

**CITY OF
IDAHO FALLS, IDAHO**



**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDED
SEPTEMBER 30, 2008

CITY OF IDAHO FALLS, IDAHO
Comprehensive Annual Financial Report
For the fiscal year ended September 30, 2008

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, 2008

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INTRODUCTORY SECTION



City of Idaho Falls

CONTROLLER'S OFFICE

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

February 3, 2009

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, 2008 is hereby submitted. Responsibility for the accuracy of the data, and the completeness and fairness of the presentations, including all disclosures, rests with the City and is based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The administration believes the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

Rudd & Company PLLC, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

Profile of the City

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

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

The City of Idaho Falls is located in the southeastern corner of the State. The City currently occupies a land area of approximately 20 square miles with an estimated population of 54,500. 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 City Council.

Policy-making and legislative authority are vested in a governing 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 Mayor and Council are elected on a non-partisan basis.

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

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

Local economy

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

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

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

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

Because of its location in a region with a varied economic base, unemployment is relatively stable. During the past ten years, the unemployment rate has declined from a high of 3.7 percent (1998) to a

low of 2.4 percent in the year (2007). The unemployment rate at the end of fiscal year 2008 was 3.6% which reflects the declining economy which is expected to decline in the months ahead. 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

Unreserved fund balance in the general fund (28 percent of total general fund O&M expenses) falls below the policy guidelines set by the Council for budgetary and planning purposes of at least 4 months of O&M expenses in reserve.

The Council also maintains and reviews a five year capital plan that outlines major purchases and projects. Some of the major projects being planned and reviewed are the reconstruction of the intersection at Hitt Road and 1st Street, replacement of the D Street and Yellowstone underpass, and a new building to house the law enforcement. Funding options are being considered and are not set at this time. The City is continuing to improve park area centered on the greenbelt for the benefit of the residents and visitors of this area.

Relevant financial policies

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

Major initiatives

A few of the important initiatives facing the City to be addressed at the State level are water rights, highway funding, road maintenance, day care licensing, property taxes, annexation authority, revenue sharing, and local option taxation.

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, 2007. This was the nineteenth consecutive year that the City of Idaho Falls has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

Thane Sparks
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Idaho Falls
Idaho

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

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



President

Executive Director

City of Idaho Falls

Principal Officials

September 30, 2008

City Council

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

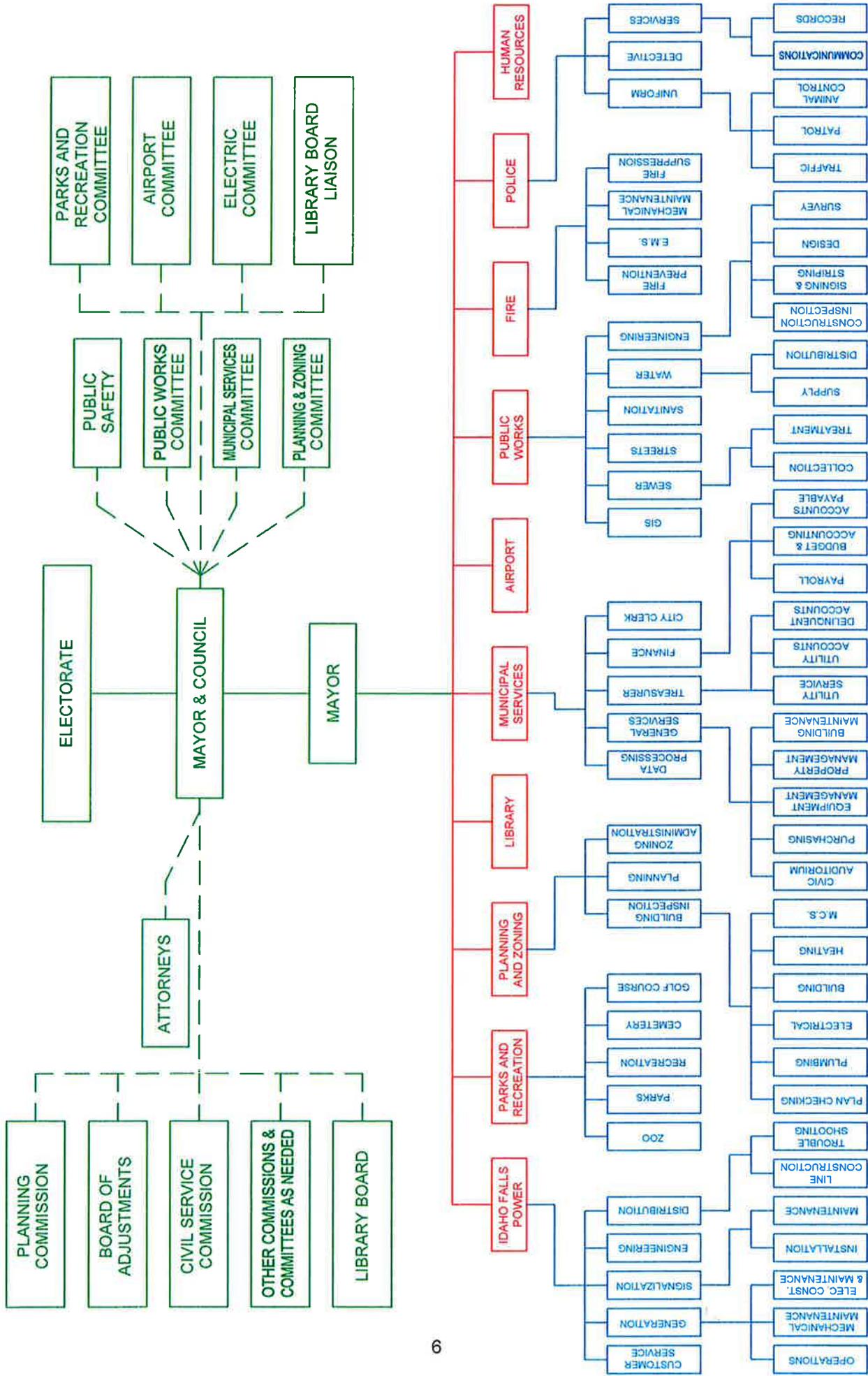
Mayor
Mayor Pro Tem/Council Member
Council Member
Council Member
Council Member
Council Member
Council Member

Other Principal Officers

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

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

CITY OF IDAHO FALLS ORGANIZATION



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, including PFC quarterly reports of the City of Idaho Falls, Idaho, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Idaho Falls, Idaho's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Electric Light Fund, which represents 50%, 45% and 73% respectively, of the assets, net assets and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Electric Light Fund is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Idaho Falls, Idaho as of September 30, 2008, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2009, on our consideration of the City of Idaho Falls, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance the *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis on pages 9 through 18 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the City of Idaho Falls, Idaho. The combining and individual nonmajor fund financial statements, the budgetary comparison schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

February 3, 2009

Rudd & Company

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, 2008. 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, 2008 by \$351,515,679. Of this amount, \$76,896,620 of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net assets increased \$23,421,879 as a result of this year's operations. The governmental net assets increased by \$1,891,048 and the business-type net assets increased by \$21,530,831.
- At September 30, 2008, the City's governmental activities reported combined ending net assets of \$118,743,876, an increase of \$1,891,048 in comparison with the prior year. Approximately 23 percent of this amount, \$27,378,769, is available for spending at the City's discretion.
- The unreserved fund balance for the general fund was \$9,472,340 or 28 percent of the total general fund expenditures.
- Total liabilities increased by \$3,546,243, which represents a 6.1 percent increase from 2007.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user

fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, culture, recreation and public works. The business-type activities of the City include the airport, water and sewer, sanitation, ambulance and electric operations.

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

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

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

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

The City maintains sixteen 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 fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds. The City maintains proprietary funds. Enterprise funds (one type of proprietary 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.

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$351,515,679 at September 30, 2008.

By far the largest portion of the City's net assets (77 percent) reflects its net investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Idaho Falls' Net Assets

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 36,367,424	\$ 33,905,545	\$ 91,242,528	\$ 78,720,600	\$127,609,952	\$112,626,145
Capital assets	90,376,453	89,628,017	195,674,174	184,438,295	286,050,627	274,066,312
Total assets	126,743,877	123,533,562	286,916,702	263,158,895	413,660,579	386,692,457
Long-term liabilities outstanding	5,060,045	4,533,441	43,146,897	49,105,492	48,206,942	53,638,933
Other liabilities	2,939,956	2,147,293	10,998,002	2,812,431	13,937,958	4,959,724
Total liabilities	8,000,001	6,680,734	54,144,899	51,917,923	62,144,900	58,598,657
Net assets:						
Invested in capital assets, net of related debt	90,376,453	89,628,017	181,237,856	166,885,480	271,614,309	256,513,497
Restricted	988,654	1,518,064	2,016,097	2,313,968	3,004,751	3,832,032
Unrestricted	27,378,769	25,706,747	49,517,850	42,041,524	76,896,619	67,748,271
Total net assets	\$118,743,876	\$116,852,828	\$232,771,803	\$211,240,972	\$351,515,679	\$328,093,800

An additional portion of the City's net assets (.85 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$76,896,620) may be used to meet the City's ongoing obligations to citizens and creditors.

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

The net assets of the City as a whole increased \$23,421,879 (7.2 percent) from \$328,093,800 at September 30, 2007 to \$351,515,679 at September 30, 2008. Governmental activities increased \$1,891,048 (1.6 percent) over the prior year while the business-type activities increased \$21,530,831 (10.2 percent) over the same period.

Changes in unrestricted net assets

The City's unrestricted net assets-the part of net assets that can be used to finance day-to-day operations increased \$9,148,349 (13.5 percent) over the prior year. The governmental activities increased \$1,672,022 (6.5 percent) while the business-type activities increased \$7,476,327 (17.8 percent) equaling the increase of \$9,148,349.

Business-type activities. The increase in net assets of \$21,530,831 in the Statement of Activities was allocated as follows:

- Investment in capital assets, net of related debt, increased by \$14,352,375. This reflects the increase of \$7,127,710 in contributed capital.
- A decrease of \$297,871 in restricted net assets for debt services.
- \$7,476,327 was allocated to unrestricted net assets.

Governmental activities. Key elements in the \$1,672,022 increase in unrestricted net assets is as follows:

- Items reclassified from unrestricted to restricted assets:
 1. \$241,799 increase in reserve for encumbrances.
 2. \$95,565 increase in reserve for loan receivables.
 3. \$735,786 decrease in reserve for council designated.
 4. \$686,428 increase in the special revenue funds' unrestricted net assets.
 5. \$857,409 increase in the capital project funds' unrestricted net assets.

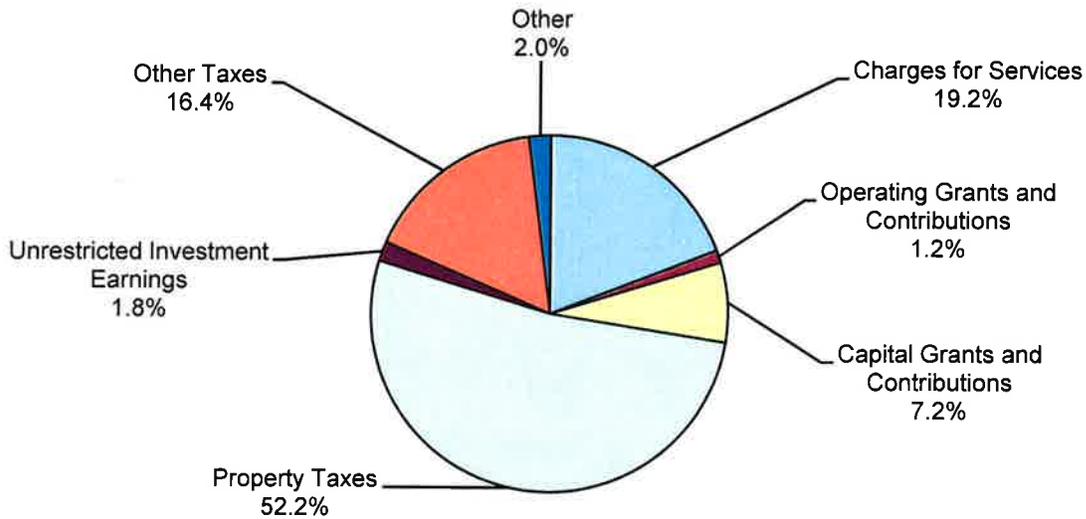
Governmental activities. Governmental activities increased the City's net assets by \$1,891,048. Key elements of this increase are as follows:

