. It is impossible for the City's management 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 can sell on the open market. These natural variances in hydrological conditions can also 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 price. For the years ended September 30, 2013 and 2012, the City's power sales to BPA under this agreement were \$4,168,557 and \$5,177,579, 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 the City 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 the water for the projects.

Part of the power sales agreement is the output of two 1940's vintage generation units that were originally slated for retirement upon the completion of the bulb turbine project. In exceptionally high water conditions, these two older units were still being used to augment the bulb turbine project for added generation in the spring months. During the summer of 2011, one unit experienced an electrical failure that could result in final retirement of both units depending upon the cost value analysis for repair/replacement. Management is currently investigating whether to rehabilitate the generation facility. The value these older units generated towards the overall bulb turbine project's power sale agreement was generally between 0% and up to 2% of the total project revenue. Management does not view this as having a material impact or loss to the generation fleet nor to the finances of the overall bulb turbine project.

Gem State Project – The City has a power sales contract and ground lease agreement with PacifiCorp, formerly Utah Power & Light Company, for the gem state project. 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 years ended September 30, 2013 and 2012, PacifiCorp payments under this agreement were \$2,834,050 and \$2,825,006, 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 may purchase additional energy requirements not met by BPA and Gem State from UAMPS. Planned purchases and sales to and from UAMPS are based on either market price at MONA, cost of the resource, or a mix 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, 2013 and 2012, power purchases plus transmission expenses from UAMPS were \$3,174,249 and \$1,654,501, respectively. The contract also allows for the City to sell surplus energy to UAMPS. For the years ended September 30, 2013 and 2012, power sales to UAMPS were \$1,130,860 and \$2,110,230, 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 generating 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; Pincrest, 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, 2013**

	Special Revenue		
	Street	Recreation	Library
ASSETS			
Cash and cash equivalents	\$ (1,462,142)	\$ 70,809	\$ 20,957
Investments	1,661,644	563,753	1,020,833
Taxes receivable	-	28,472	104,693
Interest receivable	-	115	379
Loans receivable	-	-	-
Due from other governments	808,292	-	24,626
Inventory	-	-	-
Total assets	\$ 1,007,794	\$ 663,149	\$ 1,171,488
LIABILITIES			
Accounts payable	\$ 268,413	\$ 26,829	\$ 113,085
Contracts payable	10,000	-	-
Accrued wages	34,828	18,090	41,594
Due to other funds	110	622	347
Total liabilities	313,351	45,541	155,026
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	23,069	82,716
Total deferred inflows of resources	-	23,069	82,716
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	694,443	83,737	24,651
Assigned	-	510,802	909,095
Total fund balances	694,443	594,539	933,746
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,007,794	\$ 663,149	\$ 1,171,488

Special Revenue

Airport Passenger Facility	Electric Light Public Purpose	Business Improvement District	Golf	Total
\$ -	\$ 437,600	\$ 74,145	\$ 307,128	\$ (551,503)
-	1,000,000	-	706,135	4,952,365
-	-	-	-	133,165
-	341	-	-	835
-	706,136	-	-	706,136
-	-	-	-	832,918
-	-	-	96,255	96,255
\$ -	\$ 2,144,077	\$ 74,145	\$ 1,109,518	\$ 6,170,171
\$ -	\$ 25,491	\$ -	\$ 56,818	\$ 490,636
-	-	-	-	10,000
-	-	-	29,194	123,706
-	-	-	220	1,299
-	25,491	-	86,232	625,641
-	-	-	-	105,785
-	-	-	-	105,785
-	-	-	96,256	96,256
-	706,136	-	-	706,136
-	-	-	835,542	1,638,373
-	1,412,450	74,145	91,488	2,997,980
-	2,118,586	74,145	1,023,286	5,438,745
\$ -	\$ 2,144,077	\$ 74,145	\$ 1,109,518	\$ 6,170,171

**City of Idaho Falls
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2013**

	Capital Projects		
	Municipal Capital Improvement	Street Capital Improvement	Bridge and Arterial Street
ASSETS			
Cash and cash equivalents	\$ 787,149	\$ 1,492,432	\$ 122,344
Investments	100,000	-	-
Taxes receivable	41,458	-	-
Interest receivable	431	-	-
Loans receivable	-	-	-
Due from other governments	-	-	-
Inventory	-	-	-
Total assets	<u>\$ 929,038</u>	<u>\$ 1,492,432</u>	<u>\$ 122,344</u>
LIABILITIES			
Accounts payable	\$ 413,135	\$ 280,824	\$ 17,087
Contracts payable	-	-	-
Accrued wages	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>413,135</u>	<u>280,824</u>	<u>17,087</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	36,173	-	-
Total deferred inflows of resources	<u>36,173</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	479,730	1,211,608	105,257
Assigned	-	-	-
Total fund balances	<u>479,730</u>	<u>1,211,608</u>	<u>105,257</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 929,038</u>	<u>\$ 1,492,432</u>	<u>\$ 122,344</u>

Capital Projects

	Surface Drainage		Traffic Light Capital Improvement		Total		Total Nonmajor Governmental Funds
\$	49,814	\$	(22,283)	\$	2,429,456	\$	1,877,953
	-		700,000		800,000		5,752,365
	-		-		41,458		174,623
	-		249		680		1,515
	-		-		-		706,136
	-		-		-		832,918
	-		-		-		96,255
\$	49,814	\$	677,966	\$	3,271,594	\$	9,441,765
\$	-	\$	-	\$	711,046	\$	1,201,682
	-		-		-		10,000
	-		-		-		123,706
	-		-		-		1,299
	-		-		711,046		1,336,687
	-		-		36,173		141,958
	-		-		36,173		141,958
	-		-		-		96,256
	-		-		-		706,136
	-		-		1,796,595		3,434,968
	49,814		677,966		727,780		3,725,760
	49,814		677,966		2,524,375		7,963,120
\$	49,814	\$	677,966	\$	3,271,594	\$	9,441,765

