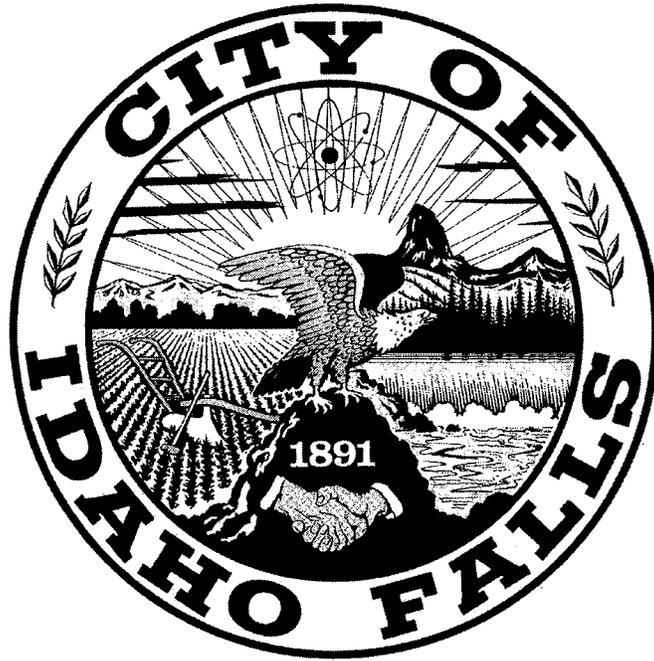


**CITY OF
IDAHO FALLS, IDAHO**



**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDED
SEPTEMBER 30, 2014

CITY OF IDAHO FALLS, IDAHO
Comprehensive Annual Financial Report
For the fiscal year ended September 30, 2014

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, 2014

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INTRODUCTORY SECTION



City of Idaho Falls

CONTROLLER'S OFFICE

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

February 9, 2015

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, 2014 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, 2014, 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 unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2014, 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 22 square miles with an estimated population of 58,292. 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 2014 was 3.5 percent which reflects

a recovery of the job market in this Idaho Falls metropolitan area. Idaho Falls continues to experience some of the lowest unemployment rates in the nation. The economy is expected to continue to diversify and grow in the manufacturing and technology industries.

Long-term financial planning

Unassigned fund balance in the general fund (36.7 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 reconstruction of Woodruff Avenue from Caribou Street to Meppen Canal, a splash park, and a new downtown fire station. Funding options are being considered and are not set at this time. The City has signed an agreement with the City of Ammon to jointly fund the widening of 25th East from Sunnyside to 49th South. Work on this project will take place in fiscal year 2015. 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, transportation funding, and budget reductions.

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, 2013. This was the twenty fifth 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

Thane Sparks
Controller



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, 2013

Executive Director/CEO

City of Idaho Falls

Principal Officials

September 30, 2014

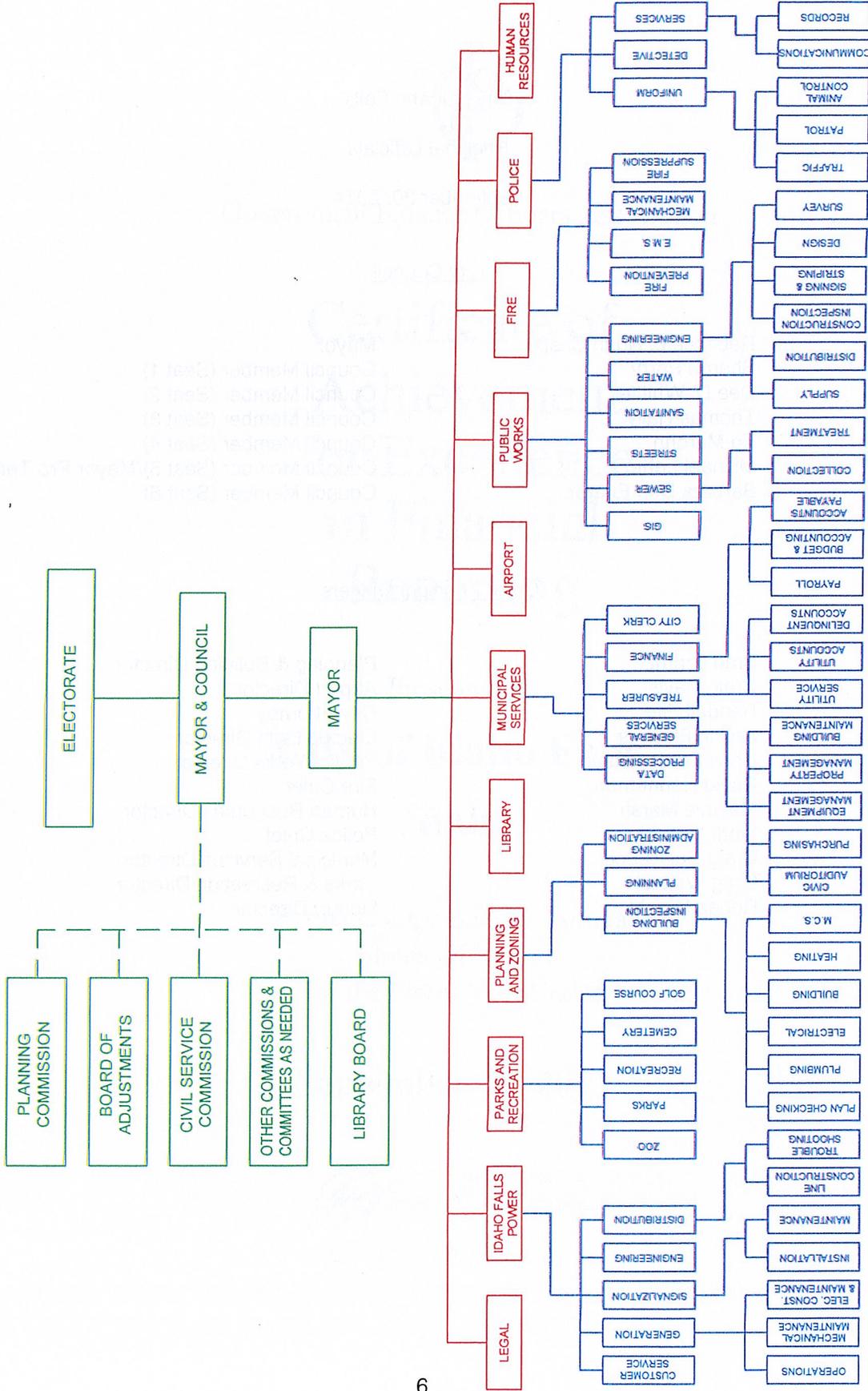
City Council

Rebecca L. Noah Casper	Mayor
Sharon Parry	Council Member (Seat 1)
Dee D. Whittier	Council Member (Seat 2)
Thomas Hally	Council Member (Seat 3)
Ed Marohn	Council Member (Seat 4)
Michael Lehto	Council Member (Seat 5)/Mayor Pro Tem
Barbara Dee Ehardt	Council Member (Seat 6)

Other Principal Officers

Brad Cramer	Planning & Building Director
Craig Davis	Airport Director
Randall Fife	City Attorney
Jackie Flowers	Electric Light Director
Chris Fredericksen	Public Works Director
David Hanneman	Fire Chief
Melanie Marsh	Human Resources Director
Mark McBride	Police Chief
Craig Rockwood	Municipal Services Director
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, 2014, 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 46%, 48% and 65%, 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 46%, 48% and 65%, 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, 2014, 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 to 19 and 25 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.

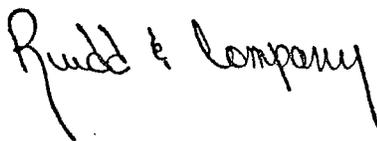
The combining and individual nonmajor fund financial statements, the budgetary comparison schedules, the schedule of passenger facility charges collected and expended and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, 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 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 3, 2015, 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 3, 2015



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, 2014. 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, 2014 by \$422,685,683 (net position). Of this amount, \$121,077,209 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 \$9,866,024 as a result of this year's operations. The governmental net position decreased by \$715,043 and the business-type net position increased by \$10,581,067.
- At September 30, 2014, the City's governmental activities reported combined ending net position of \$125,188,671, a decrease of \$715,043 in comparison with the prior year. Approximately 20.3 percent of this amount, \$25,474,089, is available for spending at the City's discretion.
- At the end of the current fiscal year, the general fund balance was \$23,832,891 of which \$791,271 is classified as nonspendable. The remaining \$23,041,620 represents 61.8 percent of the total general fund expenditures.
- Total liabilities of the City increased by \$9,761,732, which represents a 33.8 percent increase over the amount reported for 2013. The main factors in this change were an increase in the 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 \$422,685,683 at September 30, 2014.

By far the largest portion of the City's net position, 70.9 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	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 34,684,607	\$ 37,717,592	\$ 108,764,272	\$ 99,725,152	\$143,448,879	\$137,442,744
Capital assets	99,115,190	97,567,088	218,802,966	206,729,447	317,918,156	304,296,535
Total assets	133,799,797	135,284,680	327,567,238	306,454,599	461,367,035	441,739,279
Long-term liabilities outstanding	1,857,939	2,226,293	18,484,919	7,794,334	20,342,858	10,020,627
Other liabilities	6,753,187	7,154,673	11,585,307	11,744,320	18,338,494	18,898,993
Total liabilities	8,611,126	9,380,966	30,070,226	19,538,654	38,681,352	28,919,620
Net position:						
Net investment in capital assets	99,115,190	97,567,088	200,831,606	201,808,949	299,946,796	299,376,037
Restricted	599,392	706,136	1,062,286	984,291	1,661,678	1,690,427
Unrestricted	25,474,089	27,630,490	95,603,120	84,122,705	121,077,209	111,753,195
Total net position	\$125,188,671	\$125,903,714	\$297,497,012	\$286,915,945	\$422,685,683	\$412,819,659

An additional portion of the City's net position, .39 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net

position, \$121,077,209, 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 \$9,866,024 or 2.4 percent from \$412,819,659 at September 30, 2013 to \$422,685,683 at September 30, 2014. Governmental activities decreased \$715,043 or .6 percent than the prior year while the business-type activities increased \$10,581,067 or 3.7 percent over the same period.

City of Idaho Falls' Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 9,314,992	\$ 9,070,639	\$ 86,874,898	\$ 84,057,129	\$ 96,189,890	\$ 93,127,768
Operating grants and contributions	864,397	793,995	1,948,498	1,844,770	2,812,895	2,638,765
Capital grants and contributions	2,179,390	2,691,780	3,826,311	3,315,084	6,005,701	6,006,864
General revenues:						
Property taxes	27,018,814	26,953,991			27,018,814	26,953,991
Other taxes	7,861,402	7,520,994			7,861,402	7,520,994
Other	968,562	912,978	409,311	464,907	1,377,873	1,377,885
Total revenues	48,207,557	47,944,377	93,059,018	89,681,890	141,266,575	137,626,267
Expenses:						
General government	5,563,345	7,129,490			5,563,345	7,129,490
Public safety	23,030,495	22,682,037			23,030,495	22,682,037
Streets	9,437,193	7,853,983			9,437,193	7,853,983
Culture and recreation	13,241,313	12,268,230			13,241,313	12,268,230
Public works	1,480,742	2,024,618			1,480,742	2,024,618
Airport			5,477,454	5,174,645	5,477,454	5,174,645
Water and sewer			14,776,051	14,592,349	14,776,051	14,592,349
Sanitation			3,751,991	3,539,347	3,751,991	3,539,347
Ambulance			3,757,512	3,567,676	3,757,512	3,567,676
Electric			50,884,455	46,948,348	50,884,455	46,948,348
Total expenses	52,753,088	51,958,358	78,647,463	73,822,365	131,400,551	125,780,723
Increase (decrease) in net position before transfers	(4,545,531)	(4,013,981)	14,411,555	15,859,525	9,866,024	11,845,544
Transfer	3,830,488	3,891,711	(3,830,488)	(3,891,711)		
Increase (decrease) in net position	(715,043)	(122,270)	10,581,067	11,967,814	9,866,024	11,845,544
Net position – beginning	125,903,714	126,025,984	286,915,945	274,948,131	412,819,659	400,974,115
Net position – ending	\$125,188,671	\$125,903,714	\$297,497,012	\$286,915,945	\$422,685,683	\$412,819,659

Governmental activities. During the current fiscal year, net position for governmental activities decreased \$715,043 from the prior year for an ending balance of \$125,188,871. 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 \$64,823 or .2 percent during the year. This is due to increased tax collections by the County.
- Operating grants increased by \$70,402, mostly as a result of timing of projects and reimbursements of funding from the Community Development Block Grant (CDBG) a federal grant.
- Capital grants decreased by \$512,390, mostly as a result of completion previous years' projects and the close out of the associated capital grants

Governmental activity expenses increased \$794,730 or 1.5 percent reflecting the increased cost of goods and services. There were several additional maintenance projects that were completed this year. Within the streets function \$1,000,000 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.