City of Idaho Falls' Changes in Net Assets

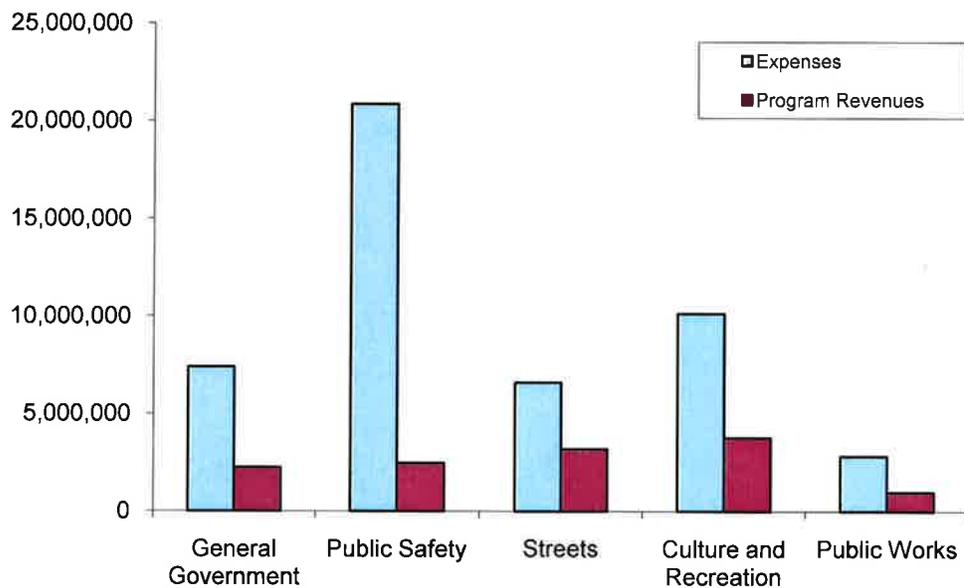
	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 8,789,751	\$ 10,281,864	\$ 79,962,634	\$ 80,322,736	\$ 88,752,385	\$ 90,604,600
Operating grants and Contributions	521,471	1,046,978	1,503,087	1,518,842	2,024,558	2,565,820
Capital grants and Contributions	3,311,708	8,417,579	11,408,555	6,043,486	14,720,263	14,461,065
General revenues:						
Property taxes	23,914,223	21,694,620			23,914,223	21,694,620
Other taxes	7,523,341	7,818,558		14,773	7,537,906	7,833,331
Other	1,741,219	2,064,497		2,828,065	3,965,487	4,892,562
Total revenues	45,801,713	51,324,096		90,727,902	140,914,822	142,051,998
Expenses:						
General government	7,397,540	6,352,659			7,397,540	6,352,659
Public safety	20,869,523	18,764,841			20,869,523	18,764,841
Streets	6,595,657	5,472,555			6,595,657	5,472,555
Culture and recreation	10,130,787	8,894,067			10,130,787	8,894,067
Public works	2,827,838	2,387,383			2,827,838	2,387,383
Airport			3,921,248	3,358,665	3,921,248	3,358,665
Water and sewer			11,140,464	10,707,873	11,140,464	10,707,873
Sanitation			2,978,262	2,739,364	2,978,262	2,739,364
Ambulance			2,811,351	2,453,241	2,811,351	2,453,241
Electric			48,820,273	46,277,879	48,820,273	46,277,879
Total expenses	47,821,345	41,871,505	69,671,598	65,537,022	117,492,943	107,408,527
Increase (decrease) in net assets before transfers	(2,019,632)	9,452,591	25,441,511	25,190,880	23,421,879	34,643,471
Transfers	3,910,680	3,632,318	(3,910,680)	(3,632,318)		
Increase (decrease) in net assets	1,891,048	13,084,909	21,530,831	21,558,562	23,421,879	34,643,471
Net assets – October 1	116,852,828	103,767,919	211,240,972	189,682,410	328,093,800	293,450,329
Net assets – September 30	\$118,743,876	\$116,852,828	\$232,771,803	\$211,240,972	\$351,515,679	\$328,093,800

- Total revenues had a net decrease of \$1,137,176 (.8 percent). Property tax revenues increased \$2,219,603 (10.2 percent). Capital grants increased \$259,198 (1.8 percent). The increase comes from developer contributed streets and storm drainage systems and a grant from FAA to rehabilitate the main runway.
- Total expenses for governmental activities had a net increase of \$5,949,840 (14.2 percent). General government increased \$1,044,881. Public safety increased \$2,104,682. This also reflects the general increase in serving the public and the hiring of one new full time dispatcher and three new paramedic/firemen. Streets increased \$1,123,102 over last year. The net increase in the street fund reflects the overall increase in street expenditures. Culture and recreation had a net increase of \$1,236,720. Public works had a net increase of \$440,455, all of which reflects assets capitalized in governmental funds.

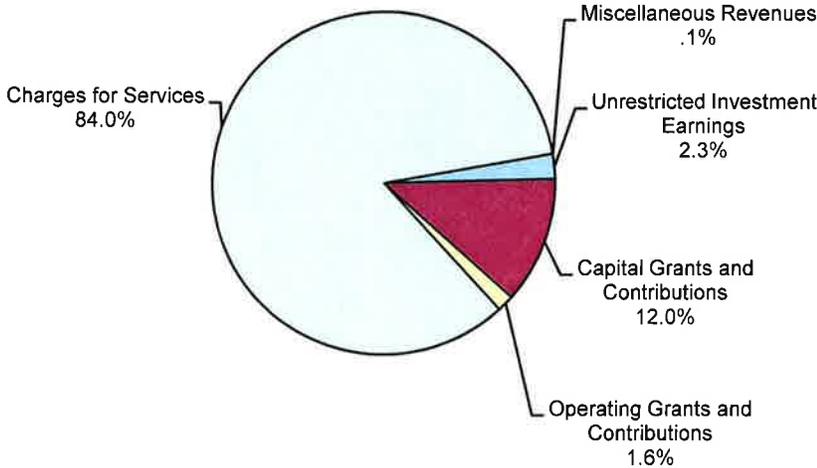
2008 Revenues by Source - Governmental Activities



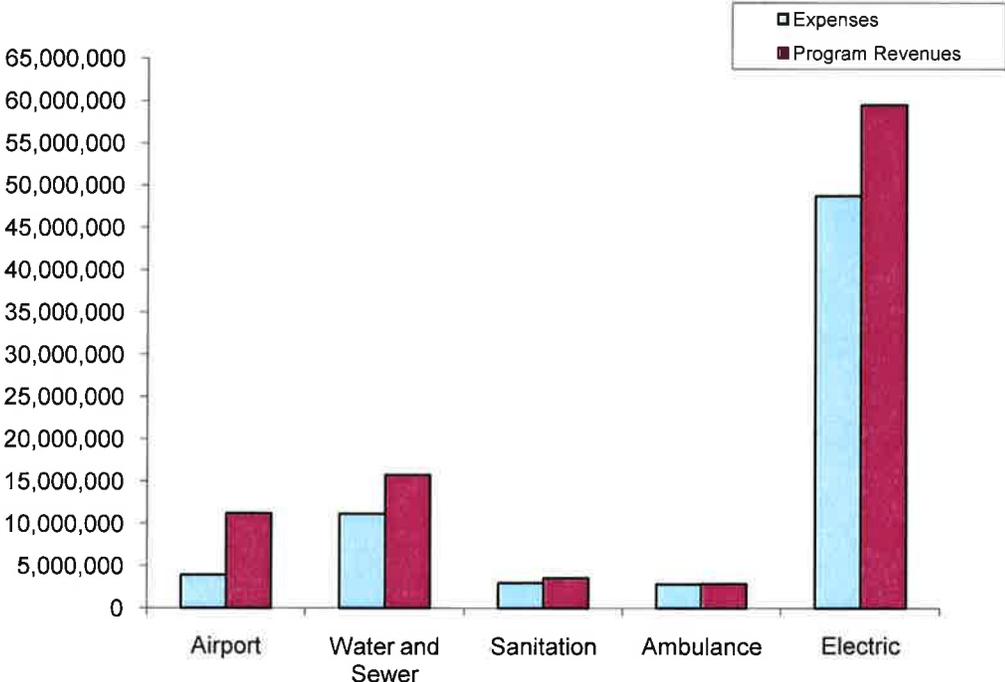
2008 Expenses and Program Revenues - Governmental Activities



2008 Revenues by Source - Business-type Activities



2008 Expenses and Program Revenues - Business-type Activities



Business-type activities. As already noted, business-type activities increased net assets by \$21,530,831 (10.2 percent). Key elements of this net increase are as follows:

- Debt and accrued interest were reduced \$5,851,459.
- The water and sewer fund and the electric fund had contributed capital during the year with a \$11,408,555 value.

Financial Analysis of the City's Funds

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

As of September 30, 2008, the City's governmental funds reported combined ending fund balances of \$32,628,271, a increase of \$1,743,040 in comparison with the prior year. Approximately 78.8 percent of this total amount, \$25,698,105 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed 1) to pay debt service, 2) encumbrances, or 3) for a variety of other restricted purposes.

The general fund is the chief operating fund of the City. At September 30, 2008 unreserved fund balance of the general fund was \$9,472,340, while total fund balance reached \$14,198,558. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balances represent 28.1 percent of total general fund expenditures, while total fund balance represents 42.2 percent of that same amount.

The fund balance of the City's general fund increased by \$463,118 during the current fiscal year. The key factor in this is as follows:

- There were several capital projects that were planned and budgeted. Construction had not started by the end of the budget year.
- The golf courses were moved from the general fund to their own special revenue fund which decreases the expenses in the general fund.

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

Unrestricted net assets of the airport, water and sewer, sanitation, ambulance and electric at September 30, 2008 amounted to \$49,517,850, and those for the electric operation amounted to \$29,130,060. The total increase in net assets for the funds was \$21,530,831. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights. The City did not amend the 2008 general fund budget.

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

- The general fund revenues were short by \$2,689,041 mainly due to capital projects that were budgeted but not completed and the associated budgeted grants were not received.
- General Government administrative expenses were \$1,445,765 less than budgeted.
- Expenditures for the Community Development Block Grant were \$630,444 less than budgeted.

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, 2008 amounts to \$286,050,627 (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 airport capitalized \$6,441,606 spent to rehabilitate the main runway.
- The water and sewer fund spent \$1,749,920 for new water lines, sewer lines and replacement of existing lines.
- The electric fund added \$6,141,196 in capital for transmission, distribution, generation, and fiber optics.
- Streets and storm drains increased \$3,186,784 through contributed capital.
- Water and sewer lines increased \$1,860,883 through contributed capital.
- Sunnyside Road improvements were completed and \$4,373,250 in costs was capitalized.

City of Idaho Falls' Capital Assets

	Governmental Activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$12,677,454	\$12,037,742	\$ 5,435,188	\$ 5,435,188	\$ 18,112,642	\$ 17,472,930
Infrastructure	77,106,463	69,898,632	16,868,672	16,905,052	93,975,135	86,803,684
Buildings and improvements	32,302,982	31,758,450	291,153,389	276,315,652	323,456,371	308,074,102
Machinery and equipment	16,343,895	15,673,795	23,291,934	21,282,744	39,635,829	36,956,539
Construction in progress	724,202	4,662,865	13,102,512	9,975,704	13,826,714	14,638,569
Accumulated Depreciation	(48,778,543)	(44,403,467)	(154,177,521)	(145,476,045)	(202,956,064)	(189,879,512)
Total	\$90,376,453	\$89,628,017	\$195,674,174	\$184,438,295	\$286,050,627	\$274,066,312

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, 2008, the City had \$44,024,322 in business-type debt outstanding compared to \$49,552,781 last year, an 11.2 percent decrease.

City of Idaho Falls' Outstanding Business-type Debt		
	2008	2007
General obligations-zero coupon bonds	\$11,408,196	\$13,903,061
Revenue bonds-net of premium	0	0
Certificates of participation	3,510,000	4,205,000
Compensated absences	2,054,117	2,019,476
Total	\$16,972,313	\$20,127,537

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City is currently 3.6 percent. This compares favorably to the state's average unemployment rate of 5.0 percent.
- Inflationary trends for the City are about the same as the national level.

These factors and many others were considered in preparing the City's budget for the 2009 fiscal year.

The general fund ended the current year with an unreserved fund balance of \$9,472,340. The City has not appropriated any of this amount for spending in the 2009 fiscal year budget.

Requests for Information

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

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**City of Idaho Falls
Statement of Net Assets
September 30, 2008**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Redevelopment Agency
ASSETS				
Cash and cash equivalents	\$ 18,930,486	\$ 17,093,314	\$ 36,023,800	\$ 1,490,186
Investments	12,809,492	47,346,098	60,155,590	-
Receivables (net of allowance for uncollectables)	2,287,814	7,345,637	9,633,451	105,284
Internal balances	1,127	(1,127)	-	-
Due from other governments	1,675,631	7,020,606	8,696,237	-
Inventories	329,243	4,516,187	4,845,430	-
Prepaid charges	333,631	-	333,631	-
Deferred charges	-	481,878	481,878	-
Restricted assets:				
Cash and cash equivalents	-	7,439,935	7,439,935	150,258
Capital assets (net of accumulated depreciation):				
Land	12,677,454	5,435,188	18,112,642	-
Infrastructure	77,106,463	16,868,672	93,975,135	-
Buildings and improvements	32,302,982	291,153,389	323,456,371	-
Machinery and equipment	16,343,895	23,291,934	39,635,829	-
Construction work in progress	724,202	13,102,512	13,826,714	-
Accumulated depreciation	(48,778,543)	(154,177,521)	(202,956,064)	-
Total assets	126,743,877	286,916,702	413,660,579	1,745,728
LIABILITIES				
Accounts payable	1,171,780	10,195,763	11,367,543	11,002
Contracts payable	10,000	-	10,000	-
Accrued wages payable	1,356,653	651,049	2,007,702	-
Security deposits	401,523	4,252	405,775	-
Accrued interest payable from restricted assets	-	146,938	146,938	-
Noncurrent liabilities:				
Due within one year	3,203,307	9,612,360	12,815,667	475,000
Due in more than one year	1,851,346	33,529,376	35,380,722	10,916,556
Net other postemployment benefits obligation	5,392	5,161	10,553	-
Total liabilities	8,000,001	54,144,899	62,144,900	11,402,558
NET ASSETS				
Invested in capital assets, net of related debt	90,376,453	181,237,856	271,614,309	-
Restricted for:				
Debt services	-	2,016,097	2,016,097	150,258
Conservation programs	988,654	-	988,654	-
Unrestricted	27,378,769	49,517,850	76,896,619	(9,807,088)
Total net assets (deficit)	\$ 118,743,876	\$ 232,771,803	\$ 351,515,679	\$ (9,656,830)