City of Idaho Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2013

	Special Revenue		
	Street	Recreation	Library
REVENUES			
Taxes	\$ -	\$ 482,340	\$ 1,732,758
Intergovernmental	3,133,578	-	935,078
Charges for services	-	850,034	5,689
Fines	-	-	107,879
Interest	8,432	1,302	2,167
Miscellaneous	16,516	55,045	43,493
Total revenues	3,158,526	1,388,721	2,827,064
EXPENDITURES			
Current:			
General government	-	-	-
Streets	4,575,815	-	-
Culture & recreation	-	1,330,680	2,842,439
Capital outlay	-	-	-
Total expenditures	4,575,815	1,330,680	2,842,439
Excess (deficiency) of revenues over (under) expenditures	(1,417,289)	58,041	(15,375)
OTHER FINANCING SOURCES (USES)			
Transfers in	600,000	98,000	-
Transfers out	(105,615)	-	-
Total other financing sources and (uses)	494,385	98,000	-
Net change in fund balances	(922,904)	156,041	(15,375)
Fund balances - beginning	1,617,347	438,498	949,121
Fund balances - ending	\$ 694,443	\$ 594,539	\$ 933,746

Special Revenue

Airport Passenger Facility	Electric Light Public Purpose	Business Improvement District	Golf	Total
\$ -	\$ -	\$ -	\$ -	2,215,098
-	-	-	-	4,068,656
590,028	-	-	2,395,617	3,841,368
-	-	-	-	107,879
-	2,626	-	3,465	17,992
-	272,447	50,069	403	437,973
590,028	275,073	50,069	2,399,485	10,688,966
-	290,311	45,600	-	335,911
-	-	-	-	4,575,815
-	-	-	2,359,652	6,532,771
-	-	-	-	-
-	290,311	45,600	2,359,652	11,444,497
590,028	(15,238)	4,469	39,833	(755,531)
-	-	-	254,000	952,000
(590,028)	-	-	-	(695,643)
(590,028)	-	-	254,000	256,357
-	(15,238)	4,469	293,833	(499,174)
-	2,133,824	69,676	729,453	5,937,919
\$ -	\$ 2,118,586	\$ 74,145	\$ 1,023,286	\$ 5,438,745

City of Idaho Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2013

	Capital Projects		
	Municipal Capital Improvement	Street Capital Improvement	Bridge and Arterial Street
REVENUES			
Taxes	\$ 694,442	\$ -	\$ -
Intergovernmental	81,838	1,880,467	-
Charges for services	-	-	23,687
Fines	-	-	-
Interest	1,128	514	296
Miscellaneous	-	-	-
Total revenues	<u>777,408</u>	<u>1,880,981</u>	<u>23,983</u>
EXPENDITURES			
Current:			
General government	-	-	-
Streets	-	-	-
Culture & recreation	-	-	-
Capital outlay	1,058,178	4,566,383	17,086
Total expenditures	<u>1,058,178</u>	<u>4,566,383</u>	<u>17,086</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(280,770)</u>	<u>(2,685,402)</u>	<u>6,897</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	3,800,000	-
Transfers out	(2,400,000)	-	(1,400,000)
Total other financing sources (uses)	<u>(2,400,000)</u>	<u>3,800,000</u>	<u>(1,400,000)</u>
Net change in fund balances	(2,680,770)	1,114,598	(1,393,103)
Fund balances - beginning	<u>3,160,500</u>	<u>97,010</u>	<u>1,498,360</u>
Fund balances - ending	<u>\$ 479,730</u>	<u>\$ 1,211,608</u>	<u>\$ 105,257</u>

Capital Projects

	Surface Drainage	Traffic Light Capital Improvement	Total	Total Nonmajor Governmental Funds			
\$	-	\$	-	\$	694,442	\$	2,909,540
	-		-		1,962,305		6,030,961
	4,534		-		28,221		3,869,589
	-		-		-		107,879
	-	1,578		3,516			21,508
	-		-		-		437,973
	4,534	1,578		2,688,484			13,377,450
	-		-		-		335,911
	-		-		-		4,575,815
	-		-		-		6,532,771
	9,319	287,231		5,938,197			5,938,197
	9,319	287,231		5,938,197			17,382,694
	(4,785)	(285,653)		(3,249,713)			(4,005,244)
	-	201,815		4,001,815			4,953,815
	-		-	(3,800,000)			(4,495,643)
	-	201,815		201,815			458,172
	(4,785)	(83,838)		(3,047,898)			(3,547,072)
	54,599	761,804		5,572,273			11,510,192
\$	49,814	\$	677,966	\$	2,524,375	\$	7,963,120

City of Idaho Falls, Idaho
Street Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2013

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Highway users' apportionment	\$ 1,875,569	\$ 1,899,857	\$ 24,288
Revenue sharing	1,244,165	1,246,619	2,454
Interest	500	285	(215)
Miscellaneous	-	16,516	16,516
Total revenues	<u>3,120,234</u>	<u>3,163,277</u>	<u>43,043</u>
EXPENDITURES			
Streets	<u>5,113,079</u>	<u>4,623,444</u>	<u>489,635</u>
Excess of revenues over (under) expenditures	<u>(1,992,845)</u>	<u>(1,460,167)</u>	<u>532,678</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	600,000	600,000	-
Transfers out	-	(105,615)	(105,615)
Total other financing sources (uses)	<u>600,000</u>	<u>494,385</u>	<u>(105,615)</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(1,392,845)</u>	<u>(965,782)</u>	<u>427,063</u>
Fund balances - beginning	<u>1,617,347</u>	<u>1,617,347</u>	<u>-</u>
Fund balances - ending	<u>\$ 224,502</u>	<u>\$ 651,565</u>	<u>\$ 427,063</u>