Business-type activities. Business-type activities increased the City's net position by \$10,581,067, 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 \$2,817,769 or 3.4 percent. The electric fund accounts for a significant portion of this increase, with an increase of \$3,836,132 over the prior year. The airport fund also showed an increase in charges for services of \$366,368 over the prior year.
- Business-type activity expenses increased by \$4,825,098 or 6.5 percent.
- The airport fund, water and sewer fund, ambulance fund, and the electric fund had contributed capital during the year with a \$3,816,311 value.
- The last payment on the electric light utility fund's 1991 GO bonds will be the next fiscal year, April 1, 2015. As a result debt and accrued interest for the electric light fund has decreased \$874,635 over the last year and represents a decrease of \$10,340,602 from two years prior.
- Debt and accrued interest increased to \$21,110,570, the prior year amount of debt and accrued interest was \$10,621,646. The increase was a result of the upgrade to the wastewater treatment plant and the resulting increase of \$13,708,304 in the loan payable to the State of Idaho.

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, 2014, the City's governmental funds reported combined ending fund balances of \$29,654,242 a decrease of \$2,958,521 in comparison with the prior year. Approximately 45.8 percent of this total amount, \$13,583,789 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 \$958,813, 2) restricted for particular purposes \$599,392, 3) committed for particular purposes \$7,431,389, or 4) assigned for particular purposes \$7,080,859.

The general fund is the chief operating fund of the City. At September 30, 2014, unassigned fund balance of the general fund was \$13,688,332, while total fund balance decreased to \$23,832,891. 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 36.7 percent of total general fund expenditure, while total fund balance represents 63.9 percent of that same amount.

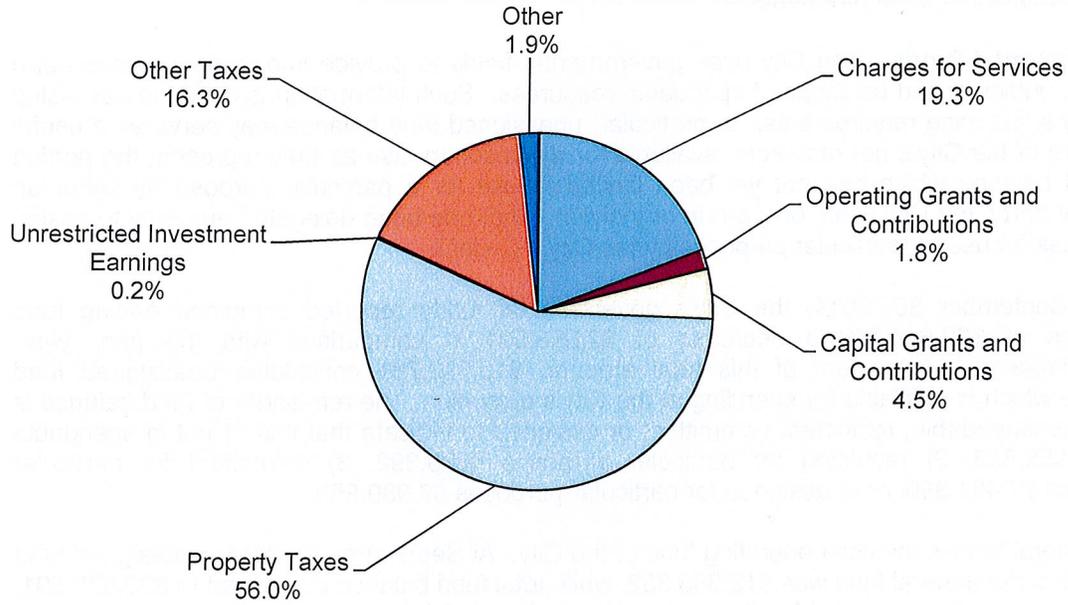
The fund balance of the City's general fund decreased by \$816,752, during the current fiscal year. The key factors in this are as follows:

- Transfers out of the general fund totaled \$1,732,630. This was an increase of \$886,245 over the prior year. Transfers to the street fund was increased by \$400,000 to help pay for additional street overlays.
- A 2 percent cost of living was budgeted and given to the employees. Plus there were minor increases in employee benefit costs.
- Revenues increased slightly by \$268,107 as compared to the prior year, however the property tax remained the same as the previous 4 years.
- Expenditures decreased by \$1,680,107 as compared to the prior year. There were increases in public safety, culture and recreation, and public works expenses that were offset by decreased expenditures in general government.

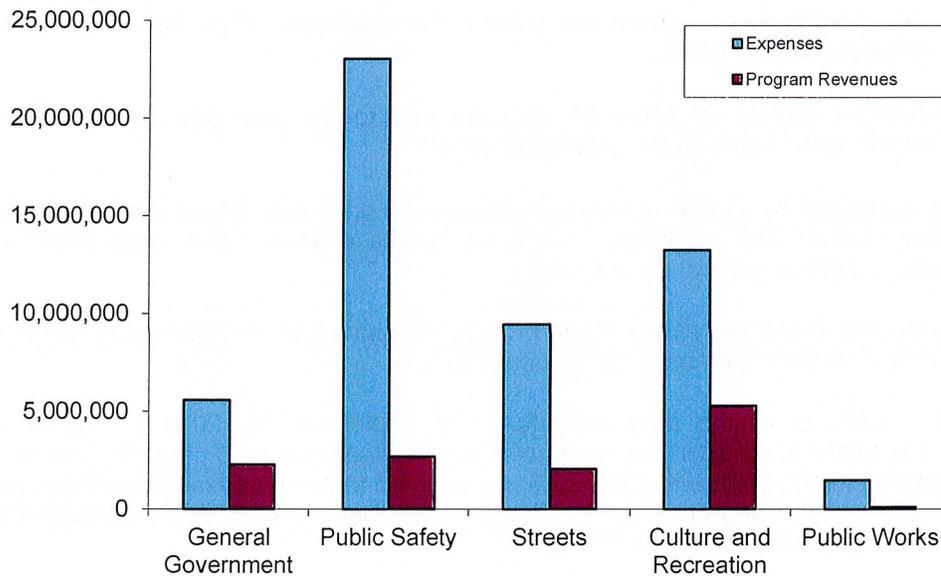
Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of all the proprietary funds at September 30, 2014 amounted to \$95,413,464. Of that total electric operation amounted to \$52,044,956 or 54.5 percent. The total increase in net position for the funds was \$10,423,991 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.

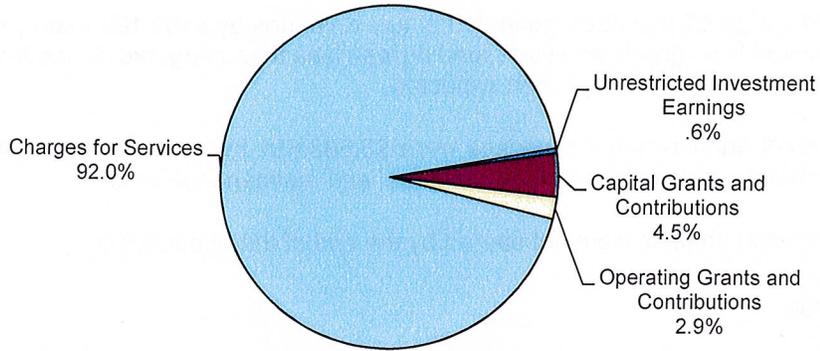
2014 Revenues by Source - Governmental Activities



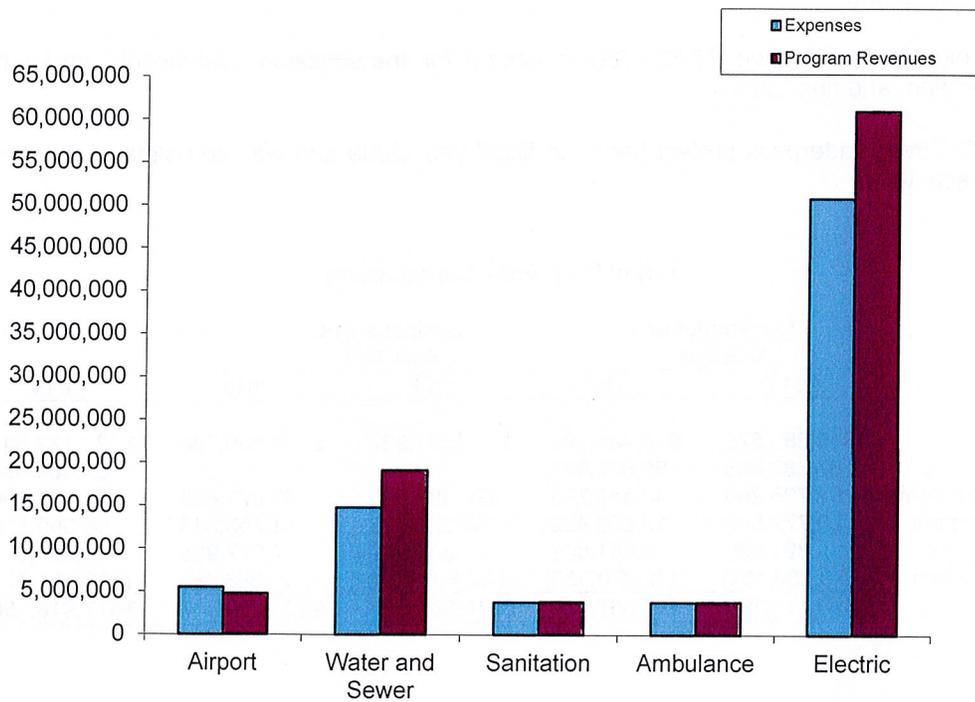
2014 Expenses and Program Revenues - Governmental Activities



2014 Revenues by Source - Business-type Activities



2014 Expenses and Program Revenues - Business-type Activities



General Fund Budgetary Highlights. The City did not amend the 2014 general fund budget.

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

- The general fund budgeted revenues exceeded actual revenues by \$483,188 mainly due to actual funds received from grants and state funding was less than budgeted. Fines from the court system and donations were less than expected.
- General government administrative expenses were \$3,588,681 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, 2014 amounts to \$317,918,156 (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 \$1,548,102 in governmental assets for improvements including parks, existing building upgrades, equipment replacement, and infrastructure.
- The water and sewer fund spent \$2,416,111 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 \$7,784,780 in capital for transmission, distribution, smart grid, generation, and fiber optics.
- The D Street underpass project began in fiscal year 2009 and was complete at the end of this fiscal year.

City of Idaho Falls' Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$15,889,576	\$15,488,798	\$ 7,283,927	\$ 7,009,786	\$ 23,173,503	\$ 22,498,584
Infrastructure	87,689,886	86,837,034	-	-	87,689,886	86,837,034
Buildings and improvements	52,725,266	43,446,773	372,483,900	363,071,875	425,209,166	406,518,648
Machinery and equipment	20,772,540	19,603,402	35,227,978	31,253,345	56,000,518	50,856,747
Construction in progress	321,086	4,861,636	26,638,969	17,277,925	26,960,055	22,139,561
Accumulated depreciation	(78,283,164)	(72,670,555)	(222,831,808)	(211,883,484)	(300,114,972)	(284,554,039)
Total	\$99,115,190	\$97,567,088	\$218,802,966	\$206,729,447	\$317,918,156	\$304,296,535

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, 2014, the City had \$23,473,895 in business-type debt outstanding compared to \$13,039,751 last year, an 80.0 percent increase.

City of Idaho Falls' Outstanding Business-type Debt

	2014	2013
General obligations-zero coupon bonds	\$ 728,860	\$1,514,518
State of Idaho DEQ note	17,242,500	3,534,196
Compensated absences	2,438,014	2,294,717
Total	\$20,409,374	\$7,343,431

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 is lower than reported last year at 3.5 percent. This compares favorably to the state's average unemployment rate of 3.5 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 2014-2015.
- The City compares favorably with the mountain west region in economic growth. Revenues from building permits remained constant in comparison to the prior year and is projected to slightly increase going forward. The economic outlook remains optimistic with a slow upward trend.
- There have been slight declines in taxable assessed property value during the last three years. It is expected that the assessed values will increase in the near future and that this will help in raising new revenue through property taxes.

These factors and many others were considered in preparing the City's budget for the 2015 fiscal year.