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, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			Component Unit Redevelopment Agency
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	
Primary Government:							
Government activities:							
General government	\$ 7,397,540	\$ 1,935,811	\$ 292,686	\$ -	\$ (5,169,043)	\$ -	\$ (5,169,043)
Public safety	20,869,523	2,388,287	70,254	-	(18,410,982)	-	(18,410,982)
Streets	6,595,657	-	-	3,186,784	(3,408,873)	-	(3,408,873)
Culture and recreation	10,130,787	3,486,720	158,531	124,924	(6,360,612)	-	(6,360,612)
Public works	2,827,838	978,933	-	-	(1,848,905)	-	(1,848,905)
Total governmental activities	47,821,345	8,789,751	521,471	3,311,708	(35,198,415)	-	(35,198,415)
Business-type activities:							
Airport	3,921,248	2,416,759	163,450	8,596,219	\$ 7,255,180	\$ 7,255,180	7,255,180
Water and sewer	11,140,464	13,733,266	-	2,019,767	4,612,569	4,612,569	4,612,569
Sanitation	2,978,262	3,549,742	-	-	571,480	571,480	571,480
Ambulance	2,811,351	1,515,226	1,339,637	-	43,512	43,512	43,512
Electric	48,820,273	58,747,641	-	792,569	10,719,937	10,719,937	10,719,937
Total business-type activities	69,671,598	79,962,634	1,503,087	11,408,555	23,202,678	23,202,678	23,202,678
Total primary government	\$ 117,492,943	\$ 88,752,385	\$ 2,024,558	\$ 14,720,263	(35,198,415)	\$ 23,202,678	(11,995,737)
Component unit:							
Redevelopment agency	\$ 7,945,679	-	-	-	-	-	\$ (7,945,679)
Total component unit	\$ 7,945,679	\$ -	\$ -	\$ -	\$ -	\$ -	(7,945,679)
General revenues:							
Property taxes					23,914,223	-	23,914,223
Unrestricted sales tax and revenue sharing					6,028,163	14,565	6,042,728
Franchise taxes					829,622	-	829,622
Alcoholic beverage taxes					665,556	-	665,556
Unrestricted investment earnings					819,317	2,224,268	3,043,585
Miscellaneous revenues					921,902	-	921,902
Transfers					3,910,680	(3,910,680)	-
Total general revenues and transfers					37,089,463	(1,671,847)	35,417,616
Change in net assets					1,891,048	21,530,831	23,421,879
Net assets (deficit)-beginning as restated-see note H					116,852,828	211,240,972	328,093,800
Net assets (deficit)-ending					\$ 118,743,876	\$ 232,771,803	\$ 351,515,679

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

**City of Idaho Falls
Balance Sheet
Governmental Funds
September 30, 2008**

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 8,384,088	\$ 10,546,398	\$ 18,930,486
Investments	6,421,000	6,388,492	12,809,492
Receivables	1,070,355	1,217,459	2,287,814
Due from other funds	1,571	-	1,571
Due from other governments	879,420	796,211	1,675,631
Inventory	329,243	-	329,243
Prepaid items	333,631	-	333,631
Total assets	\$ 17,419,308	\$ 18,948,560	\$ 36,367,868
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	905,202	266,578	1,171,780
Contracts payable	-	10,000	10,000
Accrued wages	1,202,316	154,337	1,356,653
Due to other funds	-	444	444
Security deposits	401,523	-	401,523
Deferred revenue	711,709	87,488	799,197
Total liabilities	3,220,750	518,847	3,739,597
Fund balances:			
Reserved for:			
Loans	-	988,654	988,654
Encumbrances	925,184	1,060,428	1,985,612
Inventories	329,243	-	329,243
Prepaid items	333,631	-	333,631
Unreserved-designated:			
Insurance and benefits	2,810,285	-	2,810,285
Culture and recreation projects	327,875	154,866	482,741
Unreserved, reported in:			
General fund	9,472,340	-	9,472,340
Special revenue funds	-	9,408,719	9,408,719
Capital projects funds	-	6,817,046	6,817,046
Total fund balances	14,198,558	18,429,713	32,628,271
Total liabilities and fund balances	\$ 17,419,308	\$ 18,948,560	36,367,868
Total governmental funds balances			32,628,271
Amounts reported for governmental activities in the statement of net assets are different because:			
Deferred revenue is not available to pay current period expenditures and, therefore, is not reported in the funds.			799,197
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			90,376,453
Compensated absences (a long-term liability) are not due and payable in the current period and, therefore, are not reported in the funds.			(5,054,653)
Other postemployment benefits obligation (a long-term liability) are not due and payable in the current period and, therefore, are not reported in the funds.			(5,392)
Net assets of governmental activities			\$ 118,743,876

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, 2008

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 22,237,312	\$ 2,577,202	\$ 24,814,514
Licenses and permits	806,908	-	806,908
Intergovernmental	5,516,579	3,744,249	9,260,828
Charges for services	855,594	3,909,139	4,764,733
Fines	518,490	86,889	605,379
Interest	293,461	525,855	819,316
Miscellaneous	924,947	692,128	1,617,075
Total revenues	31,153,291	11,535,462	42,688,753
EXPENDITURES			
Current:			
General government	6,369,774	615,707	6,985,481
Public safety	19,941,808	-	19,941,808
Streets	-	2,912,534	2,912,534
Culture & recreation	5,222,646	4,765,891	9,988,537
Public works	2,131,286	-	2,131,286
Capital outlay	-	2,896,747	2,896,747
Total expenditures	33,665,514	11,190,879	44,856,393
Excess (deficiency) of revenues over (under) expenditures	(2,512,223)	344,583	(2,167,640)
OTHER FINANCING SOURCES (USES)			
Transfers in	4,021,295	2,127,234	6,148,529
Transfers out	(1,045,954)	(1,191,895)	(2,237,849)
Total other financing sources (uses)	2,975,341	935,339	3,910,680
Net change in fund balances	463,118	1,279,922	1,743,040
Fund balances, October 1	14,080,331	16,804,900	30,885,231
Residual equity transfer in	-	344,891	344,891
Residual equity transfer out	(344,891)	-	(344,891)
Fund balances, September 30	\$ 14,198,558	\$ 18,429,713	\$ 32,628,271

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

Net change in fund balances-total governmental funds	\$ 1,743,040
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(2,297,375)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	3,045,811
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(73,824)
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).	(526,604)
Change in net assets of governmental activities.	\$ 1,891,048

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, 2008

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 21,720,595	\$ 21,535,532	\$ (185,063)
Licenses and permits	719,650	806,908	87,258
Intergovernmental	7,436,907	5,518,636	(1,918,271)
Charges for services	812,200	855,594	43,394
Fines	555,200	518,490	(36,710)
Interest	200,000	293,461	93,461
Miscellaneous	1,698,057	924,947	(773,110)
Total revenues	<u>33,142,609</u>	<u>30,453,568</u>	<u>(2,689,041)</u>
EXPENDITURES			
Current:			
General government	8,477,379	6,324,213	2,153,166
Public safety	20,571,189	19,941,808	629,381
Culture and recreation	6,565,209	5,222,646	1,342,563
Public works	1,992,530	2,131,286	(138,756)
Total expenditures	<u>37,606,307</u>	<u>33,619,953</u>	<u>3,986,354</u>
Excess of revenues over expenditures	<u>(4,463,698)</u>	<u>(3,166,385)</u>	<u>1,297,313</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	3,885,238	4,021,295	136,057
Operating transfers out	(776,000)	(1,045,954)	(269,954)
Total other financing uses	<u>3,109,238</u>	<u>2,975,341</u>	<u>(133,897)</u>
Net change in fund balances	<u>(1,354,460)</u>	<u>(191,044)</u>	<u>1,163,416</u>
Fund balances, October 1	<u>10,821,976</u>	<u>10,821,976</u>	
Fund balances, September 30	<u>\$ 9,467,516</u>	<u>\$ 10,630,932</u>	<u>\$ 1,163,416</u>

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

**City of Idaho Falls
Statement of Net Assets
Proprietary Funds
September 30, 2008**

Business-type Activities-Enterprise Funds

	Airport	Water & Sewer	Sanitation	Ambulance	Electric	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 2,843,010	\$ 6,472,234	\$ 585,354	\$ 893,577	\$ 6,299,139	\$ 17,093,314
Investments	1,256,935	7,249,505	482,528	329,230	38,027,900	47,346,098
Receivables (net of allowance for uncollectibles):						
Utility & accounts	8,904	614,003	149,588	577,131	5,591,203	6,940,829
Interest	10,673	95,129	-	2,458	296,548	404,808
Due from other governments	7,020,606	-	-	-	-	7,020,606
Inventory	-	954,755	-	-	3,561,432	4,516,187
Restricted cash and cash equivalents	858,508	-	-	-	4,003,825	4,862,333
Total current assets	<u>11,998,636</u>	<u>15,385,626</u>	<u>1,217,470</u>	<u>1,802,396</u>	<u>57,780,047</u>	<u>88,184,175</u>
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	422,942	-	-	-	2,154,660	2,577,602
Deferred charges	19,767	-	-	-	462,111	481,878
Capital assets:						
Land	2,615,359	830,076	-	-	1,989,753	5,435,188
Buildings	12,355,498	1,845,404	430,756	107,537	2,129,477	16,868,672
Improvements other than buildings	38,408,715	90,967,365	39,385	-	161,737,924	291,153,389
Machinery & equipment	2,290,926	10,458,660	4,119,548	1,812,435	4,610,365	23,291,934
Construction work in progress	8,523,304	-	-	-	4,579,208	13,102,512
Less accumulated depreciation	(20,344,085)	(40,434,174)	(2,634,844)	(1,385,537)	(89,378,881)	(154,177,521)
Total capital assets (net of accumulated depreciation)	<u>43,849,717</u>	<u>63,667,331</u>	<u>1,954,845</u>	<u>534,435</u>	<u>85,667,846</u>	<u>195,674,174</u>
Total noncurrent assets	<u>44,292,426</u>	<u>63,667,331</u>	<u>1,954,845</u>	<u>534,435</u>	<u>88,284,617</u>	<u>198,733,654</u>
Total assets	<u>\$ 56,291,062</u>	<u>\$ 79,052,957</u>	<u>\$ 3,172,315</u>	<u>\$ 2,336,831</u>	<u>\$ 146,064,664</u>	<u>\$ 286,917,829</u>

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

**City of Idaho Falls
Statement of Net Assets
Proprietary Funds
September 30, 2008**

Business-type Activities-Enterprise Funds

	Airport	Water & Sewer	Sanitation	Ambulance	Electric	Total
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 7,261,906	\$ 309,792	\$ 1,945	\$ 26,871	\$ 2,595,249	\$ 10,195,763
Accrued wages	34,953	139,737	63,641	105,531	307,187	651,049
Due to other funds	138	511	75	210	193	1,127
Compensated absences	70,253	272,338	123,540	241,051	544,469	1,251,651
Security deposits	4,252	-	-	-	-	4,252
Bonds payable-current	760,000	-	-	-	2,323,808	3,083,808
Accrued interest payable-current	79,853	-	-	-	5,343,986	5,423,839
Total current liabilities	<u>8,211,355</u>	<u>722,378</u>	<u>189,201</u>	<u>373,663</u>	<u>11,114,892</u>	<u>20,611,489</u>
Noncurrent liabilities:						
Accrued interest-G.O. bonds	-	-	-	-	20,892,521	20,892,521
Compensated absences	13,774	244,992	83,055	154,178	306,467	802,466
Net other postemployment benefits	757	1,414	1,574	1,340	76	5,161
Certificates of participation	2,750,000	-	-	-	-	2,750,000
G.O. bonds payable	-	-	-	-	9,084,389	9,084,389
Total noncurrent liabilities	<u>2,764,531</u>	<u>246,406</u>	<u>84,629</u>	<u>155,518</u>	<u>30,283,453</u>	<u>33,534,537</u>
Total liabilities	<u>10,975,886</u>	<u>968,784</u>	<u>273,830</u>	<u>529,181</u>	<u>41,398,345</u>	<u>54,146,026</u>
NET ASSETS						
Invested in capital assets, net of related debt	40,359,485	63,667,331	1,954,845	534,435	74,721,760	181,237,856
Restricted for debt service	1,201,598	-	-	-	814,499	2,016,097
Unrestricted	3,754,093	14,416,842	943,640	1,273,215	29,130,060	49,517,850
Total net assets	<u>\$ 45,315,176</u>	<u>\$ 78,084,173</u>	<u>\$ 2,898,485</u>	<u>\$ 1,807,650</u>	<u>\$ 104,666,319</u>	<u>\$ 232,771,803</u>

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

City of Idaho Falls
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2008

	Business-type Activities-Enterprise Funds					
	Airport	Water & Sewer	Sanitation	Ambulance	Electric	Total
Operating revenues:	\$ 2,416,759	\$ 13,733,266	\$ 3,549,742	\$ 1,515,226	\$ 57,946,018	\$ 79,161,011
Operating expenses:						
Operations and maintenance	1,679,367	8,140,796	2,707,680	2,710,150	41,001,766	56,239,759
Depreciation	2,075,587	2,999,668	270,582	101,201	4,942,377	10,389,415
Total operating expenses	3,754,954	11,140,464	2,978,262	2,811,351	45,944,143	66,629,174
Operating income (loss)	(1,338,195)	2,592,802	571,480	(1,296,125)	12,001,875	12,531,837
Nonoperating revenues (expenses):						
Intergovernmental	178,015	-	-	1,339,637	-	1,517,652
Interest income	132,501	398,058	32,419	31,737	1,629,553	2,224,268
Other, net	-	-	-	-	801,623	801,623
Interest expenses	(166,294)	-	-	-	(2,876,130)	(3,042,424)
Total nonoperating revenues (expenses)	144,222	398,058	32,419	1,371,374	(444,954)	1,501,119
Net income (loss) before contributions and transfers	(1,193,973)	2,990,860	603,899	75,249	11,556,921	14,032,956
Capital contributions	8,596,219	2,019,767	-	-	792,569	11,408,555
Transfers in	627,515	-	-	-	-	627,515
Transfers out	-	(921,869)	(177,046)	-	(3,439,280)	(4,538,195)
Change in net assets	8,029,761	4,088,758	426,853	75,249	8,910,210	21,530,831
Total net assets-October 1	37,285,415	73,995,415	2,471,632	1,732,401	95,756,109	211,240,972
Total net assets-September 30	\$ 45,315,176	\$ 78,084,173	\$ 2,898,485	\$ 1,807,650	\$ 104,666,319	\$ 232,771,803