City of Idaho Falls, Idaho
Recreation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2013

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Property taxes	\$ 483,667	\$ 481,812	\$ (1,855)
Charges for services	818,000	850,034	32,034
Interest	1,000	991	(9)
Miscellaneous	56,900	55,045	(1,855)
Total revenues	<u>1,359,567</u>	<u>1,387,882</u>	<u>28,315</u>
EXPENDITURES			
Recreation	<u>1,367,521</u>	<u>1,316,882</u>	<u>50,639</u>
Excess of revenues over (under) expenditures	<u>(7,954)</u>	<u>71,000</u>	<u>78,954</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	98,000	98,000
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>98,000</u>	<u>98,000</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(7,954)</u>	<u>169,000</u>	<u>176,954</u>
Fund balances - beginning	<u>438,498</u>	<u>438,498</u>	<u>-</u>
Fund balances - ending	<u>\$ 430,544</u>	<u>\$ 607,498</u>	<u>\$ 176,954</u>

City of Idaho Falls, Idaho
Library Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2013

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Property taxes	\$ 1,734,181	\$ 1,730,786	\$ (3,395)
Intergovernmental	927,819	934,350	6,531
Charges for services	8,000	5,689	(2,311)
Fines	97,000	107,879	10,879
Interest	1,000	2,063	1,063
Miscellaneous	35,046	43,493	8,447
Total revenues	<u>2,803,046</u>	<u>2,824,260</u>	<u>21,214</u>
EXPENDITURES			
Culture	<u>3,200,935</u>	<u>2,844,239</u>	<u>356,696</u>
Excess of revenues over (under) expenditures	<u>(397,889)</u>	<u>(19,979)</u>	<u>377,910</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(397,889)</u>	<u>(19,979)</u>	<u>377,910</u>
Fund balances - beginning	<u>949,121</u>	<u>949,121</u>	<u>-</u>
Fund balances - ending	<u>\$ 551,232</u>	<u>\$ 929,142</u>	<u>\$ 377,910</u>

City of Idaho Falls, Idaho
Airport Passenger Facility Charge Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2013

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Charges for services	\$ 580,000	\$ 590,028	\$ 10,028
Total revenues	<u>580,000</u>	<u>590,028</u>	<u>10,028</u>
EXPENDITURES			
	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>(580,000)</u>	<u>(590,028)</u>	<u>(10,028)</u>
Total other financing sources (uses)	<u>(580,000)</u>	<u>(590,028)</u>	<u>(10,028)</u>
Excess of revenues and other financing sources over (under) expenditures and uses	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Idaho Falls, Idaho
Electric Light Public Purpose Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2013

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Interest	\$ 2,000	\$ 2,626	\$ 626
Miscellaneous	<u>600,000</u>	<u>272,447</u>	<u>(327,553)</u>
Total revenues	<u>602,000</u>	<u>275,073</u>	<u>(326,927)</u>
EXPENDITURES			
General government	<u>600,000</u>	<u>290,311</u>	<u>309,689</u>
Excess of revenues over (under) expenditures	<u>2,000</u>	<u>(15,238)</u>	<u>(17,238)</u>
OTHER FINANCING SOURCES (USES)			
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	(15,238)	(17,238)
Fund balances - beginning	<u>2,133,824</u>	<u>2,133,824</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,135,824</u>	<u>\$ 2,118,586</u>	<u>\$ (17,238)</u>

City of Idaho Falls, Idaho
Business Improvement District Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2013

	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Miscellaneous	\$ 52,000	\$ 50,069	\$ (1,931)
Total revenues	<u>52,000</u>	<u>50,069</u>	<u>(1,931)</u>
EXPENDITURES			
General government	<u>48,600</u>	<u>45,600</u>	<u>3,000</u>
Excess of revenues over (under) expenditures	<u>3,400</u>	<u>4,469</u>	<u>1,069</u>
OTHER FINANCING SOURCES (USES)			
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	3,400	4,469	1,069
Fund balances - beginning	<u>69,676</u>	<u>69,676</u>	<u>-</u>
Fund balances - ending	<u>\$ 73,076</u>	<u>\$ 74,145</u>	<u>\$ 1,069</u>

City of Idaho Falls, Idaho
Golf Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2013

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Charges for services	\$ 1,579,700	\$ 2,395,617	\$ 815,917
Interest	-	-	-
Miscellaneous	-	402	402
Total revenues	<u>1,579,700</u>	<u>2,396,019</u>	<u>816,319</u>
EXPENDITURES			
Recreation	<u>1,835,035</u>	<u>2,367,598</u>	<u>(532,563)</u>
Excess of revenues over (under) expenditures	<u>(255,335)</u>	<u>28,421</u>	<u>283,756</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	254,000	254,000
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>254,000</u>	<u>254,000</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(255,335)</u>	<u>282,421</u>	<u>537,756</u>
Fund balances - beginning	<u>729,453</u>	<u>729,453</u>	<u>-</u>
Fund balances - ending	<u>\$ 474,118</u>	<u>\$ 1,011,874</u>	<u>\$ 537,756</u>

City of Idaho Falls, Idaho
Municipal Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2013

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Property taxes	\$ 694,936	\$ 693,572	\$ (1,364)
Intergovernmental	200,000	81,838	(118,162)
Interest	7,000	1,128	(5,872)
Total revenues	<u>901,936</u>	<u>776,538</u>	<u>(125,398)</u>
EXPENDITURES			
Capital outlay	<u>1,407,547</u>	<u>1,050,641</u>	<u>356,906</u>
Excess of revenues over (under) expenditures	<u>(505,611)</u>	<u>(274,103)</u>	<u>231,508</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	500,000	-	(500,000)
Transfers out	<u>-</u>	<u>(2,400,000)</u>	<u>2,400,000</u>
Total other financing sources (uses)	<u>500,000</u>	<u>(2,400,000)</u>	<u>2,900,000</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(5,611)</u>	<u>(2,674,103)</u>	<u>(2,668,492)</u>
Fund balances - beginning	<u>3,160,500</u>	<u>3,160,500</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,154,889</u>	<u>\$ 486,397</u>	<u>\$ (2,668,492)</u>