The general fund ended the current year with an unassigned fund balance of \$13,688,332. The City has not appropriated any of this unassigned fund balance for spending in the 2015 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, 2014**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Redevelopment Agency
ASSETS				
Cash and cash equivalents	\$ 9,574,518	\$ 28,249,797	\$ 37,824,315	\$ 238,797
Investments	20,203,966	59,505,430	79,709,396	6,599,528
Receivables (net of allowance for uncollectables)	2,330,040	10,454,997	12,785,037	158,832
Internal balances	(188,386)	188,386	-	-
Due from other governments	1,805,657	1,111,670	2,917,327	-
Inventories	958,812	5,261,341	6,220,153	-
Restricted assets:				
Cash and cash equivalents	-	3,992,651	3,992,651	-
Capital assets (net of accumulated depreciation):				
Land	15,889,576	7,283,927	23,173,503	-
Infrastructure	87,689,886	-	87,689,886	-
Buildings and improvements	52,725,266	372,483,900	425,209,166	-
Machinery and equipment	20,772,540	35,227,978	56,000,518	-
Construction work in progress	321,086	26,638,969	26,960,055	-
Accumulated depreciation	(78,283,164)	(222,831,808)	(301,114,972)	-
Total assets	<u>133,799,797</u>	<u>327,567,238</u>	<u>461,367,035</u>	<u>6,997,157</u>
LIABILITIES				
Accounts payable	2,003,928	5,857,276	7,861,204	4,525
Contracts payable	10,000	-	10,000	-
Accrued wages payable	1,100,985	530,210	1,631,195	-
Security deposits	334,595	-	334,595	-
Accrued interest payable	-	-	-	1,357,932
Noncurrent liabilities:				
Due within one year	3,303,679	5,197,821	8,501,500	-
Due in more than one year	1,500,397	18,350,763	19,851,160	11,857,564
Net other postemployment benefits obligation	357,542	134,156	491,698	-
Total liabilities	<u>8,611,126</u>	<u>30,070,226</u>	<u>38,681,352</u>	<u>13,220,021</u>
NET POSITION				
Net investment in capital assets	99,115,190	200,831,606	299,946,796	-
Restricted for:				
Debt service	-	1,062,286	1,062,286	-
Conservation program	599,392	-	599,392	-
Unrestricted	25,474,089	95,603,120	121,077,209	(6,222,864)
Total net position (deficit)	<u>\$ 125,188,671</u>	<u>\$ 297,497,012</u>	<u>\$ 422,685,683</u>	<u>\$ (6,222,864)</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, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position			Component Unit Redevelopment Agency
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Business-type Activities	Total	
Primary Government:								
Government activities:								
General government	\$ 5,563,345	\$ 1,582,300	\$ 686,651	\$ -	\$ (3,294,394)	\$ -	\$ (3,294,394)	
Public safety	23,030,495	2,579,890	96,821	-	(20,353,784)	-	(20,353,784)	
Streets	9,437,193	-	-	2,039,496	(7,397,697)	-	(7,397,697)	
Culture and recreation	13,241,313	5,049,384	80,925	139,894	(7,971,110)	-	(7,971,110)	
Public works	1,480,742	103,418	-	-	(1,377,324)	-	(1,377,324)	
Total governmental activities	52,753,088	9,314,992	864,397	2,179,390	(40,394,309)	-	(40,394,309)	
Business-type activities:								
Airport	5,477,454	2,278,503	139,330	2,349,747	-	\$ (709,874)	(709,874)	
Water and sewer	14,776,051	18,595,875	-	545,450	-	4,365,274	4,365,274	
Sanitation	3,751,991	3,822,454	-	-	-	70,463	70,463	
Ambulance	3,757,512	1,909,065	1,809,168	65,465	-	26,186	26,186	
Electric	50,884,455	60,269,001	-	865,649	-	10,250,195	10,250,195	
Total business-type activities	78,647,463	86,874,898	1,948,498	3,826,311	-	14,002,244	14,002,244	
Total primary government	\$ 131,400,551	\$ 96,189,890	\$ 2,812,895	\$ 6,005,701	\$ (40,394,309)	\$ 14,002,244	\$ (26,392,065)	
Component unit:								
Redevelopment agency	\$ 1,132,748	\$ 9,395	\$ -	\$ -	-	-	\$ (1,123,353)	
Total component unit	\$ 1,132,748	\$ 9,395	\$ -	\$ -	-	-	(1,123,353)	
General revenues:								
Property taxes					27,018,814	-	27,018,814	
Unrestricted sales tax and revenue sharing					6,362,486	-	6,362,486	
Franchise taxes					865,118	-	865,118	
Alcoholic beverage taxes					633,798	-	633,798	
Unrestricted investment earnings					101,528	409,311	510,839	6,264
Miscellaneous revenues					537,526	-	537,526	40,934
Gain on sale of capital assets					329,508	-	329,508	-
Transfers					3,830,488	(3,830,488)	-	-
Total general revenues and transfers					39,679,266	(3,421,177)	36,258,089	2,593,770
Change in net position					(715,043)	10,581,067	9,866,024	1,470,417
Net position (deficit)-beginning					125,903,714	286,915,945	412,819,659	(7,693,281)
Net position (deficit)-ending					\$ 125,188,671	\$ 297,497,012	\$ 422,685,683	\$ (6,222,864)

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

**City of Idaho Falls
Balance Sheet
Governmental Funds
September 30, 2014**

	<u>General</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 6,845,291	\$ 1,721,737	\$ 8,567,028
Investments	16,239,521	3,964,445	20,203,966
Receivables	1,530,360	763,407	2,293,767
Due from other funds	437,689	-	437,689
Due from other governments	947,117	858,540	1,805,657
Inventory	791,271	167,541	958,812
Total assets	<u>\$ 26,791,249</u>	<u>\$ 7,475,670</u>	<u>\$ 34,266,919</u>
LIABILITIES			
Accounts payable	\$ 662,673	\$ 891,789	\$ 1,554,462
Contracts payable	-	10,000	10,000
Accrued wages	960,948	140,037	1,100,985
Due to other funds	-	436,419	436,419
Security deposits	287,904	46,691	334,595
Total liabilities	<u>1,911,525</u>	<u>1,524,936</u>	<u>3,436,461</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	1,046,833	129,383	1,176,216
Total deferred inflows of resources	<u>1,046,833</u>	<u>129,383</u>	<u>1,176,216</u>
FUND BALANCES			
Nonspendable	791,271	167,542	958,813
Restricted	-	599,392	599,392
Committed	6,199,706	1,231,683	7,431,389
Assigned	3,153,582	3,927,277	7,080,859
Unassigned	13,688,332	(104,543)	13,583,789
Total fund balances	<u>23,832,891</u>	<u>5,821,351</u>	<u>29,654,242</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,791,249</u>	<u>\$ 7,475,670</u>	<u>\$ 34,266,919</u>

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

Total fund balances - governmental funds	\$ 29,654,242
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	99,115,190
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	1,176,216
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.	404,641
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.	(5,161,618)
Net position of governmental activities	<u>\$ 125,188,671</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, 2014

	<u>General</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 25,054,518	\$ 2,921,871	\$ 27,976,389
Licenses and permits	673,516	-	673,516
Intergovernmental	6,341,293	5,286,760	11,628,053
Charges for services	1,053,724	4,110,106	5,163,830
Fines	354,627	102,049	456,676
Interest	84,732	16,796	101,528
Miscellaneous	603,074	436,971	1,040,045
Total revenues	<u>34,165,484</u>	<u>12,874,553</u>	<u>47,040,037</u>
EXPENDITURES			
Current:			
General government	5,930,267	276,328	6,206,595
Public safety	22,948,181	-	22,948,181
Streets	-	4,942,294	4,942,294
Culture & recreation	6,596,600	7,121,073	13,717,673
Public works	1,819,304	-	1,819,304
Capital outlay	-	4,194,999	4,194,999
Total expenditures	<u>37,294,352</u>	<u>16,534,694</u>	<u>53,829,046</u>
Excess (deficiency) of revenues over expenditures	<u>(3,128,868)</u>	<u>(3,660,141)</u>	<u>(6,789,009)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,044,746	3,022,006	7,066,752
Transfers out	(1,732,630)	(1,503,634)	(3,236,264)
Total other financing sources (uses)	<u>2,312,116</u>	<u>1,518,372</u>	<u>3,830,488</u>
Net change in fund balances	(816,752)	(2,141,769)	(2,958,521)
Fund balances, beginning	24,649,643	7,963,120	32,612,763
Fund balances, ending	<u>\$ 23,832,891</u>	<u>\$ 5,821,351</u>	<u>\$ 29,654,242</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, 2014

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

Net change in fund balances-total governmental funds	\$ (2,958,521)
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.	395,265
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(97,457)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	1,152,838
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).	478,688
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.	314,144
Change in net position of governmental activities	<u>\$ (715,043)</u>

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

City of Idaho Falls
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For the Fiscal Year Ended September 30, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 24,838,099	\$ 25,201,777	\$ 363,678
Licenses and permits	632,900	673,516	40,616
Intergovernmental	7,194,397	6,568,016	(626,381)
Charges for services	997,740	1,049,341	51,601
Fines	464,189	354,627	(109,562)
Interest	100,000	36,383	(63,617)
Miscellaneous	709,252	569,729	(139,523)
Total revenues	<u>34,936,577</u>	<u>34,453,389</u>	<u>(483,188)</u>
EXPENDITURES			
Current:			
General government	9,375,908	5,787,227	3,588,681
Public safety	21,938,525	22,584,598	(646,073)
Culture and recreation	7,395,296	6,446,922	948,374
Public works	1,968,979	1,508,428	460,551
Total expenditures	<u>40,678,708</u>	<u>36,327,175</u>	<u>4,351,533</u>
Excess (deficiency) of revenues over expenditures	<u>(5,742,131)</u>	<u>(1,873,786)</u>	<u>3,868,345</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,159,510	4,044,746	(114,764)
Transfers out	(868,780)	(3,864,460)	(2,995,680)
Total other financing sources (uses)	<u>3,290,730</u>	<u>180,286</u>	<u>(3,110,444)</u>
Net change in fund balances	(2,451,401)	(1,693,500)	757,901
Fund balance, beginning	<u>24,649,643</u>	<u>24,649,643</u>	<u>-</u>
Fund balance, ending	<u>\$ 22,198,242</u>	<u>\$ 22,956,143</u>	<u>\$ 757,901</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, 2014**

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Airport	Water & Sewer	Sanitation	Ambulance	Electric	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,777,387	\$ 16,388,159	\$ 1,173,123	\$ 357,624	\$ 8,553,504	\$ 28,249,797
Investments	1,799,424	18,228,358	1,459,947	425,746	37,651,955	59,505,430
Receivables (net of allowance for uncollectibles):						
Utility & accounts	102,465	1,705,091	342,338	1,125,084	6,900,265	10,175,243
Interest	1,539	49,320	281	100	228,514	279,754
Due from other governments	1,111,670	-	-	-	-	1,111,670
Inventory	-	1,593,527	-	-	3,667,814	5,261,341
Restricted cash and cash equivalents	-	-	-	-	1,892,535	1,892,535
Total current assets	4,732,485	37,964,455	2,975,689	1,908,554	58,894,587	106,475,770
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	-	-	-	-	2,100,116	2,100,116
Capital assets:						
Land	2,615,359	1,772,716	-	-	2,895,852	7,283,927
Buildings	17,758,408	2,873,441	430,766	107,537	4,584,524	25,754,666
Improvements other than buildings	50,277,843	110,130,869	39,385	-	186,281,137	346,729,234
Machinery & equipment	3,466,835	13,999,785	4,994,879	2,391,729	10,374,750	35,227,978
Construction work in progress	717,891	20,220,486	-	42,168	5,658,424	26,638,969
Less accumulated depreciation	(35,394,514)	(62,069,303)	(3,982,544)	(1,735,411)	(119,650,036)	(222,831,808)
Total capital assets (net of accumulated depreciation)	39,441,822	86,927,994	1,482,476	806,023	90,144,651	218,802,966
Total noncurrent assets	39,441,822	86,927,994	1,482,476	806,023	92,244,767	220,903,082
Total assets	\$ 44,174,307	\$ 124,892,449	\$ 4,458,165	\$ 2,714,577	\$ 151,139,354	\$ 327,378,852
						\$ 1,043,763

Business-type Activities-Enterprise Funds

	Airport	Water & Sewer	Sanitation	Ambulance	Electric	Total	Governmental Activities-Internal Service Funds
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 629,876	\$ 1,464,362	\$ 8,438	\$ 25,981	\$ 3,728,619	\$ 5,857,276	\$ 449,466
Accrued wages	25,162	107,004	58,439	109,540	230,065	530,210	-
Due to other funds	244	53	93	348	532	1,270	-
Compensated absences	76,387	322,586	132,077	346,967	660,579	1,538,596	-
G.O. bonds payable	-	-	-	-	728,860	728,860	-
Accrued interest payable-current	-	-	-	-	2,930,365	2,930,365	-
Total current liabilities	731,669	1,894,005	199,047	482,836	8,279,020	11,586,577	449,466
Noncurrent liabilities:							
Accrued interest-Loan payable	-	208,845	-	-	-	208,845	-
Compensated absences	29,291	246,265	82,680	214,280	326,902	899,418	-
Net other postemployment benefits	13,100	55,496	30,458	24,703	10,399	134,156	-
Loan payable	-	17,242,500	-	-	-	17,242,500	-
Total noncurrent liabilities	42,391	17,753,106	113,138	238,983	337,301	18,484,919	-
Total liabilities	774,060	19,647,111	312,185	721,819	8,616,321	30,071,496	449,466
NET POSITION							
Net investment in capital assets	39,441,822	69,685,494	1,482,476	806,023	89,415,791	200,831,606	-
Restricted for debt service	-	-	-	-	1,062,286	1,062,286	-
Unrestricted	3,958,425	35,559,844	2,663,504	1,186,735	52,044,956	95,413,464	594,297
Total net position	\$ 43,400,247	\$ 105,245,338	\$ 4,145,980	\$ 1,992,758	\$ 142,523,033	\$ 297,307,356	\$ 594,297