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

City of Idaho Falls
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2008

Business-type Activities-Enterprise Funds

	Airport	Water & Sewer	Sanitation	Ambulance	Electric	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 2,783,001	\$ 13,754,361	\$ 3,550,925	\$ 1,457,597	\$ 57,054,079	\$ 78,599,963
Payments to suppliers	(466,715)	(4,089,635)	(830,821)	(497,690)	(35,802,282)	(41,687,143)
Payments to employees	(910,452)	(3,534,821)	(1,877,985)	(2,090,733)	(5,163,427)	(13,577,418)
Other, net	-	-	-	-	801,623	801,623
Net cash provided (used) by operations	1,405,834	6,129,905	842,119	(1,130,826)	16,889,993	24,137,025
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	627,515	-	-	-	-	627,515
Transfers to other funds	-	(921,869)	(177,046)	-	(3,439,280)	(4,538,195)
Net cash provided (used) by noncapital financing activities	627,515	(921,869)	(177,046)	-	(3,439,280)	(3,910,680)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions	8,596,219	2,019,767	-	-	-	10,615,986
Intergovernmental revenues	178,015	-	-	1,339,637	-	1,517,652
Acquisition and construction of capital assets	(9,331,425)	(3,701,643)	(1,078,960)	(22,102)	(6,698,594)	(20,832,724)
Principal paid on capital debt	(695,000)	-	-	-	(2,494,864)	(3,189,864)
Interest paid on capital debt	(175,516)	-	-	-	(2,647,875)	(2,823,391)
Net cash provided (used) by capital and related financing activities	(1,427,707)	(1,681,876)	(1,078,960)	1,317,535	(11,841,333)	(14,712,341)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of investments	11,801,989	28,243,300	3,789,229	2,710,351	(101,589,085)	(55,044,216)
Purchase of investments	(11,264,047)	(28,718,030)	(3,404,038)	(2,556,537)	95,888,007	49,945,355
Earnings on investments	137,250	412,432	32,419	31,219	1,789,798	2,403,118
Net cash provided (used) by investing activities	675,192	(62,298)	417,610	185,033	(3,911,280)	(2,695,743)

Net increase (decrease) in cash and cash equivalents	1,280,834	3,463,862	3,723	371,742	(2,301,900)	2,818,261
Cash and cash equivalents balance, October 1	2,843,626	3,008,372	581,631	521,835	14,759,524	21,714,988
Cash and cash equivalents balance, September 30	\$ 4,124,460	\$ 6,472,234	\$ 585,354	\$ 893,577	\$ 12,457,624	\$ 24,533,249

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

Operating income (loss)	\$ (1,338,195)	\$ 2,592,802	\$ 571,480	\$ (1,296,125)	\$ 12,001,875	\$ 12,531,837
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	2,075,587	2,999,668	270,582	101,201	4,942,377	10,389,415
(Increase) decrease in accounts receivable	324,046	21,095	1,183	(57,629)	(888,081)	(599,386)
(Increase) decrease due from other funds	-	499,971	-	-	-	499,971
(Increase) decrease due from other governments	(6,943,038)	-	-	-	-	(6,943,038)
(Increase) decrease inventory	-	(269,533)	-	-	(348,075)	(617,608)
(Decrease) increase accounts payable	7,258,556	189,314	1,250	18,696	292,995	7,760,811
(Decrease) increase due to other funds	(114)	112	17	(308)	(3,855)	(4,148)
(Decrease) increase in accrued liabilities	28,992	96,476	(2,393)	103,339	91,134	317,548
Other income, net	-	-	-	-	801,623	801,623
Total adjustments	2,744,029	3,537,103	270,639	165,299	4,888,118	11,605,188
Net cash provided (used) by operating activities	\$ 1,405,834	\$ 6,129,905	\$ 842,119	\$ (1,130,826)	\$ 16,889,993	\$ 24,137,025

Noncash investing, capital, and financing activities:

Contributions of capital assets	-	-	-	-	792,570	792,570
Capital assets retired	-	69,186	-	-	-	69,186
Transfer of construction work-in-progress to plant in service	-	-	-	-	6,131,196	6,131,196
Amortization of debt related premium and deferred charges included in interest expense	-	-	-	-	66,779	66,779

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

	Airport	Water and Sewer	Sanitation	Ambulance	Electric	Total
Cash and cash equivalents reported on the balance sheet	\$ 2,843,010	\$ 6,472,234	\$ 585,354	\$ 893,577	\$ 6,299,139	\$ 17,093,314
Restricted cash and cash equivalents included in restricted cash	1,281,450	-	-	-	-	7,439,935
Total cash and cash equivalents	\$ 4,124,460	\$ 6,472,234	\$ 585,354	\$ 893,577	\$ 12,457,624	\$ 24,533,249

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, 2008

I. Summary of significant accounting policies

A. Reporting entity

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

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

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

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

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

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

The water and sewer fund is used to account for the operations of the water and sewer utility system. The City operates 18 wells, a water distribution system, sewage treatment plant, sewage pumping stations and collection systems.

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

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

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

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

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

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

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

D. Assets, liabilities, and net assets or equity

1. Cash and investments

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

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

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

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

Time deposit accounts.

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

Repurchase agreements.

Banker's acceptances and prime commercial paper.

Mutual or money market funds.

2. Receivables and payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

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

3. Inventory and prepaid items

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

4. Restricted assets

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

5. Capital assets

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

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

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

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

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

6. Compensated absences

a. Governmental funds:

The City reports compensated absences in accordance with the provision of GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements". The City uses the current financial resources measurement focus and the modified accrual basis of accounting. Compensated absences are recorded only when actually due and payable and are expected to be liquidated with expendable available financial resources.

b. Enterprise funds:

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

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

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

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

7. Long-term obligations

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

8. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. Reconciliation of government-wide and fund financial statements

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

The government fund balance sheet includes reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. The principal element of that difference is the capital assets reported as net of related debt. However, there is no debt related to the government capital assets; the \$90,376,453 represents the entire net value of the City's governmental capital assets after deducting \$48,778,543 in accumulated depreciation.

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

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

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

Capitalized asset expenditures	\$ 2,767,993
Depreciation expense	<u>5,065,368</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of Governmental activities	<u>\$(2,297,375)</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 reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-budgeted and re-encumbered during the subsequent year.

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

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

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

A public hearing is conducted to obtain citizen comments.

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

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

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

The City did not amend its original budget ordinance.

B. Excess of expenditures over appropriations

For the year ended September 30, 2008, expenditures exceeded appropriations in the Electric Light Public Purpose fund by \$19,696, the Airport fund by \$2,976,063, the Sanitation fund by \$79,227, and the Ambulance fund by \$24,656. These over expenditures were funded by unanticipated grant revenues, interfund transfers and available fund balance in each of the four funds.

IV. Detailed notes on all funds

A. Cash and investments

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

1. Deposits

At September 30, 2008, the carrying amount of the City's deposits was \$70,787,377 and the respective bank balances totaled \$71,797,307. Of the bank balances, \$58,630,487 were insured or collateralized with pooled securities held by the pledging financial institution in the name of the City.

2. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The City's policy is to minimize custodial credit risk by spreading its deposits among various financial institutions in amounts that either collateralized by other investments or are less than the available insurance amount offered by the financial institutions. As of September 30, 2008, some of the City's deposits totaling \$13,166,820 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 20, 2008 total deposits of \$58,630, 487 were insured or collateralized by deposits held by financial institutions and deposits of \$13,166,820 were unsecured and uncollateralized.

3. Custodial Credit Risk – Investments

As of September 30, 2008, the City's investments were 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 had no investments that 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, 2008 are summarized below:

Investment Type	Fair Value	<u>Investment Maturities (in Years)</u>			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Notes	\$32,831,948	\$19,816,948	\$13,000,000	\$0	\$15,000
Total Investments	<u>\$32,831,948</u>	<u>\$19,816,948</u>	<u>\$13,000,000</u>	<u>\$0</u>	<u>\$15,000</u>

Reconciliation of deposits categorization:

Cash and Cash Equivalents reported on the Statement of Net Assets	\$36,023,800
Restricted Cash and Cash Equivalent	7,439,935
Investments categorized as deposits	<u>27,323,642</u>
Total deposits categorized	<u>\$70,787,377</u>

Reconciliation of investments categorization:

Investments reported on the Statement of Net Assets	\$60,155,590
Less investments categorized as deposits	<u>(27,323,642)</u>
Total investments categorized	<u>\$32,831,948</u>

7. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents at September 30, 2008 are as follows:

Electric Light Fund:

Restricted by 1991 General Obligation Electric Refunding Bonds	\$6,157,971
Restricted Security Deposits	514
Total restricted Electric Light Fund	<u>6,158,485</u>

Airport Fund:

Restricted by series 2006 Certificates of Participation	1,281,450
Total restricted Airport Fund	<u>1,281,450</u>
Total Restricted Cash and Cash Equivalents	<u>\$7,439,935</u>

B. Receivables

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

	General	Airport	Water and Sewer	Sanitation	Ambulance	Electric	Nonmajor Funds	Total
Receivables:								
Taxes	\$ 976,189						\$ 119,891	\$1,096,080
Accounts		\$ 8,904	\$ 924,196	\$225,159	\$1,575,405	\$6,501,689		9,235,353
Interest	94,166	10,673	95,129		2,458	296,548	108,914	607,888
Loans							988,654	988,654
Gross receivables	1,070,355	19,577	1,019,325	225,159	1,577,863	6,798,237	1,217,459	11,927,975
Less: allowance for Uncollectibles			(310,193)	(75,571)	(998,274)	(910,486)		(2,294,524)
Net total receivables	\$1,070,355	\$19,577	\$ 709,132	\$149,588	\$ 579,589	\$5,887,751	\$1,217,459	\$9,633,451

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

Property taxes – (general fund)	\$711,709
Property taxes – (nonmajor funds)	87,488
Total deferred revenue for governmental funds	<u>\$799,197</u>

C. Capital assets

Capital asset activity for the year ended September 30, 2008 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 12,032,808	\$ 821,542	\$ (176,896)	\$ 12,677,454
Construction in progress	4,662,865	566,836	(4,505,499)	724,202
Total capital assets, not being depreciated	<u>16,695,673</u>	<u>1,388,378</u>	<u>(4,682,395)</u>	<u>13,401,656</u>
Capital assets, being depreciated:				
Infrastructure	69,898,632	7,207,831		77,106,463
Buildings and improvements	31,620,691	682,291		32,302,982
Machinery and equipment	15,598,928	1,668,569	(923,602)	16,343,895
Total capital assets being depreciated	<u>117,118,251</u>	<u>9,558,691</u>	<u>(923,602)</u>	<u>125,753,340</u>
Less accumulated depreciation for:				
Infrastructure	(21,683,986)	(2,835,772)		(24,519,758)
Buildings and improvements	(12,220,840)	(896,223)		(13,117,063)
Machinery and equipment	(10,498,641)	(1,333,373)	690,292	(11,141,722)
Total accumulated depreciation	<u>(44,403,467)</u>	<u>(5,065,368)</u>	<u>690,292</u>	<u>(48,778,543)</u>
Total capital assets, being depreciated, net	<u>72,714,784</u>	<u>4,493,323</u>	<u>(233,310)</u>	<u>76,974,797</u>
Governmental activities capital assets, net	<u>\$ 89,410,457</u>	<u>\$ 5,881,701</u>	<u>\$(4,915,705)</u>	<u>\$ 90,376,453</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 5,435,188			\$ 5,435,188
Construction in progress	9,975,704	\$ 9,258,004	\$(6,131,196)	13,102,512
Total capital assets, not being depreciated	<u>15,410,892</u>	<u>9,258,004</u>	<u>(6,131,196)</u>	<u>18,537,700</u>
Capital assets, being depreciated:				
Buildings and improvements	293,220,704	15,836,013	(1,034,656)	308,022,061
Machinery and equipment	21,282,744	2,668,816	(659,626)	23,291,934
Total capital assets being depreciated	<u>314,503,448</u>	<u>18,504,829</u>	<u>(1,694,282)</u>	<u>331,313,995</u>
Less accumulated depreciation for:				
Buildings and improvements	(133,331,369)	(9,102,441)	1,034,656	(141,399,154)
Machinery and equipment	(12,144,676)	(1,286,974)	653,283	(12,778,367)
Total accumulated depreciation	<u>(145,476,045)</u>	<u>(10,389,415)</u>	<u>1,687,939</u>	<u>(154,177,521)</u>
Total capital assets, being depreciated, net	<u>169,027,403</u>	<u>8,115,414</u>	<u>(6,343)</u>	<u>177,136,474</u>
Business-type activities capital assets, net	<u>\$184,438,295</u>	<u>\$17,373,418</u>	<u>\$(6,137,539)</u>	<u>\$195,674,174</u>

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

Governmental activities:	
General government	\$ 312,101
Public safety	502,326
Streets	3,173,434
Culture and recreation	1,043,092
Public works	34,415
Total depreciation expense – governmental activities	<u>\$ 5,065,368</u>
Business-type activities:	
Airport	\$ 2,075,587
Water & sewer	2,999,668
Sanitation	270,582
Ambulance	101,201
Electric	4,942,377
Total depreciation expense – business-type activities	<u>\$10,389,415</u>

D. Interfund receivables, payables, and transfers

The interfund balances at September 30, 2008 are as follows:

	Interfund Receivables	Interfund Payables
General	\$1,571	
Non major funds		\$ 444
Airport		138
Water and Sewer		511
Sanitation		75
Ambulance		210
Electric Light		193
Total	<u>\$1,571</u>	<u>\$1,571</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.

During the year ending September 30, 2008 \$344,891 was shown as a residual equity transfer from the General fund to create the Golf special revenue fund.

Summary of interfund transfers by fund is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General	\$4,021,295	\$1,045,954
Airport	627,515	
Water and sewer		921,869
Sanitation		177,046
Electric		3,439,280
Non major funds:		
Governmental funds	2,127,234	1,191,895
	<u>\$6,776,044</u>	<u>\$6,776,044</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 eight years.