City of Idaho Falls, Idaho
Street Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2013

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Charges for services	\$ -	\$ -	\$ -
Intergovernmental	-	1,880,467	1,880,467
Interest	-	514	514
Total revenues	<u>-</u>	<u>1,880,981</u>	<u>1,880,981</u>
EXPENDITURES			
Capital outlay	<u>5,478,276</u>	<u>4,459,950</u>	<u>1,018,326</u>
Excess of revenues over (under) expenditures	<u>(5,478,276)</u>	<u>(2,578,969)</u>	<u>2,899,307</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	292,000	3,800,000	(3,508,000)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>292,000</u>	<u>3,800,000</u>	<u>(3,508,000)</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(5,186,276)</u>	<u>1,221,031</u>	<u>(4,116,693)</u>
Fund balances - beginning	<u>97,010</u>	<u>97,010</u>	<u>-</u>
Fund balances - ending	<u>\$ (5,089,266)</u>	<u>\$ 1,318,041</u>	<u>\$ (4,116,693)</u>

City of Idaho Falls, Idaho
Bridge and Arterial Street Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2013

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Charges for services	\$ 32,000	\$ 23,687	\$ (8,313)
Intergovernmental	-	-	-
Interest	2,000	296	(1,704)
Total revenues	<u>34,000</u>	<u>23,983</u>	<u>(10,017)</u>
EXPENDITURES			
Capital outlay	<u>430,000</u>	<u>17,086</u>	<u>412,914</u>
Excess of revenues over (under) expenditures	<u>(396,000)</u>	<u>6,897</u>	<u>402,897</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>(1,400,000)</u>	<u>1,400,000</u>
Total other financing sources (uses)	<u>-</u>	<u>(1,400,000)</u>	<u>1,400,000</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(396,000)</u>	<u>(1,393,103)</u>	<u>(997,103)</u>
Fund balances - beginning	<u>1,498,360</u>	<u>1,498,360</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,102,360</u>	<u>\$ 105,257</u>	<u>\$ (997,103)</u>

City of Idaho Falls, Idaho
Surface Drainage Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2013

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Charges for services	\$ 15,000	\$ 4,534	\$ (10,466)
Interest	500	-	(500)
Total revenues	<u>15,500</u>	<u>4,534</u>	<u>(10,966)</u>
EXPENDITURES			
Capital outlay	<u>81,422</u>	<u>9,319</u>	<u>72,103</u>
Excess of revenues over (under) expenditures	<u>(65,922)</u>	<u>(4,785)</u>	<u>61,137</u>
OTHER FINANCING SOURCES (USES)			
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>(65,922)</u>	<u>(4,785)</u>	<u>61,137</u>
Fund balances - beginning	<u>54,599</u>	<u>54,599</u>	<u>-</u>
Fund balances - ending	<u>\$ (11,323)</u>	<u>\$ 49,814</u>	<u>\$ 61,137</u>

City of Idaho Falls, Idaho
Traffic Light Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2013

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Interest	\$ 1,000	\$ 1,578	\$ 578
Total revenues	<u>1,000</u>	<u>1,578</u>	<u>578</u>
EXPENDITURES			
Capital Outlay	<u>818,650</u>	<u>287,231</u>	<u>531,419</u>
Excess of revenues over (under) expenditures	<u>(817,650)</u>	<u>(285,653)</u>	<u>531,997</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	201,815	201,815	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>201,815</u>	<u>201,815</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(615,835)</u>	<u>(83,838)</u>	<u>531,997</u>
Fund balances - beginning	<u>761,804</u>	<u>761,804</u>	<u>-</u>
Fund balances - ending	<u>\$ 145,969</u>	<u>\$ 677,966</u>	<u>\$ 531,997</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.

	Page No.
Financial Trend Information	
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
Revenue Capacity Information	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	89-93
Debt Capacity Information	
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
Demographic and Economic Information	
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
Operating Information	
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 Position by Component

Last Ten Fiscal Years

Accrual Basis of Accounting

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Government activities										
Net investment in capital assets	\$ 97,567,088	\$ 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
Restricted	706,136	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
Unrestricted	27,630,490	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
Total government activities net position	125,903,714	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
Business-type activities										
Net investment in capital assets	205,343,145	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
Restricted	984,291	-	1,086,345	1,553,210	1,878,003	2,016,097	2,313,968	2,219,983	7,811,452	5,280,458
Unrestricted	80,588,509	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
Total business-type activities net position	286,915,945	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
Primary government										
Net investment in capital assets	302,910,233	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
Restricted	1,690,427	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
Unrestricted	108,218,999	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
Total primary government net position	\$412,819,659	\$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

City of Idaho Falls, Idaho
 Changes in Net Position
 Last Ten Fiscal Years

Accrual Basis of Accounting

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Governmental activities:										
General government	\$ 7,129,490	\$ 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
Public safety	22,682,037	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
Streets	7,853,983	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
Culture and recreation	12,268,230	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
Public works	2,024,618	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
Total governmental activities expense	51,958,358	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
Business-type activities:										
Airport	5,174,645	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
Water and sewer	14,592,349	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
Sanitation	3,539,347	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
Ambulance	3,567,676	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
Electric	46,948,348	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
Total business-type activities expenses	73,822,365	72,520,420	72,283,905	71,765,098	70,462,508	69,671,598	65,537,022	64,932,356	66,343,646	62,735,417
Total primary government expenses	\$125,780,723	\$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
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,535,438	\$ 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
Public Safety	2,643,553	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
Culture and recreation	4,844,210	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
Other activities	47,438	51,051	39,404	68,068	527,650	978,933	2,553,284	993,388	852,820	758,329
Operating grants and contributions	793,995	899,502	924,186	625,402	869,368	521,471	1,046,978	1,173,294	2,425,562	2,128,657
Capital grants and contributions	2,691,780	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
Total governmental activities program revenues	12,556,414	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
Business-type activities:										
Charges for service:										
Water and Sewer	19,678,984	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
Electric	56,432,869	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
Other activities	7,945,276	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
Operating grants and contributions	1,844,770	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
Capital grants and contributions	3,315,084	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
Total business-type activities program revenue	89,216,983	89,107,579	85,869,979	81,428,356	84,365,384	92,874,276	87,885,064	95,170,936	82,401,970	81,708,556
Total primary government program revenues	\$101,773,397	\$ 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