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.
 Net position of business-type activities

189,656
\$ 297,497,012

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

City of Idaho Falls
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2014

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Airport	Water & Sewer	Sanitation	Ambulance	Electric	
Operating revenues:	\$ 2,278,503	\$ 18,595,875	\$ 3,822,454	\$ 1,909,065	\$ 59,944,853	\$ 86,550,750
Operating expenses:						
Operations and maintenance	2,672,624	10,868,228	3,298,423	3,582,050	44,364,651	64,785,976
Depreciation	2,812,157	3,949,394	479,854	196,018	6,076,149	13,513,572
Total operating expenses	5,484,781	14,817,622	3,778,277	3,778,068	50,440,800	78,299,548
Operating income (loss)	(3,206,278)	3,778,253	44,177	(1,869,003)	9,504,053	8,251,202
Nonoperating revenues (expenses):						
Intergovernmental	139,330	-	-	1,809,168	-	1,948,498
Interest income	6,179	113,089	6,624	1,815	281,604	409,311
Other	-	-	-	10,000	324,148	334,148
Interest expenses	-	-	-	-	(504,991)	(504,991)
Total nonoperating revenues (expenses)	145,509	113,089	6,624	1,820,983	100,761	2,186,966
Net income (loss) before contributions and transfers	(3,060,769)	3,891,342	50,801	(48,020)	9,604,814	10,438,168
Capital contributions	2,349,747	545,450	-	55,465	865,649	3,816,311
Transfers in	638,634	-	-	-	-	638,634
Transfers out	-	(889,600)	(187,500)	-	(3,392,022)	(4,469,122)
Change in net position	(72,388)	3,547,192	(136,699)	7,445	7,078,441	10,423,991
Net position-beginning	43,472,635	101,698,146	4,282,679	1,985,313	135,444,592	123,076
Net position-ending	\$ 43,400,247	\$ 105,245,338	\$ 4,145,980	\$ 1,992,758	\$ 142,523,033	\$ 594,297
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						157,076
Change in net position of business-type activities						\$ 10,581,067

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, 2014

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	\$ 2,411,097	\$ 18,724,147	\$ 3,892,015	\$ 2,061,385	\$ 58,978,399	\$ 86,067,043	\$ -
Cash received from other funds	-	-	-	-	-	-	1,219,418
Payments to suppliers	(1,562,299)	(7,508,560)	(1,087,428)	(654,252)	(38,446,441)	(49,258,980)	(248,551)
Payments to employees	(954,326)	(3,981,409)	(2,196,198)	(2,903,912)	(5,711,215)	(15,747,060)	(727,288)
Other, net	-	-	-	-	1,046,844	1,046,844	-
Net cash provided (used) by operations	(105,528)	7,234,178	608,389	(1,496,779)	15,867,587	22,107,847	243,629
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Intergovernmental revenues	139,330	-	-	1,809,168	-	1,948,498	-
Donations	-	-	-	10,000	-	10,000	-
Transfers from other funds	636,679	-	-	-	-	636,679	-
Transfers to other funds	-	(889,600)	(187,500)	-	(3,392,022)	(4,469,122)	-
Net cash provided (used) by noncapital financing activities	776,009	(889,600)	(187,500)	1,819,168	(3,392,022)	(1,873,945)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital contributions	2,349,747	545,450	-	55,465	173,475	3,124,137	-
Acquisition and construction of capital assets	(3,231,051)	(15,262,212)	-	(112,735)	(6,462,393)	(25,068,391)	-
Principal paid on capital debt	-	13,708,304	-	-	(785,658)	12,922,646	-
Interest paid on capital debt	-	-	-	-	(3,019,342)	(3,019,342)	-
Net cash provided (used) by capital and related financing activities	(881,304)	(1,008,458)	-	(57,270)	(10,093,918)	(12,040,950)	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sale of investments	8,338,036	58,085,181	6,206,086	1,536,122	70,050,904	144,216,329	-
Purchase of investments	(7,405,775)	(55,030,054)	(5,870,833)	(1,619,303)	(70,800,112)	(140,726,077)	-
Earnings on investments	5,482	103,952	6,684	1,815	222,757	340,690	-
Net cash provided (used) by investing activities	937,743	3,159,079	341,937	(81,366)	(526,451)	3,830,942	-

Net increase (decrease) in cash and cash equivalents	726,920	8,495,199	762,826	183,753	1,855,196	12,023,894	243,629
Cash and cash equivalents balance, October 1	1,048,467	7,892,960	410,297	173,871	10,690,959	20,216,554	763,861
Cash and cash equivalents balance, September 30	\$ 1,775,387	\$ 16,388,159	\$ 1,173,123	\$ 357,624	\$ 12,546,155	\$ 32,240,448	\$ 1,007,490

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

Operating income (loss)	\$ (3,206,323)	\$ 3,778,253	\$ 44,177	\$ (1,869,003)	\$ 8,954,836	\$ 7,701,940	\$ 471,221
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	2,812,157	3,949,394	479,854	196,018	6,076,149	13,513,572	-
(Increase) decrease in accounts receivable	(36,505)	248,472	49,322	76,160	(433,707)	(96,258)	(6,988)
(Increase) decrease due from other governments	29,814	-	-	-	-	29,814	-
(Increase) decrease inventory	-	(245,281)	-	-	(110,306)	(355,587)	-
(Decrease) increase accounts payable	284,277	(770,335)	(293)	9,150	319,364	(157,837)	(220,604)
(Decrease) increase due to other funds	-	208,845	-	-	16,720	225,565	-
(Decrease) increase in accrued liabilities	(250)	(216)	93	(317)	(2,313)	(3,003)	-
Other income, net	11,302	65,046	35,236	91,213	1,046,844	1,249,641	-
Total adjustments	3,100,795	3,455,925	564,212	372,224	6,912,751	14,405,907	(227,592)
Net cash provided (used) by operating activities	\$ (105,528)	\$ 7,234,178	\$ 608,389	\$ (1,496,779)	\$ 15,867,587	\$ 22,107,847	\$ 243,629

Noncash investing, capital, and financing activities:

Contributions of capital assets	-	545,450	-	55,465	692,174	1,293,089	-
Transfer of construction work-in-progress to plant in service	3,381,523	494,351	-	-	9,201,923	13,077,797	-
Amortization of debt related premium and deferred charges included in interest expense	-	-	-	-	128,216	128,216	-

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

	Airport	Water and Sewer	Sanitation	Ambulance	Electric	Total	Governmental Activities-Internal Service Funds
Cash and cash equivalents reported on the balance sheet	\$ 1,775,387	\$ 16,388,159	\$ 1,173,123	\$ 357,624	\$ 8,553,504	\$ 28,247,797	\$ 1,007,490
Restricted cash and cash equivalents included in restricted cash	-	-	-	-	3,992,651	3,992,651	-
Total cash and cash equivalents	\$ 1,775,387	\$ 16,388,159	\$ 1,173,123	\$ 357,624	\$ 12,546,155	\$ 32,240,448	\$ 1,007,490

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, 2014

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	25-50

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 \$99,115,190 represents the entire net value of the City's governmental capital assets after deducting \$78,283,164 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	\$ 6,891,351
Depreciation expense	<u>6,496,086</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 395,265</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 \$157,076 difference is as follows:

Internal receivable representing charges in excess of cost to business-type activities-prior years	\$ 32,580
Internal receivable representing charges in excess of cost to business-type activities-current year	124,496
Net adjustment to increase net position – total enterprise funds to arrive at net position – business-type activities	<u>\$157,076</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 recreation fund, golf fund, and street capital improvement fund by \$167,910, \$41,915, and \$784,098 respectively. Both the recreation fund and golf fund excess expenditure is attributed to operations and maintenance. These instances of excess expenditures over appropriations were funded by available fund balance in each of the respective funds. The street capital improvement fund excess expenditure is attributed to capital construction projects approved by council. These instances of excess expenditures over appropriations were funded by transfers from the general fund and municipal capital improvement fund.

C. Deficit fund equity

The street fund and the street capital improvement fund ended the current fiscal year with deficit fund balances of \$11,079 and \$93,464 respectively. The deficits will be covered by general fund and other fund transfers in the future. Ongoing funding for street construction and maintenance is a major topic that the Public Works Division has been discussing with the Council.

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, 2014, the carrying amount of the City's deposits was \$53,741,966 and the respective bank balances totaled \$55,498,159. Of the bank balances, \$30,830,317 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 are either collateralized by other investments or are less than the available insurance amount offered by the financial institutions. As of September 30, 2014, some of the City's deposits totaling \$24,667,842 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, 2014, total deposits of \$30,830,317 were insured or collateralized by deposits held by financial institutions and deposits of \$24,667,842 were unsecured and uncollateralized.

3. Custodial Credit Risk – Investments

As of September 30, 2014, some of the City's investments totaling \$49,164,705 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, 2014 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		\$18,619,691	\$ -	\$16,619,691	\$2,000,000	\$ -
Corporate Bonds	N/A	16,202,449	1,021,900	14,680,549	500,000	-
Commercial Paper	N/A	32,962,256	32,962,256	-	-	-
Total Investments		\$67,784,396	\$33,984,156	\$31,300,240	\$2,500,000	\$ -

Reconciliation of deposits categorization:

Cash and Cash Equivalents reported on the Statement of Net Assets	\$37,824,315
Restricted Cash and Cash Equivalent	3,992,651
Investments categorized as deposits	11,925,000
Total deposits categorized	\$53,741,966

Reconciliation of investments categorization:

Investments reported on the Statement of Net Assets	\$79,709,396
Less investments categorized as deposits	<u>(11,925,000)</u>
Total investments categorized	<u>\$67,784,396</u>

7. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents at September 30, 2014 are as follows:

Electric Light Fund:

Restricted by 1991 General Obligation Electric Refunding Bonds	<u>\$3,992,651</u>
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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	\$1,331,310						\$ 162,517	\$ 1,493,827
Accounts		\$102,465	\$2,173,673	\$436,417	\$3,974,843	\$7,985,221		14,672,619
Interest	199,050	1,539	49,320	281	100	228,514	1,498	480,302
Loans							599,392	599,392
Internal Service Fund							36,273	36,273
Gross receivables	1,530,360	104,004	2,222,993	436,698	3,974,943	8,213,735	799,680	17,282,413
Less: allowance for uncollectibles			(468,582)	(94,079)	(2,849,759)	(1,084,956)		(4,497,376)
Net total receivables	\$1,530,360	\$104,004	\$1,754,411	\$342,619	\$1,125,184	\$7,128,779	\$ 799,680	\$ 12,785,037

C. Capital assets

Capital asset activity for the year ended September 30, 2014 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$15,488,798	\$ 1,000,643	\$ (599,865)	\$15,889,576
Construction in progress	4,861,636	321,086	(4,861,636)	321,086
Total capital assets, not being depreciated	<u>20,330,434</u>	<u>1,321,729</u>	<u>(5,461,501)</u>	<u>16,210,662</u>
Capital assets, being depreciated:				
Infrastructure	86,837,034	852,852		87,689,886
Buildings and improvements	43,446,773	9,562,190	(283,697)	52,725,266
Machinery and equipment	19,603,402	2,047,547	(878,409)	20,772,540
Total capital assets being depreciated	<u>149,887,209</u>	<u>12,462,589</u>	<u>(1,162,106)</u>	<u>161,187,692</u>
Less accumulated depreciation for:				
Infrastructure	(39,487,966)	(3,243,282)		(42,731,248)
Buildings and improvements	(18,814,648)	(1,674,438)	37,300	(20,451,786)
Machinery and equipment	(14,367,941)	(1,578,366)	846,177	(15,100,130)
Total accumulated depreciation	<u>(72,670,555)</u>	<u>(6,496,086)</u>	<u>883,477</u>	<u>(78,283,164)</u>
Total capital assets, being depreciated, net	<u>77,216,654</u>	<u>5,966,503</u>	<u>(278,629)</u>	<u>82,904,528</u>
Governmental activities capital assets, net	<u>\$ 97,567,088</u>	<u>\$ 7,288,232</u>	<u>\$ (5,740,130)</u>	<u>\$ 99,115,190</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,009,786	\$ 274,141		\$ 7,283,927
Construction in progress	17,277,925	22,438,841	\$ (13,077,797)	26,638,969
Total capital assets, not being depreciated	<u>24,287,711</u>	<u>22,712,982</u>	<u>(13,077,797)</u>	<u>33,922,896</u>
Capital assets, being depreciated:				
Buildings and improvements	363,071,875	10,775,371	(1,363,346)	372,483,900
Machinery and equipment	31,253,345	5,479,809	(1,505,176)	35,227,978
Total capital assets being depreciated	<u>394,325,220</u>	<u>16,255,182</u>	<u>(2,868,522)</u>	<u>407,711,878</u>
Less accumulated depreciation for:				
Buildings and improvements	(193,640,053)	(11,265,429)	1,087,113	(203,818,369)
Machinery and equipment	(18,243,431)	(2,248,143)	1,478,135	(19,013,439)
Total accumulated depreciation	<u>(211,883,484)</u>	<u>(13,513,572)</u>	<u>2,565,248</u>	<u>(222,831,808)</u>
Total capital assets, being depreciated, net	<u>182,441,736</u>	<u>(2,741,608)</u>	<u>(303,274)</u>	<u>184,880,070</u>
Business-type activities capital assets, net	<u>\$206,729,447</u>	<u>\$ 25,454,590</u>	<u>\$ (13,381,071)</u>	<u>\$218,802,966</u>