Annual debt service requirements to maturity for general obligation bonds outstanding at September 30, 2008 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 2,323,808	\$ 5,616,192
2010	2,100,333	5,594,667
2011	1,954,972	5,725,028
2012	1,820,851	5,849,149
2013	1,693,715	5,956,285
2014-2015	1,514,517	6,075,483
Total	<u>\$11,408,196</u>	<u>\$34,816,804</u>

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

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

Year Ending September 30	Principal	Interest
2009	\$ 760,000	\$125,125
2010	835,000	87,133
2011	915,000	45,500
2012	1,000,000	
Total	<u>\$3,510,000</u>	<u>\$257,758</u>

Changes in long-term liabilities. The following is a summary of changes in long-term obligations of the City at September 30, 2008:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Other long-term debt Obligations:					
Compensated absences	<u>\$ 4,533,441</u>	<u>\$2,238,354</u>	<u>\$(1,717,742)</u>	<u>\$ 5,054,653</u>	<u>\$3,203,307</u>
Business-type activities:					
Bonds-notes payable:					
General obligation bonds:					
Electric series 1991	\$ 3,903,061		\$(2,494,865)	\$11,408,196	\$2,323,808
Electric series 1991- Zero coupon interest	29,425,244	\$2,809,351	(5,182,586)	27,052,009	5,343,986
Certificates of participation Airport series 2006	4,205,000		(695,000)	3,510,000	760,000
Total bonds payable	<u>47,533,305</u>	<u>2,809,351</u>	<u>(8,372,451)</u>	<u>41,970,205</u>	<u>8,427,794</u>
Compensated absences	<u>2,019,476</u>	<u>882,358</u>	<u>(847,717)</u>	<u>2,054,117</u>	<u>1,251,651</u>
Business-type activity Long-term liabilities	<u>\$49,552,781</u>	<u>\$3,691,709</u>	<u>\$(9,220,168)</u>	<u>\$44,024,322</u>	<u>\$9,679,445</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, 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, 2008 refunded bond issues and the related principal payable from escrow are as follows:

	<u>Principal Balance</u>
Bond issue:	
Business-type activities:	
1979 Electric revenue bonds	\$17,560,000

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

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

Bond covenants. At September 30, 2008 all significant bond covenants have been complied with.

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. 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, 2008, the required contribution rate as determined by PERSI of covered payroll for the City and employees is as follows:

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

The City's contributions required and paid were \$4,388,721, \$4,154,196, \$4,009,078 for the years ended September 30, 2008, 2007 and 2006 respectively.

B. Risk management

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

Major insurance contracts at the year ended September 30, 2008 were as follows:

<u>Type of Coverage</u>	<u>Coverage Amounts</u>	<u>Deductible</u>
Property	\$123,600,000	\$ 2,500
General liability, per occurrence	500,000	0
General liability, aggregate	2,000,000	N/A
Employee benefits, liability	500,000	0
Automobile, liability	500,000	0
Automobile, comprehensive	500,000	2,500
Automobile, collision	500,000	0
Public officials	500,000	0
Law enforcement, liability	500,000	0
Boiler and machinery	20,000,000	2,500
Airport, liability	50,000,000	None
Umbrella	3,000,000	-0-
Hydro-generation facility: Property and boiler and machinery	100,000,000	250,000

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

C. Contingent liabilities

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

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

D. Postretirement health care benefits

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

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

There were 27 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 \$27,500 were recognized for postretirement health insurance. Projected future insurance costs for the current retirees are \$103,200.

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 \$114,503. The City Council may decrease or increase this premium contribution at any time.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially-determined amounts 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, 2007
Actuarial cost method	Projected Unit Credit (PUC)
Amortization method	Rolling 30-year
Amortization period	30 years
Discount rate	5.00%
Health care cost trend rates - medical:	There is no trend on the \$100 per retiree per month benefit.
Growth in membership	0.00%
Mortality	Basis - RP-2000 Combined Mortality Tables

The table below summarizes the City's annual cost, expected contributions to the plan, and changes in the net OPEB obligation for fiscal year ended September 30, 2008. These calculations are based on the Actuarial Valuation Date of July 1, 2007:

Annual Required Contribution	\$ 152,556
Interest on net OPEB obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost (Expense)	<u>152,556</u>
Actual contribution (employer-paid benefits)	<u>(142,003)</u>
Increase in net OPEB obligation	10,553
Net OPEB Obligation – Beginning of Year	-
Net OPEB Obligation – End of Year	<u>\$ 10,553</u>

Schedule of funding progress follows:

Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll		UAAL As a Percentage of Covered Payroll
					Electric	Non-Electric	
July 1, 2007	\$ -	\$1,737,696	\$1,737,696	0%	\$4,395,392	\$24,513,816	6%

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, 2006	NA	NA	NA	NA	NA
September 30, 2007	NA	NA	NA	NA	NA
September 30, 2008	\$152,556	\$11,980	\$130,023	93%	\$10,553

* 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.

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, 2008, the carrying amount of the Agency's deposits was \$855,460 and the respective bank balances totaled \$855,460. Of the bank balances, \$47,249 was 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 \$784,984. The Agency's investments were covered by collateral held by the pledging financial institution's trust department or agent in the name of the Agency, and thus had no investments that were exposed to custodial credit risk.

4. Restricted assets

The bond ordinance created a fund designated the debt service reserve fund, to be held and invested by the Agency. The Agency is obligated to accumulate and maintain in the debt service reserve fund an amount equal to the reserve fund requirement. At September 30, 2008, this requirement has been met. These amounts are classified as restricted assets in the accompanying basic financial statements.

5. Capital assets

The Agency has no capital assets. All such assets are donated to the City of Idaho Falls.

6. Long-term debt

The Agency issued \$930,000 in parity lien limited recourse promissory notes, series 2002 in June of 2002. The notes are payable only from tax increment revenues. The note matured on March 1, 2008, and the interest rate was 4.2%.

The Agency issued \$1,500,000 in parity lien limited recourse promissory notes, series 2004 on May 4, of 2004. The notes are payable only from tax increment revenues. The note matures on March 1, 2009 and the interest rate is 4.2%. The note is callable on any payment date on or after March 1, 2005.

Future debt service requirements are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2010	475,000	9,975

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 \$600,000 Limited Recourse Promissory Note, Series 2006A on April 12, 2006. The note matures on December 31, 2018, and the interest rate is 6.0%.

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%.

The above three 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 site (as defined in the OPA) for a period through December 31, 2018 on the first two notes and December 31, 2020 on the third, or 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.

7. Changes in long-term debt

A summary of the changes in long-term obligations of the Agency at September 30, 2008:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Parity lien limited recourse promissory notes series 2002	\$ 275,000		\$(275,000)		
Parity lien limited recourse promissory notes series 2004	875,000		(400,000)	\$ 475,000	\$475,000
Promissory note 2004	3,981,488		(95,125)	3,886,363	
Promissory note 2006	345,844		(181,961)	163,883	
Promissory note 2008		\$6,906,310	(40,000)	6,866,310	
Total bonds/notes payable	<u>\$5,477,332</u>	<u>\$6,906,310</u>	<u>\$ (922,086)</u>	<u>\$11,391,556</u>	<u>\$475,000</u>

All significant bond covenants have been complied with.

8. Budget

The Agency was not required to submit a budget for the period ended September 30, 2008, for the debt service reserve fund. The Agency did prepare a budget for the special revenue and capital projects funds.

F. Budgetary basis of accounting

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

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

Net Change in Fund Balance <u>General Fund</u>	
GAAP basis	\$ 463,118
Timing differences-budget versus accrual reporting	(654,162)
Budget basis	<u>\$ (191,044)</u>

G. Commitments

The City has several active construction projects as of September 30, 2008. The projects include rehabilitation of the airport's main runway and taxiway, upgrading a water pump station, street reconstruction and expansion, new well site engineering, replacing old sections of water and sewer line, and constructing a bear exhibit at the zoo. At year-end the City's commitments with contractors are as follows:

<u>Projects</u>	<u>Spent-to- Date</u>	<u>Remaining Commitment</u>
Airport runway and taxiway rehabilitation	\$ 9,236,264	\$ 332,438
Airport snow removal equipment building design	306,660	142,900
Streets	1,833,426	195,774
Sewer and water line improvements	935,789	382,749
Tautphaus Park Zoo bear exhibit	233,840	233,840
Total	<u>\$12,545,979</u>	<u>\$1,287,701</u>

The airport ramp expansion and snow removal equipment building design are being financed 95% by the Federal Aviation Administration and 5% by the airport. All the other projects are being financed by charges for services and fund balances.

The City has entered into the following agreements for power:

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

Bulb Turbine Project – Effective October 1, 2006, the City entered into a 5-year power sales agreement to sell the entire output of the bulb turbine project to BPA. The rate is based on an energy market index with a cap and a floor. For the year ended September 30, 2008 and 2007, the City's power sales to BPA under this agreement were \$4,346,833 and \$5,451,441 respectively.

Gem State Project – The City has entered into a power sales contract and ground lease agreement with PacifiCorp, formerly Utah Power and Light Company. Under the power sales contract, PacifiCorp is entitled to a maximum of 39% of the energy to be produced from the gem state project through 2023. PacifiCorp is required to pay annual amounts equal to its entitlement percentage rate times (1) the variable costs of operating and maintaining the gem state project and (2) the agreed-upon fixed capital cost, plus (3) 5% of the amounts set forth in (1) and (2). For the year ended September 30, 2008 and 2007, PacifiCorp payments under this agreement were \$2,728,070 and \$2,641,558, respectively. The City may, with three years notice, reduce the PacifiCorp entitlement to 25%.

Utah Associated Municipal Power Systems (UAMPS) – Effective October 1, 1996, the City entered into a contract with UAMPS whereby the City agreed to purchase any additional energy requirements not met by BPA and gem state from UAMPS or other sources. Planned purchases and sales to and from UAMPS are based on either market price at MONA or the cost of the resource. Unplanned purchases and sales to and from UAMPS are based on the market price at

MONA. For the years ended September 30, 2008 and 2007, power purchases from UAMPS were \$2,393,767 and \$1,555,360, respectively. The contract also allows for the City to sell surplus energy to UAMPS. For the year ended September 30, 2008 and 2007, power sales to UAMPS were \$3,048,572 and \$1,727,871, respectively.

Idaho Energy Authority (IDEA) – Effective October 1, 2001, the City entered into a transmission services agreement with IDEA. IDEA is a nonprofit organization consisting of public power utilities located in the states of Idaho, Wyoming, Utah, and Washington. IDEA contracts with BPA for transmission to deliver BPA energy to IDEA Member loads. The City contracts with IDEA for transmission services to deliver BPA energy to the City’s load.

Intermountain Power Project (IPP) – Unit 3 – IPP Unit 3 is a proposed 900MW coal plant at an existing coal generation site in Millard County, Utah. The City is investigating participation in the construction of the third unit through its membership in UAMPS. The City Council authorized participation in the development phase at a 25MW level. On November 7, 2006 the electorate authorized the City to enter into a power sales agreement with UAMPS. Subsequently, the City Council reduced participation in IPP Unit 3 to a 20MW level. On November 13, 2007 UAMPS filed suit against Los Angeles Department of Water & Power and Intermountain Power Agency citing failure to comply with the development agreements which would allow development of the site to proceed. The project is currently at a standstill pending litigation.

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

H. Restatements and reclassifications

The City has restated the beginning net assets in the Statement of Activities for the governmental activities to reflect assets not included in the City’s September 30, 2007 Statement of Net Assets.

	Governmental Activities
Net assets-September 30, 2007	<u>\$116,635,268</u>
Capital assets-net	217,560
Restated net assets-October 1, 2007	<u>\$116,852,828</u>

Certain September 30, 2007 amounts have been reclassified to conform to the September 30, 2008 presentation.

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**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 specific revenues that are legally restricted to expenditures for specified purposes.

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.

Municipal Equipment Replacement (MERF) Fund – to account for the accumulation of cash which is set aside to purchase equipment at some future date.

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 the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Sanitary Sewer Capital Improvement Fund – to account for the capital improvements of sanitary treatment facilities and extensions to the sanitary sewer system. Revenues are derived from sewer connection fees and sewer main charges.

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

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

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

Water Capital Improvement Fund – to account for the capital construction of water main extensions and well development. Revenues are derived from the payment of water main connection and development fees.

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, 2008**

	Special Revenue		
	Street	Recreation	Library
ASSETS			
Cash and cash equivalents	\$ 515,339	\$ 369,006	\$ 850,573
Investments	400,000	-	500,000
Taxes receivable	-	19,907	71,380
Interest receivable	3,279	685	4,726
Loans receivable	-	-	-
Due from other governments	772,309	-	23,902
Total assets	\$ 1,690,927	\$ 389,598	\$ 1,450,581
LIABILITIES			
Liabilities:			
Accounts payable	\$ 54,984	\$ 494	\$ 57,304
Contracts payable	10,000	-	-
Accrued wages	47,679	22,996	49,268
Due to other funds	27	143	118
Deferred revenues	-	14,527	52,088
Total liabilities	112,690	38,160	158,778
FUND BALANCES			
Reserved for loans	-	-	-
Reserved for encumbrances	69,401	2,519	98,805
Unreserved, designated			
Aquatic Center capital improvements	-	132,581	-
Ice rink capital improvements	-	22,285	-
Unreserved, undesignated	1,508,836	194,053	1,192,998
Total fund balances	1,578,237	351,438	1,291,803
Total liabilities and fund balances	\$ 1,690,927	\$ 389,598	\$ 1,450,581

Special Revenue

Airport Passenger Facility	MERF	Electric Light Public Purpose	Business Improvement District	Golf	Total
\$ -	\$ 2,423,390	\$ 544,735	\$ 70,208	\$ 234,147	\$ 5,007,398
-	2,807,492	596,000	-	97,000	4,400,492
-	-	-	-	-	91,287
-	72,029	7,969	-	1,376	90,064
-	-	988,654	-	-	988,654
-	-	-	-	-	796,211
\$ -	\$ 5,302,911	\$ 2,137,358	\$ 70,208	\$ 332,523	\$ 11,374,106
\$ -	\$ 40,687	\$ 56,890	\$ -	\$ 10,683	\$ 221,042
-	-	-	-	-	10,000
-	-	-	-	34,394	154,337
-	-	-	-	156	444
-	-	-	-	-	66,615
-	40,687	56,890	-	45,233	452,438
-	-	988,654	-	-	988,654
-	196,952	-	-	1,752	369,429
-	-	-	-	-	132,581
-	-	-	-	-	22,285
-	5,065,272	1,091,814	70,208	285,538	9,408,719
-	5,262,224	2,080,468	70,208	287,290	10,921,668
\$ -	\$ 5,302,911	\$ 2,137,358	\$ 70,208	\$ 332,523	\$ 11,374,106