Fiscal Year

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net (expense) revenue										
Government activities	\$ (39,401,944)	\$ (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)
Business-type activities	15,394,618	16,587,159	13,586,074	9,663,258	13,902,876	23,202,678	22,348,042	30,238,580	16,058,324	18,973,139
Total primary government net expenses	\$ (24,007,326)	\$ (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)

General Revenues and Other Changes in Net Position

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities:										
Taxes										
Property taxes	\$ 26,953,991	\$ 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
Sales tax and revenue sharing	6,187,664	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
Franchise taxes	676,897	774,011	776,813	898,165	893,822	829,622	857,610	730,926	666,616	538,161
Alcoholic beverages taxes	656,433	637,415	608,889	613,462	728,432	665,556	647,954	562,977	523,045	489,583
Unrestricted investment earnings	219,289	120,030	104,189	145,159	282,375	819,317	1,242,137	1,062,467	682,832	371,203
Miscellaneous revenues	693,689	830,538	933,335	2,139,340	1,850,123	921,902	822,360	2,716,785	753,985	748,483
Transfers	3,891,711	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
Total governmental activities	39,279,674	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

Business-type activities:

Sales taxes	-	-	-	-	13,532	14,565	14,773	14,065	13,073	13,138
Unrestricted investment income	464,907	498,615	452,388	652,973	1,078,733	2,224,268	2,828,065	2,067,689	970,618	480,876
Gain on sale of assets	-	-	-	-	-	-	-	-	24,682	1,050,887
Miscellaneous revenues	-	-	-	-	-	-	-	-	-	317,892
Transfers	(3,891,711)	(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)
Total business-type activities	(3,426,804)	(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)
Total primary government	\$ 35,852,870	\$ 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

Change in Net Position

Governmental activities	\$ (122,270)	\$ 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
Business-type activities	11,967,814	13,261,625	10,196,194	7,418,638	11,299,871	21,530,831	21,558,562	28,776,169	13,996,084	17,658,294
Total primary government	\$ 11,845,544	\$ 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

City of Idaho Falls, Idaho

Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

Fiscal Year

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund										
Nonspendable	\$ 592,671	\$ 647,676	\$ 725,023	\$ 937,164	\$ 873,481	\$ 662,874	\$ 624,975	\$ 890,248	\$ 540,462	\$ 518,830
Committed	4,330,726	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
Assigned	3,096,175	2,971,115	2,941,927	3,087,665	3,254,828	3,198,160	3,852,634	9,901,527	5,517,604	3,451,009
Unassigned	16,630,071	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
Total general fund	\$ 24,649,643	\$ 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

86 All Other Governmental Funds

Nonspendable	\$ 96,255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	706,136	842,205	1,021,942	1,213,034	1,143,785	988,654	893,089	902,877	985,621	1,713,210
Committed	3,434,968	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
Assigned	3,725,761	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
Total all other funds	\$ 7,963,120	\$ 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

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

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Taxes	\$ 27,662,828	\$ 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
Licenses and permits	685,216	726,603	508,313	487,589	469,239	806,908	844,455	693,211	687,528	761,834
Intergovernmental	11,997,632	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
Charges for services	4,828,425	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
Fines	555,680	562,297	601,554	663,779	654,329	605,379	656,125	638,446	543,370	571,351
Interest	219,289	120,030	104,190	145,159	282,375	819,316	1,242,137	1,062,467	683,127	371,203
Miscellaneous	1,325,757	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
Total revenues	47,274,827	45,423,518	44,231,328	45,105,525	44,855,981	42,688,753	45,586,736	41,744,282	35,983,556	34,474,205
Expenditures										
General government	6,846,933	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
Public safety	22,030,673	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
Streets	4,575,815	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
Culture and recreation	11,951,631	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
Public works	1,653,690	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
Capital outlay	5,938,197	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
Debt service:										
Principal										
Interest										
Total expenditures	52,996,939	48,904,912	48,491,436	46,098,479	48,565,909	44,856,393	50,203,027	45,511,292	41,824,290	37,870,067
Excess of revenues over (under) expenditures	(5,722,112)	(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)
Other Financing Sources (Uses)										
Capital contributions	9,233,739	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
Transfer in	(5,342,028)	(2,213,420)	(1,579,508)	(1,409,259)	(5,042,064)	(2,237,849)	(5,516,378)	(3,744,212)	(2,888,653)	4,882,473
Transfers out										(1,671,035)
Total other financing sources (uses)	3,891,711	3,824,149	3,842,265	2,897,593	3,695,270	3,910,680	3,632,318	3,544,165	3,388,525	3,453,946
Net change in fund balances	\$ (1,830,401)	\$ 342,755	\$ (417,843)	\$ 1,904,639	\$ (14,658)	\$ 1,743,040	\$ (983,973)	\$ (222,845)	\$ (2,452,209)	\$ 58,084

City of Idaho Falls, Idaho

Tax Revenues by Source, Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

Fiscal Year	Property Tax	Property Tax Penalties	Franchise Taxes	Other Taxes	Total Taxes
2013	\$ 26,749,184	\$ 242,437	\$ 672,987	\$ 3,910	\$ 27,662,828
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
2004-2013 Change	\$ 8,165,565	\$ 242,437	\$ 140,404	\$ (4,544)	\$ 8,386,698

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			
2013	\$ 3,979,310,899	\$ 1,007,119,782	\$ 2,972,191,117	0.009006230	\$ 26,768,236
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

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 Redevelopment Agency which is within the City limits.