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

Governmental activities:	
General government	\$ 519,287
Public safety	538,727
Streets	3,900,316
Culture and recreation	1,380,275
Public works	157,482
Total depreciation expense – governmental activities	<u>\$ 6,496,086</u>
Business-type activities:	
Airport	\$ 2,812,157
Water & sewer	3,949,394
Sanitation	479,854
Ambulance	196,018
Electric	6,076,149
Total depreciation expense – business-type activities	<u>\$13,513,572</u>

D. Interfund receivables, payables, and transfers

The interfund balances at September 30, 2014 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 437,689	
Nonmajor funds		\$ 436,419
Airport		244
Water and Sewer		53
Sanitation		93
Ambulance		348
Electric Light		532
Total	<u>\$ 437,689</u>	<u>\$ 437,689</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	\$4,044,746	\$ 1,732,630
Airport	638,634	
Water and sewer		889,600
Sanitation		187,500
Electric		3,392,022
Nonmajor funds:		
Governmental funds	<u>3,022,006</u>	<u>1,503,634</u>
	<u>\$7,705,386</u>	<u>\$7,705,386</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, 2014 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2015	<u>\$ 728,860</u>	<u>\$ 3,056,140</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 \$17,242,500 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, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Other long-term debt obligations:					
Compensated absences	\$ 5,318,259	\$ 2,369,910	\$(2,883,693)	\$ 4,804,076	\$ 3,303,679
Other postemployment benefits	322,047	176,203	(140,708)	357,542	
Governmental activity					
Long-term liabilities	<u>\$ 5,640,306</u>	<u>\$ 2,545,713</u>	<u>\$(3,024,401)</u>	<u>\$ 5,161,618</u>	<u>\$ 3,303,679</u>
Business-type activities:					
Bonds-notes payable:					
General obligation bonds:					
Electric series 1991	\$ 1,514,518		\$ (785,658)	\$ 728,860	\$ 728,860
Electric series 1991-					
Zero coupon interest	5,572,932	\$ 376,775	(3,019,342)	2,930,365	2,930,365
State of Idaho DEQ note:					
Loan number WW102	3,534,196	13,708,304		17,242,500	
Total bonds payable	10,621,646	14,085,079	(3,805,000)	20,901,725	3,659,225
Compensated absences	2,294,717	1,228,464	(1,085,167)	2,438,014	899,420
Other postemployment benefits	123,388	62,223	(51,455)	134,156	
Business-type activity					
Long-term liabilities	<u>\$13,039,751</u>	<u>\$15,375,769</u>	<u>\$(4,941,622)</u>	<u>\$23,473,895</u>	<u>\$ 4,558,645</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, 2014, refunded bond issues and the related principal payable from escrow are as follows:

	Principal Balance
Bond issue:	
Business-type activities:	
1979 Electric revenue bonds	\$ 7,430,000

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 delegated and 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	\$ 791,271	\$ 167,542		\$ 958,813
Restricted for:				
Conservation loans		599,392		599,392
Committed to:				
Culture and recreation improvements	323,499	53,004		376,503
Highway and bridges			\$ 385,667	385,667
Building construction	20,240			20,240
Operations and maintenance	119,797			119,797
Equipment replacement	5,736,170	793,012		6,529,182
Assigned to:				
Insurance and benefits	2,472,573			2,472,573
Public safety	78,146			78,146
Culture and recreation	602,863	1,249,058		1,840,842
Streets and municipal projects			1,081,781	988,317
Business district		81,542		81,542
Conservation program		1,514,896		1,514,896
Unassigned:	13,688,332	(11,079)	(93,464)	13,688,332
Total fund balances	\$23,832,891	\$4,447,367	\$1,373,984	\$29,654,242

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, 2014, 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 \$5,390,169, \$5,025,788, and \$4,905,562, for the years ended September 30, 2014, 2013 and 2012 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, 2014 were as follows:

<u>Type of Coverage</u>	<u>Coverage Amounts</u>	<u>Deductible</u>
Property and equipment	\$247,836,892	\$ 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	
Crime, liability	500,000	
Boiler and machinery, per occurrence	100,000	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, 2014 there were 46 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 \$40,000 were recognized for postretirement health insurance. Projected future insurance costs for the current retirees are \$216,000. As of July 1, 2013, the Actuarial Accrued Liability for the current retirees was \$125,908.

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 \$152,163. The Council terminated this benefit as of October 1, 2014. As of July 1, 2013, the Actuarial Accrued Liability for the current retirees was \$214,845.

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, 2013
Actuarial cost method	Projected Unit Credit (PUC)
Amortization method	Open or rolling 2-year, level % of pay
Amortization period	2 years
Discount rate	3.45%
Implied Inflation Rate (CPI)	3.00%
Health care cost trend rates - medical:	There is no trend on the \$100 per retiree per month benefit or on the remainder of the 1.68% subsidy benefit.
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%

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, 2014. These calculations are based on the Actuarial Valuation Date of July 1, 2013:

Annual Required Contributions	\$ 237,800
Interest on Net OPEB Obligation	15,368
Adjustment to Annual Required Contributions	<u>(14,742)</u>
Annual OPEB Expense	238,426
Actual Contributions (employer-paid benefits)	<u>(192,163)</u>
Increase in Net OPEB Obligation	46,263
Net OPEB Obligation – Beginning of Year	<u>445,435</u>
Net OPEB Obligation – End of Year	<u>\$ 491,698</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, 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%
July 1, 2013	\$ -	\$ 456,421	\$ 456,421	0%	\$5,212,195	\$30,430,756	1%

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, 2012	297,217	15,293	152,604	56%	317,816
September 30, 2013	310,717	17,946	165,152	59%	445,435
September 30, 2014	238,426	10,100	182,063	81%	491,698

* 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-a-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, 2014, the carrying amount of the Agency's deposits was \$238,797 and the respective bank balances totaled \$238,797. All of the bank balances were insured or collateralized with pooled securities held by the pledging financial institutions in the name of the Agency.

The Agency has elected to invest in the State Investment Pool through the Idaho State Treasurer. The value of the Agency's investments was \$6,599,528.

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, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Promissory note 2004	\$ 3,177,614		\$(132,652)	\$ 3,044,962
Promissory note 2008	8,812,602			8,812,602
Total notes payable	<u>\$11,990,216</u>		<u>\$(132,652)</u>	<u>\$11,857,564</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.

<u>Net Change in Fund Balance</u> <u>General Fund</u>	
Fund balance (budgetary basis)	<u>\$22,956,143</u>
Reconciling adjustments:	
Entity differences:	
Municipal equipment replacement fund reporting:	
Revenues	52,333
Expenditures	(871,037)
Transfers out	<u>2,131,830</u>
Basis differences:	
Tax receivable	(227,140)
Accrued interest	29,361
State shared revenue receivable	(231,722)
Inventory correction	(79,913)
Prepays	16,590
Deposits	4,512
Accounts payable	(192,773)
Unearned revenue	<u>84,881</u>
Fund balance (GAAP basis)	<u><u>\$23,832,891</u></u>

G. Recently issued GASB standards

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 – Accounting and Financial Reporting for Pensions. The standard is effective for fiscal years beginning after June 15, 2014. The statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflow of resources, and expenditures related to defined benefit pension plans. Implementation of this standard may have a material effect on the City's financial statements.

H. Commitments

The City has several active construction projects and/or major encumbrances as of September 30, 2014. 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	\$19,190,963	\$ 4,242,501
Airport improvements	459,428	1,867,071
Sewer and water improvements	2,649,339	819,910
Street and bridge improvements	812,810	398,334

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.

Encumbrances. As discussed in note III.A., Budgetary information, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	\$ 685,461
Nonmajor governmental funds	1,181,635
Airport fund	1,883,161
Water and sewer fund	5,220,015
Sanitation fund	2,105
Ambulance fund	254,103
Electric fund	1,212,222
Total	<u>\$10,438,702</u>

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, 2014 and 2013, the City's power sales to BPA under this agreement were \$4,578,579 and \$4,168,557, 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, 2014 and 2013, PacifiCorp payments under this agreement were \$2,961,443 and \$2,834,050, 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, 2014 and 2013, power purchases plus transmission expenses from UAMPS were \$3,993,786 and \$3,174,249, respectively. The contract also allows for the City to sell surplus energy to UAMPS. For the years ended September 30, 2014 and 2013, power sales to UAMPS were \$768,398 and \$1,130,860, 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.

Renewable Energy Credits (REC's) – The City receives an entitlement share of renewable energy credits (REC's) from qualifying facilities in BPA's system from which the City purchases energy through the Block/Slice Power Sales Agreement. Horse Butte Wind Project also creates REC's which are transferred through the power purchase agreement to the City. The City will enter into sales of REC's from time to time with retail customers within our service territory along with wholesale customers not located within our service territory. In the event that retail customer demand is greater than inherent production, the City will purchase supplemental REC's from various counterparties. For the year ended September 30, 2014, the City purchased \$10,688 supplemental REC's from UAMPS and sold \$30,938 REC's to various retail customers within its service territory.

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

**COMBINING STATEMENTS
(NONMAJOR GOVERNMENTAL FUNDS)**

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COMBINING STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

**City of Idaho Falls
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2014**

	Special Revenue		
	Street	Recreation	Library
ASSETS			
Cash and cash equivalents	\$ (922,042)	\$ 100,075	\$ 355,763
Investments	922,042	344,156	714,606
Taxes receivable	-	26,959	96,791
Interest receivable	-	107	312
Loans receivable	-	-	-
Due from other governments	833,309	-	25,231
Inventory	-	-	-
Total assets	\$ 833,309	\$ 471,297	\$ 1,192,703
LIABILITIES			
Accounts payable	\$ 358,673	\$ 13,122	\$ 109,218
Contracts payable	10,000	-	-
Accrued wages	41,036	22,500	41,376
Due to other funds	434,679	222	935
Security Deposits	-	-	245
Total liabilities	844,388	35,844	151,774
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	23,524	70,573
Total deferred inflows of resources	-	23,524	70,573
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	80,876	52,351
Assigned	-	331,053	918,005
Unassigned	(11,079)	-	-
Total fund balances	(11,079)	411,929	970,356
Total liabilities, deferred inflows of resources, and fund balances	\$ 833,309	\$ 471,297	\$ 1,192,703

Special Revenue

Airport Passenger Facility	Electric Light Public Purpose	Business Improvement District	Golf	Total
\$ -	\$ 736,702	\$ 81,542	\$ 338,913	\$ 690,953
-	800,000	-	483,641	3,264,445
-	-	-	-	123,750
-	356	-	-	775
-	599,392	-	-	599,392
-	-	-	-	858,540
-	-	-	167,541	167,541
\$ -	\$ 2,136,450	\$ 81,542	\$ 990,095	\$ 5,705,396
\$ -	\$ 22,162	\$ -	\$ 27,610	\$ 530,785
-	-	-	-	10,000
-	-	-	35,125	140,037
-	-	-	583	436,419
-	-	-	46,446	46,691
-	22,162	-	109,764	1,163,932
-	-	-	-	94,097
-	-	-	-	94,097
-	-	-	167,542	167,542
-	599,392	-	-	599,392
-	-	-	712,789	846,016
-	1,514,896	81,542	-	2,845,496
-	-	-	-	(11,079)
-	2,114,288	81,542	880,331	4,447,367
\$ -	\$ 2,136,450	\$ 81,542	\$ 990,095	\$ 5,705,396

**City of Idaho Falls
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2014**

	Capital Projects		
	Municipal Capital Improvement	Street Capital Improvement	Bridge and Arterial Street
ASSETS			
Cash and cash equivalents	\$ 254,612	\$ 256,667	\$ 22,163
Investments	100,000	-	-
Taxes receivable	38,767	-	-
Interest receivable	426	-	-
Loans receivable	-	-	-
Due from other governments	-	-	-
Inventory	-	-	-
Total assets	<u>\$ 393,805</u>	<u>\$ 256,667</u>	<u>\$ 22,163</u>
LIABILITIES			
Accounts payable	\$ 10,873	\$ 350,131	\$ -
Contracts payable	-	-	-
Accrued wages	-	-	-
Due to other funds	-	-	-
Security deposits	-	-	-
Total liabilities	<u>10,873</u>	<u>350,131</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	35,286	-	-
Total deferred inflows of resources	<u>35,286</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	214,325	-	18,628
Assigned	133,321	-	3,535
Unassigned	-	(93,464)	-
Total fund balances	<u>347,646</u>	<u>(93,464)</u>	<u>22,163</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 393,805</u>	<u>\$ 256,667</u>	<u>\$ 22,163</u>