**City of Idaho Falls
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2008**

	Capital Projects			
	Sanitary Sewer Capital Improvement	Municipal Capital Improvement	Street Capital Improvement	Bridge and Arterial Street
ASSETS				
Cash and cash equivalents	\$ 4,069	\$ 2,905,429	\$ 6,566	\$ 1,130,496
Investments	-	992,000	-	496,000
Taxes receivable	-	28,604	-	-
Interest receivable	-	10,833	-	5,022
Loans receivable	-	-	-	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 4,069</u>	<u>\$ 3,936,866</u>	<u>\$ 6,566</u>	<u>\$ 1,631,518</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 4,312	\$ -
Contracts payable	-	-	-	-
Accrued wages	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenues	-	20,873	-	-
Total liabilities	<u>-</u>	<u>20,873</u>	<u>4,312</u>	<u>-</u>
FUND BALANCES				
Reserved for loans	-	-	-	-
Reserved for encumbrances	-	131,052	-	-
Unreserved, designated				
Aquatic Center capital improvements	-	-	-	-
Ice rink capital improvements	-	-	-	-
Unreserved, undesignated	4,069	3,784,941	2,254	1,631,518
Total fund balances	<u>4,069</u>	<u>3,915,993</u>	<u>2,254</u>	<u>1,631,518</u>
Total liabilities and fund balances	<u>\$ 4,069</u>	<u>\$ 3,936,866</u>	<u>\$ 6,566</u>	<u>\$ 1,631,518</u>

Capital Projects

Water Capital Improvement	Surface Drainage	Traffic Light Capital Improvement	Total	Total Nonmajor Governmental Funds
\$ 896,606	\$ 87,678	\$ 508,156	\$ 5,539,000	\$ 10,546,398
-	-	500,000	1,988,000	6,388,492
-	-	-	28,604	119,891
36	-	2,959	18,850	108,914
-	-	-	-	988,654
-	-	-	-	796,211
\$ 896,642	\$ 87,678	\$ 1,011,115	\$ 7,574,454	\$ 18,948,560
\$ 1,601	\$ -	\$ 39,623	\$ 45,536	\$ 266,578
-	-	-	-	10,000
-	-	-	-	154,337
-	-	-	-	444
-	-	-	20,873	87,488
1,601	-	39,623	66,409	518,847
-	-	-	-	988,654
246,719	28,456	284,772	690,999	1,060,428
-	-	-	-	132,581
-	-	-	-	22,285
648,322	59,222	686,720	6,817,046	16,225,765
895,041	87,678	971,492	7,508,045	18,429,713
\$ 896,642	\$ 87,678	\$ 1,011,115	\$ 7,574,454	\$ 18,948,560

City of Idaho Falls
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2008

	Special Revenue		
	Street	Recreation	Library
REVENUES			
Taxes	\$ -	\$ 406,184	\$ 1,551,593
Intergovernmental	3,141,938	-	602,311
Charges for services	-	721,304	11,027
Fines	-	-	86,889
Interest	37,638	7,916	37,705
Miscellaneous	20	25,457	51,249
Total revenues	3,179,596	1,160,861	2,340,774
EXPENDITURES			
Current:			
General government	-	-	-
Streets	2,912,534	-	-
Culture & recreation	-	1,106,735	2,180,661
Capital outlay:	-	-	-
Total expenditures	2,912,534	1,106,735	2,180,661
Excess (deficiency) of revenues over (under) expenditures	267,062	54,126	160,113
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(374,690)	(5,380)	(150)
Total other financing sources and (uses)	(374,690)	(5,380)	(150)
Net change in fund balances	(107,628)	48,746	159,963
Fund balances - beginning	1,685,865	302,692	1,131,840
Residual equity - transfer in	-	-	-
Fund balances - ending	\$ 1,578,237	\$ 351,438	\$ 1,291,803

Special Revenue

Airport Passenger Facility	MERF	Electric Light Public Purpose	Business Improvement District	Golf	Total
\$ -	\$ -	\$ -	\$ -	\$ -	1,957,777
-	-	-	-	-	3,744,249
627,515	-	-	-	1,601,289	2,961,135
-	-	-	-	-	86,889
-	180,109	36,682	-	1,376	301,426
-	-	552,582	60,431	2,389	692,128
627,515	180,109	589,264	60,431	1,605,054	9,743,604
-	-	569,696	46,011	-	615,707
-	-	-	-	-	2,912,534
-	-	-	-	1,478,495	4,765,891
-	1,430,709	-	-	-	1,430,709
-	1,430,709	569,696	46,011	1,478,495	9,724,841
627,515	(1,250,600)	19,568	14,420	126,559	18,763
-	1,485,334	-	-	-	1,485,334
(627,515)	-	-	-	(184,160)	(1,191,895)
(627,515)	1,485,334	-	-	(184,160)	293,439
-	234,734	19,568	14,420	(57,601)	312,202
-	5,027,490	2,060,900	55,788	-	10,264,575
-	-	-	-	344,891	344,891
\$ -	\$ 5,262,224	\$ 2,080,468	\$ 70,208	\$ 287,290	\$ 10,921,668

City of Idaho Falls
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2008

	Capital Projects			
	Sanitary Sewer Capital Improvement	Municipal Capital Improvement	Street Capital Improvement	Bridge and Arterial Street
REVENUES				
Taxes	\$ -	\$ 619,425	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	215,828	-	-	329,540
Fines	-	-	-	-
Interest	1,125	113,765	-	45,596
Miscellaneous	-	-	-	-
Total revenues	<u>216,953</u>	<u>733,190</u>	<u>-</u>	<u>375,136</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Streets	-	-	-	-
Culture & recreation	-	-	-	-
Capital outlay:	3,663	16,227	296,488	-
Total expenditures	<u>3,663</u>	<u>16,227</u>	<u>296,488</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>213,290</u>	<u>716,963</u>	<u>(296,488)</u>	<u>375,136</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	240,000	-	125,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>240,000</u>	<u>-</u>	<u>125,000</u>	<u>-</u>
Net change in fund balances	453,290	716,963	(171,488)	375,136
Fund balances - beginning	(449,221)	3,199,030	173,742	1,256,382
Residual equity - transfer in	-	-	-	-
Fund balances - ending	<u>\$ 4,069</u>	<u>\$ 3,915,993</u>	<u>\$ 2,254</u>	<u>\$ 1,631,518</u>

Capital Projects

Water Capital Improvement	Surface Drainage	Traffic Light Capital Improvement	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 619,425	\$ 2,577,202
-	-	-	-	3,744,249
336,256	66,380	-	948,004	3,909,139
-	-	-	-	86,889
23,472	7,227	33,244	224,429	525,855
-	-	-	-	692,128
<u>359,728</u>	<u>73,607</u>	<u>33,244</u>	<u>1,791,858</u>	<u>11,535,462</u>
-	-	-	-	615,707
-	-	-	-	2,912,534
-	-	-	-	4,765,891
155,221	202,370	792,069	1,466,038	2,896,747
<u>155,221</u>	<u>202,370</u>	<u>792,069</u>	<u>1,466,038</u>	<u>11,190,879</u>
<u>204,507</u>	<u>(128,763)</u>	<u>(758,825)</u>	<u>325,820</u>	<u>344,583</u>
-	-	276,900	641,900	2,127,234
-	-	-	-	(1,191,895)
-	-	276,900	641,900	935,339
204,507	(128,763)	(481,925)	967,720	1,279,922
690,534	216,441	1,453,417	6,540,325	16,804,900
-	-	-	-	344,891
<u>\$ 895,041</u>	<u>\$ 87,678</u>	<u>\$ 971,492</u>	<u>\$ 7,508,045</u>	<u>\$ 18,429,713</u>

City of Idaho Falls, Idaho
Street Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Highway users' apportionment	\$ 1,975,553	\$ 1,981,681	\$ 6,128
Revenue sharing	1,207,301	1,203,702	(3,599)
Interest	4,000	37,637	33,637
Miscellaneous	-	20	20
Total revenues	<u>3,186,854</u>	<u>3,223,040</u>	<u>36,186</u>
EXPENDITURES			
Streets	<u>3,350,621</u>	<u>2,912,533</u>	<u>438,088</u>
Excess of revenues over (under) expenditures	<u>(163,767)</u>	<u>310,507</u>	<u>474,274</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			-
Transfers out	<u>(350,600)</u>	<u>(374,690)</u>	<u>(24,090)</u>
Total other financing sources (uses)	<u>(350,600)</u>	<u>(374,690)</u>	<u>(24,090)</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(514,367)</u>	<u>(64,183)</u>	<u>450,184</u>
Fund balances - beginning	<u>629,462</u>	<u>629,462</u>	
Fund balances - ending	<u>\$ 115,095</u>	<u>\$ 565,279</u>	<u>\$ 450,184</u>

City of Idaho Falls, Idaho
Recreation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2008

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Property taxes	\$ 425,327	\$ 404,337	\$ (20,990)
Charges for services	683,550	721,304	37,754
Interest	1,000	7,916	6,916
Miscellaneous	29,800	25,457	(4,343)
Total revenues	<u>1,139,677</u>	<u>1,159,014</u>	<u>19,337</u>
EXPENDITURES			
Recreation	<u>1,111,242</u>	<u>1,106,735</u>	<u>4,507</u>
Excess of revenues over (under) expenditures	<u>28,435</u>	<u>52,279</u>	<u>23,844</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			-
Transfers out	<u>(4,000)</u>	<u>(5,380)</u>	<u>(1,380)</u>
Total other financing sources (uses)	<u>(4,000)</u>	<u>(5,380)</u>	<u>(1,380)</u>
Excess of revenues and other financing sources over (under) expenditures and uses	24,435	46,899	22,464
Fund balances - beginning	<u>304,447</u>	<u>304,447</u>	
Fund balances - ending	<u>\$ 328,882</u>	<u>\$ 351,346</u>	<u>\$ 22,464</u>

City of Idaho Falls, Idaho
Library Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2008

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Property taxes	\$ 1,525,046	\$ 1,497,367	\$ (27,679)
Intergovernmental	605,806	603,363	(2,443)
Charges for services	15,000	11,027	(3,973)
Fines	63,000	86,889	23,889
Interest	15,000	37,705	22,705
Miscellaneous	118,000	51,249	(66,751)
Total revenues	<u>2,341,852</u>	<u>2,287,600</u>	<u>(54,252)</u>
EXPENDITURES			
Culture	<u>2,891,284</u>	<u>2,180,661</u>	<u>710,623</u>
Excess of revenues over (under) expenditures	<u>(549,432)</u>	<u>106,939</u>	<u>656,371</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(150)	(150)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(549,432)</u>	<u>106,789</u>	<u>656,221</u>
Fund balances - beginning	<u>1,087,459</u>	<u>1,087,459</u>	
Fund balances - ending	<u>\$ 538,027</u>	<u>\$ 1,194,248</u>	<u>\$ 656,221</u>

City of Idaho Falls, Idaho
Airport Passenger Facility Charge Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2008

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Charges for services	\$ 600,000	\$ 627,515	\$ 27,515
Total revenues	<u>600,000</u>	<u>627,515</u>	<u>27,515</u>
EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>(600,000)</u>	<u>(627,515)</u>	<u>(27,515)</u>
Total other financing sources (uses)	<u>(600,000)</u>	<u>(627,515)</u>	<u>(27,515)</u>
Excess of revenues and other financing sources over (under) expenditures and uses	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Idaho Falls, Idaho
MERF Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2008

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Interest	\$ 200,000	\$ 317,543	\$ 117,543
Total revenues	<u>200,000</u>	<u>317,543</u>	<u>117,543</u>
EXPENDITURES			
Capital outlay	<u>1,873,736</u>	<u>1,430,709</u>	<u>443,027</u>
Excess of revenues over (under) expenditures	<u>(1,673,736)</u>	<u>(1,113,166)</u>	<u>560,570</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,289,500	1,485,334	195,834
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>1,289,500</u>	<u>1,485,334</u>	<u>195,834</u>
Excess of revenues and other financing sources over (under) expenditures and uses	(384,236)	372,168	756,404
Fund balances - beginning	<u>7,118,530</u>	<u>7,118,530</u>	
Fund balances - ending	<u>\$ 6,734,294</u>	<u>\$ 7,490,698</u>	<u>\$ 756,404</u>

City of Idaho Falls, Idaho
Electric Light Public Purpose Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2008

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Interest	\$ 15,000	\$ 36,682	\$ 21,682
Miscellaneous	535,000	552,582	17,582
Total revenues	<u>550,000</u>	<u>589,264</u>	<u>39,264</u>
EXPENDITURES			
General government	<u>550,000</u>	<u>569,696</u>	<u>(19,696)</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>19,568</u>	<u>19,568</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>-</u>	<u>19,568</u>	<u>19,568</u>
Fund balances - beginning	<u>2,024,291</u>	<u>2,024,291</u>	
Fund balances - ending	<u>\$ 2,024,291</u>	<u>\$ 2,043,859</u>	<u>\$ 19,568</u>

City of Idaho Falls, Idaho
Business Improvement District Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2008

	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Miscellaneous	\$ 60,000	\$ 60,431	\$ 431
Total revenues	<u>60,000</u>	<u>60,431</u>	<u>431</u>
EXPENDITURES			
General government	<u>60,000</u>	<u>46,011</u>	<u>13,989</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>14,420</u>	<u>14,420</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	-	14,420	14,420
Fund balances - beginning	<u>56,658</u>	<u>56,658</u>	
Fund balances - ending	<u>\$ 56,658</u>	<u>\$ 71,078</u>	<u>\$ 14,420</u>

City of Idaho Falls, Idaho
Golf Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2008