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

City of Idaho Falls, Idaho Direct Levy

Fiscal Year	General Fund	Fireman's Retirement	Tort	Recreation Fund	Library Fund	Municipal Capital Improvement Fund	Total Direct
2013	0.007419395	0.000406633	0.000200189	0.000162731	0.000583469	0.000233813	0.009006230
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

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

School District 91	School District 93	Bonneville County	Ambulance District	Flood Control District	New Sweden Cemetery District	Ammon Cemetery District
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
0.003226703	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

City of Idaho Falls, Idaho
Principal Property Tax Payers
September 30, 2013

Taxpayers	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Eastern Idaho Health Serv. Inc.	\$ 79,211,412	1	2.7%	\$ 79,513,833	1	4.6%
Bush Ag. Resources Inc.	78,210,947	2	2.6	39,389,262	2	2.3
InteGrow Malt LLC	64,380,851	3	2.2	-	-	-
Grand Teton Mall	56,481,382	4	1.9	33,769,965	3	1.9
Mountain View Hospital	35,315,750	5	1.2	-	-	-
INL Office Building (Batelle)	28,273,365	6	1.0	13,707,454	5	0.8
Melaleuca Inc.	24,029,509	7	0.8	12,526,118	6	0.7
Bonaventure Senior Living Community	14,880,921	8	0.5	-	-	-
Wal-Mart	14,360,411	9	0.5	-	-	-
Marriott Residence Inn	13,776,535	10	0.5	-	-	-
Qwest Corporation				32,923,991	4	1.9
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>\$ 408,921,083</u>		<u>13.8%</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

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 26,768,236	\$ 25,874,732	96.7%	\$ -	\$ 25,874,732	96.7%
2012	26,768,236	25,729,508	96.1	548,171	26,277,679	98.2
2011	26,768,236	25,793,487	96.4	758,297	26,551,784	99.2
2010	26,768,236	25,672,969	95.9	1,077,373	26,750,342	99.9
2009	26,129,658	25,224,859	96.5	902,653	26,127,512	100.0
2008	23,471,098	22,716,967	96.8	753,973	23,470,940	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

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

Fiscal Year	Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita	
	Airport Bonds	Airport Certificates of Participation	Water State of Idaho Note				Electric General Obligation Bonds
2013			\$ 3,534,196	\$ 1,514,518	\$ 5,048,714	0.25%	\$87
2012				3,208,233	3,208,233	0.17	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

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

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

General Bonded Debt Outstanding

Fiscal Year	Business-Type Electric General Obligation Bonds	Total	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita
2013	\$ 1,514,518	\$ 1,514,518	\$ 2,972,191,117	0.05%	\$26
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

City of Idaho Falls, Idaho

Direct and Overlapping Governmental Activities Debt

As of September 30, 2013

<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	\$ 1,560,000	64%	\$ 998,400
Idaho Falls Redevelopment Agency	11,990,216 (b)	0%	
School District No. 91	46,925,000	86%	40,355,500
School District No. 93	63,880,000	14%	8,943,200
Total overlapping	<u>124,355,216</u>		<u>50,297,100</u>
Direct:			
City of Idaho Falls	-	(a)	-
Total direct and overlapping debt	<u>\$ 124,355,216</u>		<u>\$ 50,297,100</u>

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

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

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

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

City of Idaho Falls, Idaho
 Legal Debt Margin Information
 Last Ten Fiscal Years

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt limit	\$ 79,586,218	\$ 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
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 79,586,218</u>	<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>

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

Legal Debt Margin Calculation for Fiscal Year 2013	
Assessed value	\$ 3,979,310,899
Debt limit (2% of market value)	\$ 79,586,218
Debt applicable to limit:	
General obligation bonds	-
Legal debt margin	<u>\$ 79,586,218</u>

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

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

Fiscal Year	Airport Revenue Bonds and Certificates of Participation				Electric General Obligation Revenue Bonds					
	Revenue(1)	Less Operating Expense(2)	Net Available Revenue	Debt Service (3) Principal Interest	Coverage(4)	Revenue(1)	Less Operating Expense(2)	Net Available Revenue	Debt Service (3) Principal Interest	Coverage(4)
2013	\$ 3,189,971	\$ 2,392,185	\$ 797,786	\$ -	0	\$ 57,253,383	\$ 40,302,585	\$ 16,950,798	\$ 1,514,518	2.39
2012	3,477,651	2,363,406	1,114,245	-	1.11	57,253,383	39,177,141	18,076,242	1,820,851	2.36
2011	2,602,203	2,155,159	447,044	45,500	0.47	57,582,403	40,211,154	17,371,249	1,954,972	2.26
2010	2,808,024	1,776,245	1,031,779	87,133	1.12	53,859,856	40,872,272	12,987,584	2,100,333	1.69
2009	2,875,682	1,677,500	1,198,182	125,125	1.35	53,218,316	40,248,045	12,970,271	2,323,808	1.63
2008	3,354,790	1,679,366	1,675,424	159,705	1.96	60,377,193	41,001,766	19,375,427	2,494,865	2.44
2007	3,519,538	1,372,967	2,146,571	191,328	5.09	61,943,138	38,371,027	23,572,111	2,702,169	3.06
2006	3,133,545	1,386,968	1,746,577	317,785	1.36	62,714,219	38,410,805	24,303,414	2,896,030	3.16
2005	2,622,993	1,207,267	1,415,726	346,345	1.65	58,766,450	40,578,989	18,187,461	3,126,232	2.28
2004	2,406,581	1,252,039	1,154,542	374,000	1.38	58,766,450	37,898,405	20,868,045	3,350,977	2.62

(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		
2013	57,889	(1) \$2,043,018,588	(1) \$ 35,292	(1) -	-	-	10,411	5.9%	
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	

(1) Numbers are estimated.