Capital Projects

	Surface Drainage		Traffic Light Capital Improvement		Total		Total Nonmajor Governmental Funds
\$	61,806	\$	435,536	\$	1,030,784	\$	1,721,737
	-		600,000		700,000		3,964,445
	-		-		38,767		162,517
	-		297		723		1,498
	-		-		-		599,392
	-		-		-		858,540
	-		-		-		167,541
\$	61,806	\$	1,035,833	\$	1,770,274	\$	7,475,670
\$	-	\$	-	\$	361,004	\$	891,789
	-		-		-		10,000
	-		-		-		140,037
	-		-		-		436,419
	-		-		-		46,691
	-		-		361,004		1,524,936
	-		-		35,286		129,383
	-		-		35,286		129,383
	-		-		-		167,542
	-		-		-		599,392
	-		152,714		385,667		1,231,683
	61,806		883,119		1,081,781		3,927,277
	-		-		(93,464)		(104,543)
	61,806		1,035,833		1,373,984		5,821,351
\$	61,806	\$	1,035,833	\$	1,770,274	\$	7,475,670

City of Idaho Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2014

	Special Revenue		
	Street	Recreation	Library
REVENUES			
Taxes	\$ -	\$ 482,245	\$ 1,744,476
Intergovernmental	3,207,743	15,000	959,991
Charges for services	-	885,469	8,861
Fines	-	-	102,049
Interest	5,769	1,146	2,051
Miscellaneous	23,260	58,153	56,627
Total revenues	3,236,772	1,442,013	2,874,055
EXPENDITURES			
Current:			
General government	-	-	-
Streets	4,942,294	-	-
Culture & recreation	-	1,624,624	2,837,445
Capital outlay	-	-	-
Total expenditures	4,942,294	1,624,624	2,837,445
Excess (deficiency) of revenues over (under) expenditures	(1,705,522)	(182,611)	36,610
OTHER FINANCING SOURCES (USES)			
Transfers in	1,000,000	-	-
Transfers out	-	-	-
Total other financing sources and (uses)	1,000,000	-	-
Net change in fund balances	(705,522)	(182,611)	36,610
Fund balances - beginning	694,443	594,540	933,746
Fund balances - ending	\$ (11,079)	\$ 411,929	\$ 970,356

Special Revenue

Airport Passenger Facility	Electric Light Public Purpose	Business Improvement District	Golf	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,226,721
-	-	-	-	4,182,734
638,612	-	-	2,491,092	4,024,034
-	-	-	-	102,049
22	2,428	-	3,026	14,442
-	224,003	52,997	21,931	436,971
638,634	226,431	52,997	2,516,049	10,986,951
-	230,728	45,600	-	276,328
-	-	-	-	4,942,294
-	-	-	2,659,004	7,121,073
-	-	-	-	-
-	230,728	45,600	2,659,004	12,339,695
638,634	(4,297)	7,397	(142,955)	(1,352,744)
-	-	-	-	1,000,000
(638,634)	-	-	-	(638,634)
(638,634)	-	-	-	361,366
-	(4,297)	7,397	(142,955)	(991,378)
-	2,118,585	74,145	1,023,286	5,438,745
\$ -	\$ 2,114,288	\$ 81,542	\$ 880,331	\$ 4,447,367

City of Idaho Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2014

	Capital Projects		
	Municipal Capital Improvement	Street Capital Improvement	Bridge and Arterial Street
REVENUES			
Taxes	\$ 695,150	\$ -	\$ -
Intergovernmental	200,000	904,026	-
Charges for services	-	-	74,080
Fines	-	-	-
Interest	601	-	-
Miscellaneous	-	-	-
Total revenues	<u>895,751</u>	<u>904,026</u>	<u>74,080</u>
EXPENDITURES			
Current:			
General government	-	-	-
Streets	-	-	-
Culture & recreation	-	-	-
Capital outlay	<u>895,465</u>	<u>3,034,098</u>	<u>197,174</u>
Total expenditures	<u>895,465</u>	<u>3,034,098</u>	<u>197,174</u>
Excess (deficiency) of revenues over (under) expenditures	<u>286</u>	<u>(2,130,072)</u>	<u>(123,094)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	732,630	825,000	40,000
Transfers out	<u>(865,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(132,370)</u>	<u>825,000</u>	<u>40,000</u>
Net change in fund balances	(132,084)	(1,305,072)	(83,094)
Fund balances - beginning	<u>479,730</u>	<u>1,211,608</u>	<u>105,257</u>
Fund balances - ending	<u>\$ 347,646</u>	<u>\$ (93,464)</u>	<u>\$ 22,163</u>

Capital Projects

	Surface Drainage	Traffic Light Capital Improvement	Total	Total Nonmajor Governmental Funds
\$	-	\$ -	\$ 695,150	\$ 2,921,871
	-	-	1,104,026	5,286,760
	11,992	-	86,072	4,110,106
	-	-	-	102,049
	-	1,753	2,354	16,796
	-	-	-	436,971
	<u>11,992</u>	<u>1,753</u>	<u>1,887,602</u>	<u>12,874,553</u>
	-	-	-	276,328
	-	-	-	4,942,294
	-	-	-	7,121,073
	-	68,262	4,194,999	4,194,999
	-	68,262	4,194,999	16,534,694
	<u>11,992</u>	<u>(66,509)</u>	<u>(2,307,397)</u>	<u>(3,660,141)</u>
	-	424,376	2,022,006	3,022,006
	-	-	(865,000)	(1,503,634)
	-	424,376	1,157,006	1,518,372
	11,992	357,867	(1,150,391)	(2,141,769)
	49,814	677,966	2,524,375	7,963,120
\$	<u>61,806</u>	<u>\$ 1,035,833</u>	<u>\$ 1,373,984</u>	<u>\$ 5,821,351</u>

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, 2014

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Highway users' apportionment	\$ 1,894,325	\$ 1,893,295	\$ (1,030)
Revenue sharing	1,293,484	1,289,431	(4,053)
Intergovernmental	723,667	-	(723,667)
Interest	500	-	(500)
Miscellaneous	2,500	23,260	20,760
Total revenues	<u>3,914,476</u>	<u>3,205,986</u>	<u>(708,490)</u>
EXPENDITURES			
Streets	<u>5,113,079</u>	<u>4,612,335</u>	<u>500,744</u>
Excess of revenues over (under) expenditures	<u>(1,198,603)</u>	<u>(1,406,349)</u>	<u>(207,746)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,000,000	1,000,000	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(198,603)</u>	<u>(406,349)</u>	<u>(207,746)</u>
Fund balances - beginning	<u>694,443</u>	<u>694,443</u>	<u>-</u>
Fund balances - ending	<u>\$ 495,840</u>	<u>\$ 288,094</u>	<u>\$ (207,746)</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, 2014

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Property taxes	\$ 483,062	\$ 487,662	\$ 4,600
Charges for services	826,190	900,469	74,279
Interest	1,000	878	(122)
Miscellaneous	47,850	58,153	10,303
Total revenues	<u>1,358,102</u>	<u>1,447,162</u>	<u>89,060</u>
EXPENDITURES			
Recreation	<u>1,461,239</u>	<u>1,634,542</u>	<u>(173,303)</u>
Excess of revenues over (under) expenditures	<u>(103,137)</u>	<u>(187,380)</u>	<u>(84,243)</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>(103,137)</u>	<u>(187,380)</u>	<u>(84,243)</u>
Fund balances - beginning	<u>594,540</u>	<u>594,540</u>	<u>-</u>
Fund balances - ending	<u>\$ 491,403</u>	<u>\$ 407,160</u>	<u>\$ (84,243)</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, 2014

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Property taxes	\$ 1,732,009	\$ 1,748,479	\$ 16,470
Intergovernmental	946,172	959,386	13,214
Charges for services	9,000	8,861	(139)
Fines	102,000	102,049	49
Interest	3,000	2,027	(973)
Miscellaneous	42,000	56,628	14,628
Total revenues	<u>2,834,181</u>	<u>2,877,430</u>	<u>43,249</u>
EXPENDITURES			
Culture	<u>3,068,827</u>	<u>2,827,992</u>	<u>240,835</u>
Excess of revenues over (under) expenditures	<u>(234,646)</u>	<u>49,438</u>	<u>284,084</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>(234,646)</u>	<u>49,438</u>	<u>284,084</u>
Fund balances - beginning	<u>933,746</u>	<u>933,746</u>	<u>-</u>
Fund balances - ending	<u>\$ 699,100</u>	<u>\$ 983,184</u>	<u>\$ 284,084</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, 2014

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Charges for services	\$ 600,000	\$ 638,634	\$ 38,634
Total revenues	<u>600,000</u>	<u>638,634</u>	<u>38,634</u>
EXPENDITURES			
	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>(600,000)</u>	<u>(638,634)</u>	<u>(38,634)</u>
Total other financing sources (uses)	<u>(600,000)</u>	<u>(638,634)</u>	<u>(38,634)</u>
Excess of revenues and other financing sources over (under) expenditures and uses	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Idaho Falls, Idaho
Electric Light Public Purpose Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2014

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Interest	\$ 3,500	\$ 2,412	\$ (1,088)
Miscellaneous	300,000	224,003	(75,997)
Total revenues	<u>303,500</u>	<u>226,415</u>	<u>(77,085)</u>
EXPENDITURES			
General government	<u>300,000</u>	<u>227,152</u>	<u>72,848</u>
Excess of revenues over (under) expenditures	<u>3,500</u>	<u>(737)</u>	<u>(4,237)</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	3,500	(737)	(4,237)
Fund balances - beginning	<u>2,118,585</u>	<u>2,118,585</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,122,085</u>	<u>\$ 2,117,848</u>	<u>\$ (4,237)</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, 2014

	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Miscellaneous	\$ 52,000	\$ 52,997	\$ 997
Total revenues	<u>52,000</u>	<u>52,997</u>	<u>997</u>
EXPENDITURES			
General government	<u>45,600</u>	<u>45,600</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>6,400</u>	<u>7,397</u>	<u>997</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	6,400	7,397	997
Fund balances - beginning	<u>74,145</u>	<u>74,145</u>	<u>-</u>
Fund balances - ending	<u>\$ 80,545</u>	<u>\$ 81,542</u>	<u>\$ 997</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, 2014

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Charges for services	\$ 2,659,734	\$ 2,491,092	\$ (168,642)
Interest	-	-	-
Miscellaneous	-	5,040	5,040
Total revenues	<u>2,659,734</u>	<u>2,496,132</u>	<u>(163,602)</u>
EXPENDITURES			
Recreation	<u>2,655,039</u>	<u>2,673,392</u>	<u>(18,353)</u>
Excess of revenues over (under) expenditures	<u>4,695</u>	<u>(177,260)</u>	<u>(181,955)</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	4,695	(177,260)	(181,955)
Fund balances - beginning	<u>1,023,286</u>	<u>1,023,286</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,027,981</u>	<u>\$ 846,026</u>	<u>\$ (181,955)</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, 2014

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Property taxes	\$ 694,066	\$ 700,415	\$ 6,349
Intergovernmental	-	200,000	200,000
Interest	1,000	606	(394)
Total revenues	<u>695,066</u>	<u>901,021</u>	<u>205,955</u>
EXPENDITURES			
Capital outlay	<u>1,000,000</u>	<u>892,129</u>	<u>107,871</u>
Excess of revenues over (under) expenditures	<u>(304,934)</u>	<u>8,892</u>	<u>313,826</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	732,630	732,630
Transfers out	-	(865,000)	865,000
Total other financing sources (uses)	<u>-</u>	<u>(132,370)</u>	<u>132,370</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(304,934)</u>	<u>(123,478)</u>	<u>181,456</u>
Fund balances - beginning	<u>479,730</u>	<u>479,730</u>	<u>-</u>
Fund balances - ending	<u>\$ 174,796</u>	<u>\$ 356,252</u>	<u>\$ 181,456</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, 2014

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Charges for services	\$ -	\$ -	\$ -
Intergovernmental	250,000	904,026	654,026
Interest	-	-	-
Total revenues	<u>250,000</u>	<u>904,026</u>	<u>654,026</u>
EXPENDITURES			
Capital outlay	<u>5,478,276</u>	<u>3,140,533</u>	<u>2,337,743</u>
Excess of revenues over (under) expenditures	<u>(5,228,276)</u>	<u>(2,236,507)</u>	<u>2,991,769</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	825,000	(825,000)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>825,000</u>	<u>(825,000)</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(5,228,276)</u>	<u>(1,411,507)</u>	<u>1,341,769</u>
Fund balances - beginning	<u>1,211,608</u>	<u>1,211,608</u>	<u>-</u>
Fund balances - ending	<u>\$ (4,016,668)</u>	<u>\$ (199,899)</u>	<u>\$ 1,341,769</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, 2014