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Charges for services	\$ 1,782,700	\$ 1,601,289	\$ (181,411)
Interest	-	1,376	1,376
Miscellaneous	-	2,389	2,389
Total revenues	<u>1,782,700</u>	<u>1,605,054</u>	<u>(177,646)</u>
EXPENDITURES			
Recreation	<u>1,612,615</u>	<u>1,478,495</u>	<u>134,120</u>
Excess of revenues over (under) expenditures	<u>170,085</u>	<u>126,559</u>	<u>(43,526)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>(177,400)</u>	<u>(184,160)</u>	<u>(6,760)</u>
Total other financing sources (uses)	<u>(177,400)</u>	<u>(184,160)</u>	<u>(6,760)</u>
Excess of revenues and other financing sources over (under) expenditures and uses	(7,315)	(57,601)	(50,286)
Fund balances - beginning	<u>344,891</u>	<u>344,891</u>	
Fund balances - ending	<u>\$ 337,576</u>	<u>\$ 287,290</u>	<u>\$ (50,286)</u>

City of Idaho Falls, Idaho
Sanitary Sewer Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2008

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Charges for services	\$ 216,750	\$ 215,828	\$ (922)
Interest	-	1,125	1,125
Total revenues	<u>216,750</u>	<u>216,953</u>	<u>203</u>
EXPENDITURES			
Capital outlay	<u>10,000</u>	<u>3,663</u>	<u>6,337</u>
Excess of revenues over (under) expenditures	<u>206,750</u>	<u>213,290</u>	<u>6,540</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	240,000	240,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>240,000</u>	<u>(240,000)</u>
Excess of revenues and other financing sources over (under) expenditures and uses	206,750	453,290	246,540
Fund balances - beginning	<u>(610,059)</u>	<u>(610,059)</u>	
Fund balances - ending	<u>\$ (403,309)</u>	<u>\$ (156,769)</u>	<u>\$ 246,540</u>

City of Idaho Falls, Idaho
Municipal Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2008

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Property taxes	\$ 611,130	\$ 694,867	\$ 83,737
Interest	25,000	113,766	88,766
Total revenues	<u>636,130</u>	<u>808,633</u>	<u>172,503</u>
EXPENDITURES			
Capital outlay	<u>3,200,000</u>	<u>16,227</u>	<u>3,183,773</u>
Excess of revenues over (under) expenditures	<u>(2,563,870)</u>	<u>792,406</u>	<u>3,356,276</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>(2,563,870)</u>	<u>792,406</u>	<u>3,356,276</u>
Fund balances - beginning	<u>3,172,102</u>	<u>3,172,102</u>	
Fund balances - ending	<u>\$ 608,232</u>	<u>\$ 3,964,508</u>	<u>\$ 3,356,276</u>

City of Idaho Falls, Idaho
Street Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2008

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Charges for services	\$ -	\$ -	\$ -
Interest	1,000	-	(1,000)
Total revenues	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
EXPENDITURES			
Capital outlay	<u>337,096</u>	<u>296,488</u>	<u>40,608</u>
Excess of revenues over (under) expenditures	<u>(336,096)</u>	<u>(296,488)</u>	<u>39,608</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	125,000	(125,000)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>125,000</u>	<u>(125,000)</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(336,096)</u>	<u>(171,488)</u>	<u>(210,392)</u>
Fund balances - beginning	<u>85,462</u>	<u>85,462</u>	
Fund balances - ending	<u>\$ (250,634)</u>	<u>\$ (86,026)</u>	<u>\$ (210,392)</u>

City of Idaho Falls, Idaho
Bridge and Arterial Street Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2008

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Charges for services	\$ 250,000	\$ 329,540	\$ 79,540
Interest	5,000	45,596	40,596
Total revenues	<u>255,000</u>	<u>375,136</u>	<u>120,136</u>
EXPENDITURES			
Capital outlay	<u>1,000,000</u>	-	<u>1,000,000</u>
Excess of revenues over (under) expenditures	<u>(745,000)</u>	<u>375,136</u>	<u>1,120,136</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>(745,000)</u>	<u>375,136</u>	<u>1,120,136</u>
Fund balances - beginning	<u>1,236,149</u>	<u>1,236,149</u>	
Fund balances - ending	<u>\$ 491,149</u>	<u>\$ 1,611,285</u>	<u>\$ 1,120,136</u>

City of Idaho Falls, Idaho
Water Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2008

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Charges for services	\$ 273,750	\$ 336,256	\$ 62,506
Interest	10,000	23,472	13,472
Total revenues	<u>283,750</u>	<u>359,728</u>	<u>75,978</u>
EXPENDITURES			
Capital outlay	<u>500,000</u>	<u>155,221</u>	<u>344,779</u>
Excess of revenues over (under) expenditures	<u>(216,250)</u>	<u>204,507</u>	<u>420,757</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>(216,250)</u>	<u>204,507</u>	<u>420,757</u>
Fund balances - beginning	<u>477,278</u>	<u>477,278</u>	
Fund balances - ending	<u>\$ 261,028</u>	<u>\$ 681,785</u>	<u>\$ 420,757</u>

City of Idaho Falls, Idaho
Surface Drainage Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2008

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Charges for services	\$ 49,000	\$ 66,380	\$ 17,380
Interest	1,000	7,227	6,227
Total revenues	<u>50,000</u>	<u>73,607</u>	<u>23,607</u>
EXPENDITURES			
Capital outlay	<u>210,000</u>	<u>202,370</u>	<u>7,630</u>
Excess of revenues over (under) expenditures	<u>(160,000)</u>	<u>(128,763)</u>	<u>31,237</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	(160,000)	(128,763)	31,237
Fund balances - beginning	<u>186,523</u>	<u>186,523</u>	
Fund balances - ending	<u>\$ 26,523</u>	<u>\$ 57,760</u>	<u>\$ 31,237</u>

City of Idaho Falls, Idaho
Traffic Light Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2008

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Interest	\$ 5,000	\$ 33,244	\$ 28,244
Total revenues	<u>5,000</u>	<u>33,244</u>	<u>28,244</u>
EXPENDITURES			
Capital Outlay	<u>1,000,000</u>	<u>792,069</u>	<u>207,931</u>
Excess of revenues over (under) expenditures	<u>(995,000)</u>	<u>(758,825)</u>	<u>236,175</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	276,900	276,900	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>276,900</u>	<u>276,900</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	(718,100)	(481,925)	236,175
Fund balances - beginning	<u>1,446,975</u>	<u>1,446,975</u>	
Fund balances - ending	<u>\$ 728,875</u>	<u>\$ 965,050</u>	<u>\$ 236,175</u>

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.

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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 the City's financial activities taking 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.

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

City of Idaho Falls, Idaho

Net Assets by Component

Last Seven Fiscal Years

Accrual Basis of Accounting

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
Government activities							
Invested in capital assets, net of related debt	\$ 90,376,453	\$ 89,628,017	\$ 75,420,697	\$ 62,705,757	\$ 57,633,347	\$ 52,305,750	\$ 21,864,511
Restricted	988,654	1,518,064	3,402,646	6,736,942	6,056,616	3,130,340	1,364,635
Unrestricted	27,378,769	25,706,747	24,727,016	21,860,561	25,269,081	28,275,109	28,920,996
Total government activities net assets	118,743,876	116,852,828	103,550,359	91,303,260	88,959,044	83,711,199	52,150,142
Business-type activities							
Invested in capital assets, net of related debt	181,237,856	166,885,480	157,446,277	108,875,345	98,911,578	87,471,546	72,477,084
Restricted	2,016,097	2,313,968	2,219,983	7,811,452	5,280,458	4,518,779	4,047,019
Unrestricted	49,517,850	42,041,524	30,016,150	44,219,444	42,718,141	37,261,558	27,008,225
Total business-type activities net assets	232,771,803	211,240,972	189,682,410	160,906,241	146,910,177	129,251,883	103,532,328
Primary government							
Invested in capital assets, net of related debt	271,614,309	256,513,497	232,866,974	171,581,102	156,544,925	139,777,296	94,341,595
Restricted	3,004,751	3,832,032	5,622,629	14,548,394	11,337,074	7,649,119	5,411,654
Unrestricted	76,896,619	67,748,271	54,743,166	66,080,005	67,987,222	65,536,667	55,929,221
Total primary government net assets	\$ 351,515,679	\$ 328,093,800	\$ 293,232,769	\$ 252,209,501	\$ 235,869,221	\$ 212,963,082	\$ 155,682,470

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

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
Expenses							
Governmental activities:							
General government	\$ 7,397,540	\$ 6,352,659	\$ 6,045,214	\$ 7,020,227	\$ 5,687,846	\$ 5,246,689	\$ 4,607,475
Public safety	20,869,523	18,764,841	18,504,730	17,049,527	16,101,112	15,631,429	14,812,813
Streets	6,595,657	5,472,555	4,821,388	4,623,301	5,276,158	4,339,488	3,060,926
Culture and recreation	10,130,787	8,894,067	8,565,987	7,997,412	7,942,206	7,836,918	7,728,153
Public works	2,827,838	2,387,383	3,993,094	2,567,482	3,445,460	1,318,930	1,610,575
Total governmental activities expense	47,821,345	41,871,505	41,930,413	39,257,949	38,452,782	34,373,454	31,819,942
Business-type activities:							
Airport	3,921,248	3,358,665	3,327,638	3,000,115	3,044,875	2,980,682	2,340,066
Water and sewer	11,140,464	10,707,873	10,131,230	9,761,885	8,829,366	9,389,813	7,379,348
Sanitation	2,978,262	2,739,364	2,653,943	2,444,929	2,405,552	2,290,599	2,224,795
Ambulance	2,811,351	2,453,241	2,451,434	2,373,885	2,255,651	2,064,268	1,965,393
Electric	48,820,273	46,277,879	46,368,111	48,762,832	46,199,973	45,597,007	59,297,851
Total business-type activities expenses	69,571,598	65,537,022	64,932,356	66,343,646	62,735,417	62,322,369	73,207,453
Total primary government expenses	\$ 117,492,943	\$ 107,408,527	\$ 106,862,769	\$ 105,601,595	\$ 101,188,199	\$ 96,695,823	\$ 105,027,395
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 1,935,811	\$ 1,942,675	\$ 1,749,636	\$ 1,579,249	\$ 1,663,469	\$ 2,174,184	\$ 2,030,907
Culture and recreation	3,486,720	3,450,895	3,285,176	3,096,376	2,935,330	2,543,718	2,878,449
Other activities	3,367,220	4,888,294	3,311,114	2,931,977	2,770,148	2,809,830	2,576,310
Operating grants and contributions	521,471	1,046,978	1,173,294	2,425,562	2,128,657	2,101,732	2,196,548
Capital grants and contributions	3,311,708	8,417,579	9,092,823	2,191,632	5,868,434	256,318	1,112,094
Total governmental activities program revenues	12,622,930	19,746,421	18,612,043	12,224,796	15,366,038	9,885,782	10,794,308
Business-type activities:							
Charges for service:							
Water and Sewer	13,733,266	13,193,636	12,312,167	10,707,560	9,074,694	9,152,546	8,773,864
Electric	58,747,641	59,829,162	61,146,482	57,543,412	58,065,365	55,875,701	52,076,210
Other activities	7,481,727	7,299,938	5,921,743	5,508,043	5,385,174	4,834,271	4,702,381
Operating grants and contributions	1,503,087	1,518,842	1,551,558	1,447,533	1,182,247	1,290,522	952,698
Capital grants and contributions	11,408,555	6,043,486	14,238,986	7,195,422	8,001,076	1,642,458	2,099,109
Total business-type activities program revenue	92,874,276	87,885,064	95,170,936	82,401,970	81,708,556	72,795,498	68,604,262
Total primary government program revenues	\$ 105,497,206	\$ 107,631,485	\$ 113,782,979	\$ 94,626,766	\$ 97,074,594	\$ 82,681,280	\$ 79,398,570

Fiscal Year

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

General Revenues and Other Changes in Net Assets

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

Business-type activities:

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

Change in Net Assets

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

City of Idaho Falls, Idaho

Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

Fiscal Year

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Fund										
Reserved	\$ 1,588,058	\$ 1,285,083	\$ 1,975,020	\$ 1,437,650	\$ 3,147,673	\$ 4,588,195	\$ 1,445,680	\$ 1,069,899	\$ 371,067	\$ 487,646
Unreserved-designated	3,138,160	3,882,634	9,901,527	5,517,604	3,451,009	3,345,173	2,000,000	2,000,000	2,000,000	2,000,000
Unreserved	9,472,340	8,912,614	5,838,207	8,690,665	8,737,165	8,394,829	9,159,287	7,074,290	5,076,320	4,131,258
Total general fund	\$ 14,198,558	\$ 14,080,331	\$ 17,714,754	\$ 15,645,919	\$ 15,335,847	\$ 16,328,197	\$ 12,604,967	\$ 10,144,189	\$ 7,447,387	\$ 6,618,904

All Other Governmental Funds

Reserved	\$ 2,049,082	\$ 1,976,794	\$ 1,427,626	\$ 5,299,292	\$ 2,908,943	\$ 1,395,249	\$ 1,747,870	\$ 1,173,490	\$ 868,110	\$ 999,158
Unreserved-designated	154,866	146,178	137,543	128,779	122,129	115,968				
Special revenue funds										
Unreserved, reported in:										
Special revenue funds	9,408,719	8,722,291	7,246,699	5,685,030	6,554,528	7,824,361	8,159,301	8,797,159	8,225,846	6,872,580
Capital projects funds	6,817,046	5,959,637	5,342,582	5,333,029	9,622,811	11,084,399	10,142,347	8,167,550	7,265,300	3,532,342
Total all other funds	\$ 18,429,713	\$ 16,804,900	\$ 14,154,450	\$ 16,446,130	\$ 19,208,411	\$ 20,419,977	\$ 20,049,518	\$ 18,138,199	\$ 16,359,256	\$ 11,404,080