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

City of Idaho Falls, Idaho

Principal Employers

Current Year and Ten Years Ago

Employer	2013 (a)			2004		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Bechtel BWXT 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
Total	12,960		45.77%	10,261		34.48%

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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government:										
Mayor and council	9	9	9	9	8	8	7	8	8	8
Legal	3	0	0	0	0	0	0	0	0	0
Municipal services	69	71	71	70	68	68	67	67	69	69
Human resources	3	3	3	2	2	2	2	2	2	2
Planning and building	16	18	18	19	17	17	17	16	14	14
Public safety:										
Police	127	127	131	131	127	127	122	122	121	118
Fire	100	101	102	103	103	103	100	97	94	94
Streets	21	21	20	21	21	21	21	20	20	20
Culture and recreation:										
Parks and recreation	66	67	67	64	63	63	62	59	60	60
Library	23	20	20	21	21	21	21	20	25	25
Public works	20	20	20	20	20	20	19	20	20	20
Airport	12	11	12	11	14	14	13	13	13	13
Water and sewer	50	52	52	54	54	54	50	49	49	49
Sanitation	28	28	28	29	30	30	27	27	26	26
Electric	64	65	65	64	64	64	62	59	60	59
Total	611	613	618	618	612	612	590	579	581	577

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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Planning and building										
Building permits issued	560	408	519	484	408	595	849	837	834	874
Value of building permits	\$ 68,340,167	\$ 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
Inspections	6,867	5,671	4,664	4,978	5,476	8,947	9,414	9,213	9,160	8,969
Police										
Physical arrest	3,994	3,017	3,363	3,165	3,599	3,950	4,317	4,931	4,070	4,158
Parking violations	2,400	2,977	3,193	3,757	4,130	3,192	3,723	4,869	4,869	10,776
Traffic violations	11,052	11,106	14,238	13,894	14,835	11,502	19,028	18,384	17,902	16,564
Fire										
Total dispatches	4,836	4,771	3,467	4,134	4,211	3,945	3,884	3,852	3,759	3,765
Fires extinguished	281	335	238	270	275	445	324	394	453	217
Inspections	1,114	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
Zoo Admissions	-	124,594	121,404	120,169	129,710	119,267	108,435	107,947	106,612	89,459
Aquatic center usage	-	108,885	112,623	117,337	121,422	117,112	118,286	111,378	105,068	98,917
Total program participants	-	24,026	23,429	30,739	39,377	36,812	40,522	51,234	36,461	36,055
Library										
Total items held for circulation	319,991	334,311	332,224	334,539	285,812	274,232	272,651	258,552	246,658	229,583
Annual circulation	1,308,021	1,239,813	1,187,745	1,126,172	1,097,030	944,340	811,053	778,235	700,305	668,520
Airport										
Enplanements	151,706	158,761	144,851	143,550	138,514	151,200	152,407	148,756	139,918	117,354
Average flights per day	11	12	12	11	10	13	14	13	17	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
Monthly residential water rate	\$ -	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 15.00	\$ 13.00	\$ 13.00	\$ 11.00
Average daily sewage treatment in gallons	\$ 9,141,778	\$ 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
Monthly residential sewer rates	\$ 21.66	\$ 21.03	\$ 21.03	\$ 18.95	\$ 18.95	\$ 18.95	\$ 16.50	\$ 16.50	\$ 16.50	\$ 12.50
Sanitation										
Total cubic yards of Refuse collected	299,217	266,194	269,907	308,296	321,883	301,174	310,996	327,845	266,683	213,000
Monthly residential rate	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 7.50	\$ 5.50	\$ 5.50	\$ 5.50
Electric										
Average daily usage in kwh	1,901,835	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
Residential rate per kwh	\$ 0.063	\$ 0.060	\$ 0.057	\$ 0.054	\$ 0.054	\$ 0.054	\$ 0.055	\$ 0.058	\$ 0.060	\$ 0.064
Average Mwh generated per hour (1)	28.3	38.7	30.3	28.2	26.3	26.4	29.7	30.2	25.3	24.1

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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
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	106	109	109	110	111	108	107	102	100	101
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Fire Trucks	17	17	17	17	16	16	16	16	15	15
Street (Miles)	285	284	284	280	284	284	270	261	258	256
Parks and recreation										
Parks	52	52	52	52	52	52	52	52	52	52
Acreage	1,844	1,844	1,844	1,844	1,842	1,826	1,801	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	29	25	21	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	311	309	308	306	302	301	299	298
Fire hydrants	2,052	2,052	2,052	2,048	2,031	2,023	1,984	1,890	1,878	1,835
Wells	19	19	19	19	19	19	19	18	18	18
Sewer										
Sanitary sewer (miles)	266	266	266	276	273	266	257	246	243	241
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	20	19	19	19	17	17	17	17	17
Electric										
Transmission lines (miles)	37	37	37	37	37	37	38	38	38	38
Distribution lines (miles)	410	410	410	414	414	408	401	360	352	337
Hydro generating plants	4	4	4	4	4	4	4	4	4	4
Street lights	4,584	4,519	4,527	4,523	4,383	4,027	3,782	4,220	4,190	4,050
Traffic signals	51	50	51	51	53	48	46	47	46	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, 2013