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Charges for services	\$ 35,000	\$ 74,080	\$ 39,080
Intergovernmental	-	-	-
Interest	1,000	-	(1,000)
Total revenues	<u>36,000</u>	<u>74,080</u>	<u>38,080</u>
EXPENDITURES			
Capital outlay	<u>320,664</u>	<u>197,174</u>	<u>123,490</u>
Excess of revenues over (under) expenditures	<u>(284,664)</u>	<u>(123,094)</u>	<u>161,570</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	40,000	(40,000)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>40,000</u>	<u>(40,000)</u>
Excess of revenues and other financing sources over (under) expenditures and uses	(284,664)	(83,094)	201,570
Fund balances - beginning	<u>105,257</u>	<u>105,257</u>	<u>-</u>
Fund balances - ending	<u>\$ (179,407)</u>	<u>\$ 22,163</u>	<u>\$ 201,570</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, 2014

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Charges for services	\$ 4,000	\$ 11,992	\$ 7,992
Interest	500	-	(500)
Total revenues	<u>4,500</u>	<u>11,992</u>	<u>7,492</u>
EXPENDITURES			
Capital outlay	<u>55,229</u>	<u>-</u>	<u>55,229</u>
Excess of revenues over (under) expenditures	<u>(50,729)</u>	<u>11,992</u>	<u>62,721</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>(50,729)</u>	<u>11,992</u>	<u>62,721</u>
Fund balances - beginning	<u>49,814</u>	<u>49,814</u>	<u>-</u>
Fund balances - ending	<u>\$ (915)</u>	<u>\$ 61,806</u>	<u>\$ 62,721</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, 2014

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 125,000	\$ -	\$ (125,000)
Interest	1,000	1,705	705
Total revenues	<u>126,000</u>	<u>1,705</u>	<u>(124,295)</u>
EXPENDITURES			
Capital Outlay	<u>1,167,495</u>	<u>68,262</u>	<u>1,099,233</u>
Excess of revenues over (under) expenditures	<u>(1,041,495)</u>	<u>(66,557)</u>	<u>974,938</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	424,376	424,376	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>424,376</u>	<u>424,376</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	(617,119)	357,819	974,938
Fund balances - beginning	<u>677,966</u>	<u>677,966</u>	<u>-</u>
Fund balances - ending	<u>\$ 60,847</u>	<u>\$ 1,035,785</u>	<u>\$ 974,938</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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Government activities										
Net investment in capital assets	\$ 99,115,190	\$ 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
Restricted	599,392	706,136	842,205	1,021,942	1,213,034	1,143,785	988,654	1,518,064	3,402,646	6,736,942
Unrestricted	25,474,089	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
Total government activities net position	125,188,671	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
Business-type activities										
Net investment in capital assets	200,831,606	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
Restricted	1,062,286	984,291	-	1,086,345	1,553,210	1,878,003	2,016,097	2,313,968	2,219,983	7,811,452
Unrestricted	95,603,120	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
Total business-type activities net position	297,497,012	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
Primary government										
Net investment in capital assets	299,946,796	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
Restricted	1,661,678	1,690,427	842,205	2,106,287	2,766,244	3,021,788	3,004,751	3,832,032	5,622,629	14,548,394
Unrestricted	121,077,209	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
Total primary government net position	\$422,685,683	\$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

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities:										
General government	\$ 5,563,345	\$ 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
Public safety	23,030,495	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
Streets	9,437,193	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
Culture and recreation	13,241,313	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
Public works	1,480,742	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
Total governmental activities expense	52,753,088	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
Business-type activities:										
Airport	5,477,454	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
Water and sewer	14,776,051	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
Sanitation	3,751,991	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
Ambulance	3,757,512	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
Electric	50,884,455	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
Total business-type activities expenses	78,647,463	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
Total primary government expenses	\$131,400,551	\$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
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,582,300	\$ 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
Public Safety	2,579,890	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
Culture and recreation	5,049,384	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
Other activities	103,418	47,438	51,051	39,404	68,068	527,650	978,933	2,553,284	993,388	852,820
Operating grants and contributions	864,397	793,995	899,502	924,186	625,402	869,368	521,471	1,046,978	1,173,294	2,425,562
Capital grants and contributions	2,179,330	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
Total governmental activities program revenues	12,358,779	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
Business-type activities:										
Charges for service:										
Water and Sewer	18,595,875	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
Electric	60,269,001	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
Other activities	8,010,022	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
Operating grants and contributions	1,948,498	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
Capital grants and contributions	3,826,311	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
Total business-type activities program revenue	92,649,707	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
Total primary government program revenues	\$105,008,486	\$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

Fiscal Year

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net (expense) revenue	\$ (40,394,309)	\$ (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)
Government activities	14,002,244	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
Business-type activities	\$ (26,392,065)	\$ (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)

General Revenues and Other Changes in Net Position

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
Taxes										
Property taxes	\$ 27,018,814	\$ 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
Sales tax and revenue sharing	6,362,486	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
Franchise taxes	865,118	676,897	774,011	776,813	898,165	893,822	829,622	857,610	730,926	666,616
Alcoholic beverages taxes	633,798	656,433	637,415	608,889	613,462	728,432	665,556	647,954	562,977	523,045
Unrestricted investment earnings	101,528	219,289	120,030	104,189	145,159	282,375	819,317	1,242,137	1,062,467	682,832
Miscellaneous revenues	867,034	693,689	830,538	933,335	2,139,340	1,850,123	921,902	822,360	2,716,785	753,985
Transfers	3,830,488	3,891,711	3,824,149	3,842,268	2,897,593	3,695,270	3,910,660	3,632,318	3,544,165	3,388,525
Total governmental activities	39,679,266	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
Business-type activities:										
Sales taxes	409,311	464,907	498,615	452,388	652,973	1,078,733	2,224,268	2,828,065	2,067,689	13,073
Unrestricted investment income	-	-	-	-	-	13,532	14,565	14,773	14,065	970,618
Gain on sale of assets	-	-	-	-	-	-	-	-	-	24,682
Miscellaneous revenues	-	-	-	-	-	-	-	-	-	317,892
Transfers	(3,830,488)	(3,891,711)	(3,824,149)	(3,842,268)	(2,897,593)	(3,695,270)	(3,910,660)	(3,632,318)	(3,544,165)	(3,388,525)
Total business-type activities	(3,421,177)	(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)
Total primary government	\$ 36,258,089	\$ 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

Change in Net Position

Governmental activities	\$ (715,043)	\$ (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
Business-type activities	10,581,067	11,967,814	13,261,625	10,196,194	7,418,638	11,299,871	21,530,831	21,558,562	28,776,169	13,996,064
Total primary government	\$ 9,866,024	\$ 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

City of Idaho Falls, Idaho

Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

Fiscal Year

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Nonspendable	\$ 791,271	\$ 592,671	\$ 647,676	\$ 725,023	\$ 937,164	\$ 873,481	\$ 662,874	\$ 624,975	\$ 890,248	\$ 540,462
Committed	6,199,706	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
Assigned	3,153,582	3,096,175	2,971,115	2,941,927	3,087,665	3,254,828	3,138,160	3,882,634	9,901,527	5,517,604
Unassigned	13,688,332	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
Total general fund	\$ 23,832,891	\$ 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

All Other Governmental Funds

Nonspendable	\$ 167,542	\$ 96,255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	599,392	706,136	842,205	1,021,942	1,213,034	1,143,785	988,654	893,089	902,877	985,621
Committed	1,231,683	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
Assigned	3,822,734	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
Total all other funds	\$ 5,821,351	\$ 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

City of Idaho Falls, Idaho
Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Taxes	\$ 27,976,389	\$ 27,662,928	\$ 27,796,006	\$ 27,689,090	\$ 27,608,568	\$ 27,055,160	\$ 24,814,514	\$ 22,389,145	\$ 21,281,924	\$ 19,800,227
Licenses and permits	673,516	685,216	726,603	508,313	487,589	469,239	806,908	844,455	693,211	687,528
Intergovernmental	11,628,053	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
Charges for services	5,163,830	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
Fines	456,676	555,680	562,297	601,554	663,779	654,329	605,379	656,125	638,446	543,370
Interest	101,528	219,289	120,030	104,190	145,159	282,375	819,316	1,242,137	1,062,467	683,127
Miscellaneous	1,040,445	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
Total revenues	47,040,437	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
Expenditures										
General government	6,206,595	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
Public safety	22,948,181	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
Streets	4,942,294	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
Culture and recreation	13,717,673	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
Public works	1,819,304	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
Capital outlay	4,194,999	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
Debt service:										
Principal										
Interest										
Total expenditures	53,829,046	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
Excess of revenues over (under) expenditures	(6,788,609)	(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)
Other Financing Sources (Uses)										
Capital contributions	7,066,752	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
Transfer in	(3,236,264)	(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)
Transfers out										
Total other financing sources (uses)	3,830,488	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
Net change in fund balances	\$ (2,958,121)	\$ (1,830,401)	\$ 342,755	\$ (417,843)	\$ 1,904,639	\$ (14,658)	\$ 1,743,040	\$ (983,973)	\$ (222,845)	\$ (2,452,209)

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Property Tax Penalties</u>	<u>Franchise Taxes</u>	<u>Other Taxes</u>	<u>Total Taxes</u>
2014	\$ 26,865,219	\$ 246,052	\$ 861,440	\$ 3,678	\$ 27,976,389
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
2005-2014 Change	\$ 7,869,760	\$ 107,900	\$ 201,002	\$ (2,500)	\$ 8,176,162

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			
2014	\$ 4,061,215,468	\$ 1,082,489,160	\$ 2,978,726,308	0.009257535	\$ 27,575,663
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

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 77 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 \$83,920. Approximately 18 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
2014	0.007641522	0.000417867	0.00020605	0.000164738	0.000590663	0.000236695	0.009257535
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

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
0.004250601	0.005448000	0.004089167	0.000356658	0.000007453	0.000040311	0.000061721
0.004327921	0.005448000	0.004089399	0.000346991	0.000007040	0.000035568	0.000059013
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

City of Idaho Falls, Idaho
Principal Property Tax Payers
September 30, 2014

Taxpayers	2014			2005		
	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.	\$ 79,572,870	1	2.7%	\$ 73,122,705	2	3.5%
Bush Ag. Resources Inc.	69,470,660	2	2.3	87,045,727	1	4.1
InteGrow Malt LLC	64,915,098	3	2.2	-	-	-
Grand Teton Mall	56,481,308	4	2.0	34,269,960	4	1.6
INL Office Building (Batelle)	40,486,422	5	1.4	12,640,750	8	0.6
Mountain View Hospital	36,498,163	6	1.2	28,152,080	5	1.3
Melaleuca Inc.	23,364,622	7	0.8	14,497,245	7	0.7
Shilo Inn	16,369,910	8	0.5	-	-	-
Bonaventure Senior Living Community	14,880,921	9	0.5	-	-	-
Wal-Mart	14,139,844	10	0.5	12,058,163	10	0.6
Qwest Corporation				20,275,848	6	1.0
Fairwinds Sandcreek Retirement Center				12,312,640	9	0.6
GMODELO Agriculture Inc.				70,319,014	3	3.3
	<u>\$ 416,179,818</u>		<u>14.0%</u>	<u>\$ 364,694,132</u>		<u>17.3%</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
2014	\$ 27,575,663	\$ 26,770,476	97.1%	\$ -	\$ 26,770,476	97.1%
2013	26,768,236	25,874,732	96.7	850,353	26,725,085	99.8
2012	26,768,236	25,729,508	96.1	800,114	26,529,622	99.1
2011	26,768,236	25,793,487	96.4	960,267	26,753,754	99.9
2010	26,768,236	25,672,969	95.9	1,091,569	26,764,538	100.0
2009	26,129,658	25,224,859	96.5	904,584	26,129,443	100.0
2008	23,471,098	22,716,967	96.8	754,016	23,470,983	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

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	Wastewater State of Idaho Note	Electric General Obligation Bonds			
2014	\$ -	\$ -	\$ 17,242,500	\$ 728,860	\$ 17,971,360	0.83%	\$308
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

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

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

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
2014	\$ 728,860	\$ 728,860	\$ 2,978,726,308	0.02%	\$13
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

City of Idaho Falls, Idaho

Direct and Overlapping Governmental Activities Debt

As of September 30, 2014

<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	\$ 1,060,000	64%	\$ 678,400
Idaho Falls Redevelopment Agency	11,857,564 (b)	0%	
School District No. 91	45,925,000	86%	39,495,500
School District No. 93	60,035,000	14%	8,404,900
Total overlapping	<u>118,877,564</u>		<u>48,578,800</u>
Direct:			
City of Idaho Falls	-	(a)	-
Total direct and overlapping debt	<u>\$ 118,877,564</u>		<u>\$ 48,578,800</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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt limit	\$ 81,224,309	\$ 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
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 81,224,309</u>	<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>

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

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	<u>\$ 4,061,215,468</u>
Debt limit (2% of market value)	\$ 81,224,309
Debt applicable to limit:	
General obligation bonds	-
Legal debt margin	<u>\$ 81,224,309</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

Electric General Obligation Revenue Bonds						
Fiscal Year	Revenue(1)	Less Operating Expense(2)	Net Available Revenue	Debt Service (3)		Coverage(4)
				Principal	Interest	
2014.	\$ 60,550,605	\$ 40,302,585	\$ 20,248,020	\$ 728,860	\$ 2,930,365	5.53
2013	56,814,412	40,302,585	16,511,827	1,514,518	5,572,932	2.33
2012	57,253,383	39,177,141	18,076,242	1,820,851	5,849,148	2.36
2011	57,582,403	40,211,154	17,371,249	1,954,972	5,725,028	2.26
2010	53,859,856	40,872,272	12,987,584	2,100,333	5,594,667	1.69
2009	53,218,316	40,248,045	12,970,271	2,323,808	5,616,192	1.63
2008	60,377,193	41,001,766	19,375,427	2,494,865	5,455,135	2.44
2007	61,943,138	38,371,027	23,572,111	2,702,169	4,996,454	3.06
2006	62,714,219	38,410,805	24,303,414	2,896,030	4,802,594	3.16
2005	58,766,450	40,578,989	18,187,461	3,126,232	4,848,768	2.28

(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		
2014	58,292 (1)	\$ 2,165,664,384 (1)	\$ 37,152 (1)	-	-	-	10,423	3.5%	
2013	57,889 (1)	2,043,018,588 (1)	35,292 (1)	-	-	-	10,391	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	

(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 Labor and Bureau of Economic Analysis. U.S. Department of Labor for unemployment rate. U.S. Census Bureau for Median Age and Educational information. Educational information is only available every ten years.

City of Idaho Falls, Idaho

Principal Employers

Current Year and Ten Years Ago

Employer	2014 (a)			2005		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Battelle Energy Alliance	3,550	1	12.73%	2,500	1	8.40%
Bonneville Joint School District 93	1,450	2	5.20	850	6	2.86
Eastern Idaho Regional Medical Center	1,350	3	4.84	1,311	3	4.40
Idaho Falls School District 91	1,350	4	4.84	1,700	2	5.71
Melaleuca, Inc.	1,300	5	4.66	1,300	4	4.37
Bechtel Marine Propulsion	1,250	6	4.48	-	-	-
CH2M Hill WG, LLC	1,100	7	3.95	-	-	-
Wal-Mart	1,000	8	3.59	450	9	1.51
City of Idaho Falls	849	9	3.04	750	5	2.52
Mountain Veiw Hospital	600	10	2.15	-	-	-
Bonneville County	-	-	-	450	8	1.51
Center Partners	-	-	-	600	7	2.02
Albertsons, Inc.	-	-	-	350	10	1.18
Total	13,799		39.44%	10,261		27.22%

Source: Idaho Department of Labor

(a) This information is from Idaho Falls metropolitan area and includes Bonneville, Butte & Jefferson Counties

(b) The Department of Labor only releases information authorized by employers.

(c) 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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government:										
Mayor and council	9	9	9	9	9	8	8	7	8	8
Legal	6	3	0	0	0	0	0	0	0	0
Municipal services	68	69	71	71	70	68	68	67	67	69
Human resources	3	3	3	3	2	2	2	2	2	2
Planning and building	16	16	18	18	19	17	17	17	16	14
Public safety:										
Police	123	127	127	131	131	127	127	122	122	121
Fire	103	100	101	102	103	103	103	100	97	94
Streets	21	21	21	20	21	21	21	21	20	20
Culture and recreation:										
Parks and recreation	67	66	67	67	64	63	63	62	59	60
Library	23	23	20	20	21	21	21	21	20	25
Public works	20	20	20	20	20	20	20	19	20	20
Airport	12	12	11	12	11	14	14	13	13	13
Water and sewer	51	50	52	52	54	54	54	50	49	49
Sanitation	28	28	28	28	29	30	30	27	27	26
Electric	68	64	65	65	64	64	64	62	59	60
Total	618	611	613	618	618	612	612	590	579	581

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Planning and building										
Building permits issued	510	560	408	519	484	408	595	849	837	834
Value of building permits	\$ 62,469,764	\$ 68,340,167	\$ 82,763,617	\$ 84,257,071	\$ 38,008,986	\$ 23,403,760	\$ 54,005,000	\$ 71,772,712	\$ 62,226,668	\$ 63,329,405
Inspections	7,082	6,867	5,671	4,664	4,978	5,476	8,947	9,414	9,213	9,160
Police										
Physical arrest	2,673	3,994	3,017	3,363	3,165	3,599	3,950	4,317	4,931	4,070
Parking violations	1,969	2,400	2,977	3,193	3,757	4,130	3,192	3,723	4,869	4,869
Traffic violations	7,821	11,052	11,106	14,238	13,894	14,835	11,502	19,028	18,384	17,902
Fire										
Total dispatches	3,752	4,836	4,771	3,467	4,134	4,211	3,945	3,884	3,852	3,759
Fires extinguished	143	281	335	238	270	275	445	324	394	453
Inspections	1,137	1,114	1,040	1,086	894	1,825	1,805	1,723	907	2,551
Parks and recreation										
18 hole golf rounds played	111,098	116,300	122,255	119,848	115,715	130,882	127,063	144,647	133,410	133,312
Zoo Admissions	117,460	120,423	124,594	121,404	120,169	129,710	119,267	108,435	107,947	106,612
Aquatic center usage	105,910	111,899	108,885	112,623	117,337	121,422	117,112	118,286	111,378	105,068
Total program participants	26,951	24,228	24,026	23,429	30,739	39,377	36,812	40,522	51,234	36,461
Library										
Total items held for circulation	353,440	319,991	334,311	332,224	334,539	285,812	274,232	272,651	258,552	246,658
Annual circulation	1,206,359	1,308,021	1,239,813	1,187,745	1,126,172	1,097,030	944,340	811,053	778,235	700,305
Airport										
Enplanements	162,000	151,706	158,761	144,851	143,550	138,514	151,200	152,407	148,756	139,918
Average flights per day	11	11	12	12	11	10	13	14	13	17
Water and sewer										
Average daily consumption in gallons	24,126,027	24,476,712	25,852,459	23,123,288	22,425,000	23,178,000	24,526,000	25,784,000	24,100,000	21,170,000
Monthly residential water rate	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 15.00	\$ 13.00	\$ 13.00
Average daily sewage treatment in gallons	9,129,814	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
Monthly residential sewer rates	\$ 21.66	\$ 21.66	\$ 21.03	\$ 21.03	\$ 18.95	\$ 18.95	\$ 18.95	\$ 16.50	\$ 16.50	\$ 16.50
Sanitation										
Total cubic yards of Refuse collected	293,190	299,217	266,194	269,907	308,296	321,883	301,174	310,996	327,845	266,883
Monthly residential rate	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 7.50	\$ 5.50	\$ 5.50
Electric										
Average daily usage in kwh	1,898,630	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
Residential rate per kwh	\$ 0.063	\$ 0.063	\$ 0.060	\$ 0.057	\$ 0.054	\$ 0.054	\$ 0.054	\$ 0.055	\$ 0.058	\$ 0.060
Average Mwh generated per hour (1)	29.2	28.3	38.7	30.3	28.2	26.3	26.4	29.7	30.2	25.3

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
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	106	109	109	110	111	108	107	102	100
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Fire Trucks	17	17	17	17	17	16	16	16	16	15
Street (Miles)	285	285	284	284	280	284	284	270	261	258
Parks and recreation										
Parks	42	52	52	52	52	52	52	52	52	52
Acreage	1,016	1,844	1,844	1,844	1,844	1,842	1,826	1,801	1,749	1,749
Baseball/softball diamonds	26	26	26	26	26	26	26	26	26	26
Soccer/football fields	23	29	29	29	29	29	25	21	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)	314	313	311	311	309	308	306	302	301	299
Fire hydrants	2,103	2,086	2,052	2,052	2,048	2,031	2,023	1,984	1,890	1,878
Wells	19	19	19	19	19	19	19	19	18	18
Sewer										
Sanitary sewer (miles)	268	266	266	266	276	273	266	257	246	243
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	20	19	19	19	17	17	17	17
Electric										
Transmission lines (miles)	37	37	37	37	37	37	37	38	38	38
Distribution lines (miles)	410	410	410	410	414	414	408	401	360	352
Hydro generating plants	4	4	4	4	4	4	4	4	4	4
Street lights	4,590	4,584	4,519	4,527	4,523	4,383	4,027	3,782	4,220	4,190
Traffic signals	51	51	50	51	51	53	48	46	47	46

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, 2014

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	-	\$ 381,311	\$ 381,311
U.S. Department of Justice Direct Programs:				
Bulletproof Vest Partnership Program	16.607	-	\$ 7,565	\$ 7,565
Pass-through Idaho Department of Juvenile Corrections				
Enforcing Underage Drinking Laws	16.727	2011AHFX0053	\$ 6,022	\$ 6,022
Total Department of Justice			<u>\$ 13,587</u>	<u>\$ 13,587</u>
U.S. Department of Transportation Direct Programs:				
Airport Improvement Program	20.106	-	\$ 2,349,747	\$ 2,397,531
Pass-through Idaho Dept of Transportation: Highway Planning and Construction	20.205			
		A010 (660)	\$ 2,949	\$ 2,949
		A011 (685)	164,031	164,031
		A012 (480)	112,276	112,276
		A012 (536)	2,160	2,160
		A012 (537)	5,293	5,293
		-	24,856	-
			<u>\$ 311,565</u>	<u>\$ 286,709</u>
State and Community Highway Safety	20.600			
		PT-2013-01-00-00	\$ 1,390	\$ 1,390
		PT-2014-01-00-00	3,428	3,428
		AL-2013-01-00-00	1,500	1,500
		164AL-2013-01-00-00	931	931
		OP-2013-01-00-00	1,000	1,000
		-	11,367	-
			<u>\$ 19,616</u>	<u>\$ 8,249</u>
Alcohol Traffic Safety & Drunk Driving Prevention	20.601	K8-2014-01-00-00	\$ 10,300	\$ 8,678
National Priority Safety Program	20.616			
		M2HVE-2014-01-00	\$ 9,152	\$ 9,152
		M5HVE-2014-01-00	1,370	1,370
			<u>\$ 10,522</u>	<u>\$ 10,522</u>
Pass-through Idaho Military Division:				
Interagency Hazardous Material Training	20.703	HMHMP0371130100	\$ 12,594	\$ 12,594
Total Department of Transportation			<u>\$ 2,714,344</u>	<u>\$ 2,724,283</u>

CITY OF IDAHO FALLS, IDAHO
Schedule of Expenditures of Federal Awards (continued)
Year Ended September 30, 2014

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	\$ 13,708,304	\$ 13,708,304
U.S. Department of Energy Direct Programs: Electric Delivery and Energy Reliability, Research, Development and Analysis	81.122	-	\$ 173,475	\$ 173,475
U.S. Department of Homeland Security Pass-through Idaho State Military Division Homeland Security Grant	97.067	EMW2011SS00018 EMW2012SS00136 EMW2013SS00149	\$ 56,906 78,168 21,748	\$ 56,906 78,168 21,748
			\$ 156,822	\$ 156,822
Total Federal Assistance			\$ 17,147,843	\$ 17,157,782

* 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, 2014 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, 2014, 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 3, 2015. 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.

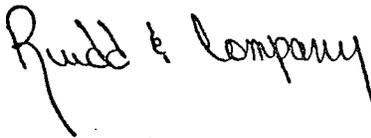
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did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

A handwritten signature in cursive script that reads "Rudd & Company".

Idaho Falls, Idaho
February 3, 2015



RUDD&COMPANY_{INC.}

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, 2014. 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, 2014.

Report on Internal Control over Compliance

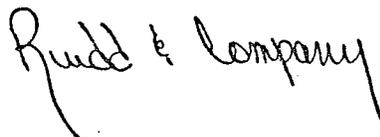
Management of the City of Idaho Falls, Idaho is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Idaho Falls, Idaho's internal 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 3, 2015





RUDD&COMPANY_{INC}

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, 2014, and have issued our report thereon dated February 3, 2015. 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, 2014, 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 3, 2015

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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, 2014

	Passenger Facility Charges Collected	Passenger Facility Charges Expended
	<u> </u>	<u> </u>
PFC Charges Collected and Expended for the Current Year	\$ 638,634	\$ 638,634
PFC Charges Collected and Expended in Prior Years	<u>8,939,232</u>	<u>8,939,232</u>
Total PFC Charges to Date	<u>\$ 9,577,866</u>	9,577,866
PFC Interest Earned to Date		35,561
Actual PFC Related Expenditures to Date		<u>(11,940,955)</u>
Ending Balance Unliquidated PFC Revenue Account (PFC Expended to Date, Plus Interest Less Actual Expenditures to Date		<u>\$ (2,327,528)</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, 2014

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
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:	Unmodified
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, 2014

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
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