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	-	\$ 332,812	\$ 332,812
U.S. Department of Interior				
Pass-through Idaho Historical Society				
Historical Preservation Fund Grant	15.904	16-13-31919	\$ 5,100	\$ 5,100
U.S. Department of Justice				
Direct Programs:				
Bulletproof Vest Partnership Program	16.607		\$ 8,041	\$ 8,041
Pass-through Idaho Department of Juvenile Corrections				
Enforcing Underage Drinking Laws	16.727	2010AHFX0084	\$ 5,873	\$ 5,873
		2011AHFX0053	1,382	1,382
			<u>\$ 7,255</u>	<u>\$ 7,255</u>
Total Department of Justice			<u>\$ 15,296</u>	<u>\$ 15,296</u>
U.S. Department of Transportation				
Direct Programs:				
Airport Improvement Program	20.106	3-16-0018-37	\$ 753,507	\$ 310,998
		3-16-0018-38	539,423	-
			<u>\$ 1,292,930</u>	<u>\$ 310,998</u>
Pass-through Idaho Dept of Transportation:				
Highway Planning and Construction	20.205	A011 (536)	\$ 2,000	\$ 2,000
		A012 (536)	7,064	7,064
		A011 (685)	61,975	61,975
		A011 (201)	124,710	124,710
		-	35,734	-
		A001 (201)	50,590	50,590
			<u>\$ 282,073</u>	<u>\$ 246,339</u>
State and Community Highway Safety	20.600	PT-2012-01-00-00	\$ 4,491	\$ 4,491
		PT-2013-01-00-00	5,000	5,000
		M2HVE-2013-01-00-00	7,500	7,500
		OP-2012-01-00-00	968	968
			<u>\$ 17,959</u>	<u>\$ 17,959</u>
Alcohol Traffic Safety & Drunk Driving Prevention	20.601	K8-2013-01-00-00	\$ 3,936	\$ 3,936
Pass-through Idaho Military Division:				
Interagency Hazardous Material Training	20.703	HMHMP0245110100	\$ 2,948	\$ 2,948
Interagency Hazardous Material Training		HMHMP0314120100	8,363	8,363
			<u>\$ 11,311</u>	<u>\$ 11,311</u>
Total Department of Transportation			<u>\$ 1,608,209</u>	<u>\$ 590,543</u>

CITY OF IDAHO FALLS, IDAHO
Schedule of Expenditures of Federal Awards (continued)
Year Ended September 30, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Cash Basis Revenues
U.S. Department of Environmental Quality Pass-through Idaho Department of * Environmental Quality	66.458	WW1102	\$ 7,847,502	\$ 3,534,196
U.S. Department of Energy Direct Programs:				
Electric Delivery and Energy Reliability, Research, Development and Analysis	81.122	-	\$ 1,007,158	\$ 1,007,158
Energy Efficiency and Conservation Grant	81.128	-	\$ 58,588	\$ 58,588
Total Department of Energy			\$ 1,065,746	\$ 1,065,746
U.S. Department of Homeland Security Pass-through Idaho State Military Division Homeland Security Grant	97.067	2009SST90014 EMW2011SS00018 2010SST00088	\$ 1,844 26,752 71,908	\$ 1,844 26,752 71,908
			\$ 100,504	\$ 100,504
Total Federal Assistance			\$ 10,975,169	\$ 5,644,197

* 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, 2013 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.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the City of Idaho Falls, Idaho's basic financial statements, and have issued our report thereon dated February 14, 2014. Our report includes a reference to other auditors who audited the financial statements of the City of Idaho Falls, Idaho's Electric Light Fund, as described in our report on the City of Idaho Falls, Idaho's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of other auditors, is based solely on the reports of other auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Idaho Falls, Idaho's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Idaho Falls, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Idaho Falls, Idaho's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

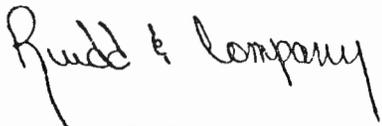
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Idaho Falls, Idaho's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Idaho Falls, Idaho
February 14, 2014



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

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 for its Passenger Facility Charge program for the year ended September 30, 2013. The City of Idaho Falls, Idaho's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Idaho Falls, Idaho's major federal programs based on our audit of the types of compliance requirements referred to above. 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Idaho Falls, Idaho's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Idaho Falls, Idaho complied, in all material respects, with the types of 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, 2013.

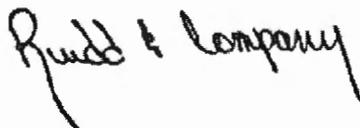
Report on Internal Control over Compliance

Management of the City of Idaho Falls, Idaho is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Idaho Falls, Idaho's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or on the Passenger Facility Charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Idaho Falls, Idaho
February 14, 2014



**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, 2013, and have issued our report thereon dated February 14, 2014. 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, 2013, 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.

Idaho Falls, Idaho
February 14, 2014

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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, 2013

	Passenger Facility Charges Collected	Passenger Facility Charges Expended
PFC Charges Collected and Expended for the Current Year	\$ 590,028	\$ 590,028
PFC Charges Collected and Expended in Prior Years	<u>8,349,204</u>	<u>8,349,204</u>
Total PFC Charges to Date	<u>\$ 8,939,232</u>	8,939,232
PFC Interest Earned to Date		35,561
Actual PFC Related Expenditures to Date		<u>(11,576,665)</u>
Ending Balance Unliquidated PFC Revenue Account (PFC Expended to Date, Plus Interest Less Actual Expenditures to Date		<u>\$ (2,601,872)</u>
Total Approved PFC Related Expenditures to Date		<u>\$ 12,918,437</u>

CITY OF IDAHO FALLS, IDAHO
Schedule of Findings and Questioned Costs
Year Ended September 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

CITY OF IDAHO FALLS, IDAHO
Schedule of Findings and Questioned Costs (continued)
Year Ended September 30, 2013

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grant
66.458	Capitalization Grants for Clean Water State Revolving Funds

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