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

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues										
Taxes	\$ 24,814,514	\$ 22,389,145	\$ 21,281,924	\$ 19,800,227	\$ 19,276,130	\$ 18,862,435	\$ 17,654,668	\$ 16,579,450	\$ 15,468,227	\$ 14,429,541
Licenses and permits	806,908	844,455	693,211	687,528	761,834	622,316	584,423	513,757	565,712	575,508
Intergovernmental	9,260,828	9,923,966	9,822,574	8,716,581	8,050,760	7,447,200	7,807,590	7,473,530	7,412,951	7,388,791
Charges for services	4,764,733	6,369,716	4,590,109	4,122,096	3,903,334	3,881,242	3,654,039	3,637,598	3,427,211	3,423,455
Fines	605,379	656,125	638,446	543,370	571,351	587,759	545,031	548,236	569,830	530,711
Interest	819,316	1,242,137	1,062,467	683,127	371,203	480,250	697,865	1,261,317	1,209,870	947,347
Miscellaneous	1,617,075	4,161,192	3,655,551	1,430,627	1,539,593	1,634,045	1,351,421	2,671,899	4,678,700	2,079,916
Total revenues	42,688,753	45,586,736	41,744,282	35,983,556	34,474,205	33,515,247	32,295,037	32,685,787	33,332,501	29,375,269
Expenditures										
General government	6,985,481	6,508,728	6,048,169	6,833,352	5,623,662	5,364,838	5,239,783	4,367,807	3,835,465	4,818,693
Public safety	19,941,808	18,437,544	18,330,346	16,548,647	15,752,993	15,113,070	14,339,764	13,486,193	13,692,424	13,443,028
Streets	2,912,534	2,404,574	2,215,289	2,666,953	3,227,363	2,968,327	2,708,774	2,892,209	2,146,463	2,803,432
Culture and recreation	9,988,537	14,059,309	8,382,678	7,844,033	8,101,224	7,896,034	7,376,200	7,495,526	7,012,121	6,308,581
Public works	2,131,286	1,480,771	1,556,942	1,296,431	1,037,692	1,229,408	1,026,833	838,764	1,040,175	836,171
Other										
Capital outlay	2,896,747	7,312,101	8,977,868	6,634,874	4,127,133	1,884,124	1,989,231	1,405,978	2,074,604	4,227,115
Debt service:										
Principal								190,000	175,000	160,000
Interest								5,225	15,874	41,142
Total expenditures	44,856,393	50,203,027	45,511,292	41,824,290	37,870,067	34,455,801	32,680,585	30,681,702	29,992,126	32,638,162
Excess of revenues over (under) expenditures	(2,167,640)	(4,616,291)	(3,767,010)	(5,840,734)	(3,395,862)	(940,554)	(385,548)	2,004,085	3,340,375	(3,262,893)
Other Financing Sources (Uses)										
Capital contributions	6,148,529	9,148,696	7,288,377	6,277,178	4,882,473	4,372,103	5,112,930	3,950,710	3,792,289	3,769,319
Transfer in	(2,237,849)	(5,516,378)	(3,744,212)	(2,888,653)	(1,671,035)	(1,599,860)	(2,529,668)	(1,479,050)	(1,349,005)	(1,583,849)
Transfers out										
Total other financing sources (uses)	3,910,680	3,632,318	3,544,165	3,388,525	3,453,946	2,772,243	2,583,262	2,471,660	2,443,284	2,185,470
Net change in fund balances	\$ 1,743,040	\$ (983,973)	\$ (222,845)	\$ (2,452,209)	\$ 58,084	\$ 1,831,689	\$ 2,197,714	\$ 4,475,745	\$ 5,783,659	\$ (1,077,423)
Debt service as a percentage of noncapital expenditures								0.67%	0.68%	0.71%

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>
2008	\$ 23,769,582	\$ 215,310	\$ 822,684	\$ 6,938	\$ 24,814,514
2007	21,385,896	145,639	850,468	7,142	22,389,145
2006	20,394,495	151,492	729,329	6,608	21,281,924
2005	18,995,459	138,152	660,438	6,178	19,800,227
2004	18,583,619	151,474	532,583	8,454	19,276,130
2003	18,073,622	159,151	622,027	7,635	18,862,435
2002	16,947,486	138,911	552,457	15,814	17,654,668
2001	16,010,549	147,197	412,425	9,279	16,579,450
2000	14,985,172	128,668	341,755	12,632	15,468,227
1999	13,984,300	114,082	322,412	8,747	14,429,541
1999-2008 Change	\$ 9,785,282	\$ 101,228	\$ 500,272	\$ (1,809)	\$ 10,384,973

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			
2008	\$ 3,594,918,894	\$ 859,998,849	\$ 2,734,920,045	0.008582005	\$ 23,471,098
2007	3,172,168,665	744,597,426	2,427,571,239	0.008827421	21,429,192
2006	2,960,999,081	610,229,122	2,350,769,959	0.008582015	20,174,344
2005	2,672,856,319	570,067,357	2,102,788,962	0.008982015	18,887,282
2004	2,506,379,675	531,606,452	1,974,773,223	0.009366159	18,496,040
2003	2,404,156,640	517,311,933	1,886,844,707	0.009516983	17,957,069
2002	2,239,722,363	494,711,352	1,745,011,011	0.009639679	16,821,346
2001	2,115,797,951	475,965,308	1,639,832,643	0.009697564	15,902,382
2000	2,038,102,532	464,546,491	1,573,556,041	0.009438579	14,852,133
1999	1,958,918,146	451,316,567	1,507,601,579	0.009438237	14,229,101

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

Note: Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are also actual values. Tax levies are per \$1 of assessed value. Currently, Bonneville County is only able to determine Total Assessed Value and can not distinguish between residential, commercial, and industrial properties. Approximately 89 percent of the property tax exemptions come from the residential home owner's exemption. The exemption is equal to 50 percent of the assessed value of residential property, to a maximum of \$89,325. Approximately 11 percent of the property tax exemptions apply to the Idaho Falls, Idaho Redevelopment Agency which is within the City limits.

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

City of Idaho Falls, Idaho Direct Levy								
Fiscal Year	General Fund	Fireman's Retirement	Tort	Recreation Fund	Library Fund	Municipal Capital Improvement Fund	General Obligation Debt Service	Total Direct
2008	0.007125001	0.000308341	0.000212072	0.000155517	0.000557620	0.000223454		0.008582005
2007	0.007231922	0.000347379	0.000275996	0.000161417	0.000578775	0.000231932		0.008827421
2006	0.006999577	0.000358728	0.000285013	0.000155867	0.000558873	0.000223957		0.008582015
2005	0.007327797	0.000356669	0.000317223	0.000162779	0.000583658	0.000233889		0.008982015
2004	0.007681781	0.000374756	0.000282586	0.000170535	0.000611468	0.000245033		0.009366159
2003	0.007912298	0.000376320	0.000171199	0.000175538	0.000629407	0.000252221		0.009516983
2002	0.008033348	0.000392582	0.000143278	0.000177747	0.000637328	0.000255396		0.009639679
2001	0.008089978	0.000408578	0.000123793	0.000178535	0.000640153	0.000256527		0.009697564
2000	0.007732288	0.000403100	0.000158876	0.000169922	0.000609272	0.000244153	0.000120968	0.009438579
1999	0.007734390	0.000407004	0.000152958	0.000169591	0.000608085	0.000243677	0.000122532	0.009438237

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
0.004102010	0.005448000	0.004076056	0.000315747	0.000006107	0.000033031	0.000049285
0.004521858	0.005447634	0.004246505	0.000324330	0.000006252	0.000033121	0.000052042
0.007634142	0.007595133	0.004267845	0.000324285	0.000005947	0.000030151	0.000055896
0.008268900	0.007573027	0.004346074	0.000332077	0.000006138	0.000031008	0.000056246
0.008270018	0.007633046	0.004346074	0.000327255	0.000006468	0.000088612	0.000055171
0.008031303	0.007633000	0.004346074	0.000327255	0.000006416	0.000092812	0.000055579
0.008293489	0.007633082	0.004346074	0.000283949	0.000006417	0.000031479	0.000058320
0.008442673	0.007639000	0.004346074	0.000283949	0.000006284	0.000030412	0.000057880
0.008620568	0.008330976	0.004346074	0.000283949	0.000006093	0.000029497	0.000057914
0.008959826	0.007640000	0.004346074	0.000283949	0.000006350	0.000030927	0.000055527

City of Idaho Falls, Idaho

Principal Property Tax Payers

Last Ten Fiscal Years

Taxpayers	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Bush Ag. Resources Inc.	\$ 93,566,305	1	3.8%	\$ 51,430,503	1	3.4%
Eastern Idaho Regional Medical Center	84,635,862	2	3.5	46,241,836	2	3.1
GMODELO Agriculture Inc.	63,930,839	3	2.7	-	-	-
Grand Teton Mall	39,997,537	4	1.5	34,001,815	3	2.3
Mountain View Hospital	31,778,300	5	1.3	-	-	-
Wal-Mart	15,571,390	6	0.6	-	-	-
Fremont Ave Association	14,313,984	7	0.5	-	-	-
Fairwinds Sandcreek Retirement Center	12,555,212	8	0.5	-	-	-
INEL Office Building (Batelle)	12,344,352	9	0.5	18,827,427	5	1.3
Qwest	11,850,504	10	0.9	24,221,479	4	1.6
INEL Engineering Research Office				11,817,985	6	0.8
Melaleuca, Inc.				10,761,244	7	0.7
Fred Meyer Inc.				10,472,899	8	0.7
Shilo Inn				8,866,423	9	0.6
Yellowstone Square Mall				7,340,209	10	0.5
	<u>\$ 380,544,285</u>		<u>14.0%</u>	<u>\$ 223,981,820</u>		<u>15.0%</u>

Source: Bonneville County Auditor's Office

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

<u>Fiscal Year Ended September 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2008	\$ 23,471,098	\$ 22,716,967	96.8%	\$ 667,662	\$ 23,384,629	99.6%
2007	21,429,192	20,733,375	96.8	542,625	21,276,000	99.3
2006	20,174,344	19,583,242	97.1	572,129	20,155,371	99.9
2005	18,887,282	18,346,822	97.1	790,065	19,136,887	101.3
2004	18,496,040	17,698,397	95.7	564,606	18,263,003	98.7
2003	17,957,069	17,760,875	98.9	574,873	18,335,748	102.1
2002	16,821,346	16,249,361	96.6	468,352	16,717,713	99.4
2001	15,902,382	15,402,121	96.9	543,790	15,945,911	100.3
2000	14,852,133	14,339,239	96.5	437,340	14,776,579	99.5
1999	14,229,101	13,782,386	96.9	382,031	14,164,417	99.5

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita
	Certificates of Participation	General Obligation Bonds	Airport Bonds	Airport Certificates of Participation	Electric General Obligation Bonds	Airport Bonds			
2008			\$ 3,510,000	\$ 11,408,196			\$ 14,918,196	0.90%	274
2007			4,205,000	13,903,061			18,108,061	1.13	334
2006		\$ 230,000	4,205,000	16,605,230			21,040,230	1.43	396
2005		450,000	4,955,000	19,501,260			24,906,260	1.82	474
2004		655,000	5,260,000	22,627,492			28,542,492	2.13	547
2003		850,000	5,525,000	25,978,489			32,353,489	2.46	626
2002		1,035,000	5,750,000	29,592,879			36,377,879	2.83	710
2001		1,205,000	6,000,000	32,624,721			39,829,721	3.10	781
2000	\$ 190,000	1,365,000		35,957,054			37,512,054	3.24	737
1999	365,000	1,520,000		39,612,796			41,497,796	3.93	853

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

<u>General Bonded Debt Outstanding</u>						
<u>Fiscal Year</u>	<u>Governmental Activities General Obligation Bonds</u>	<u>Business-Type Electric General Obligation Bonds</u>	<u>Total</u>	<u>Actual Taxable Value of Property</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2008		\$ 11,408,196	\$ 11,408,196	\$ 2,734,920,045	0.42%	209
2007		13,903,061	13,903,061	2,427,571,239	0.57	256
2006		16,605,230	16,605,230	2,350,769,959	0.71	313
2005		19,501,260	19,501,260	2,102,788,962	0.93	371
2004		22,627,492	22,627,492	1,974,773,223	1.15	434
2003		25,978,489	25,978,489	1,886,844,707	1.38	502
2002		29,592,879	29,592,879	1,745,011,011	1.70	578
2001		32,624,721	32,624,721	1,639,832,643	1.99	641
2000	\$ 190,000	35,957,054	36,147,054	1,573,556,041	2.30	713
1999	365,000	39,612,796	39,977,796	1,507,601,579	2.65	822

City of Idaho Falls, Idaho

Direct and Overlapping Governmental Activities Debt

As of September 30, 2008

<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	\$ 3,800,000	64%	\$ 2,432,000
Idaho Falls Redevelopment Agency	11,391,556 (b)	0%	
School District No. 91	3,510,000	86%	3,018,600
School District No. 93	48,600,000	14%	6,804,000
Total overlapping	<u>67,301,556</u>		<u>12,254,600</u>
Direct:			
City of Idaho Falls	-	(a)	-
Total direct and overlapping debt	<u>\$ 67,301,556</u>		<u>\$ 12,254,600</u>

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

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

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

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

City of Idaho Falls, Idaho
Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Debt limit	\$ 71,898,378	\$ 63,443,373	\$ 59,219,982	\$ 54,253,617	\$ 50,398,132	\$ 48,385,112	\$ 45,216,813	\$ 42,804,449	\$ 41,216,111	\$ 39,186,582
Total debt applicable to limit	-	-	-	-	-	-	-	-	(190,000)	(365,000)
Legal debt margin	<u>\$ 71,898,378</u>	<u>\$ 63,443,373</u>	<u>\$ 59,219,982</u>	<u>\$ 54,253,617</u>	<u>\$ 50,398,132</u>	<u>\$ 48,385,112</u>	<u>\$ 45,216,813</u>	<u>\$ 42,804,449</u>	<u>\$ 41,026,111</u>	<u>\$ 38,821,582</u>
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-	-	-	-	-	0.61%	1.21%

Legal Debt Margin Calculation for Fiscal Year 2008	
Assessed value	<u>\$ 3,594,918,894</u>
Debt limit (2% of market value)	\$ 71,898,378
Debt applicable to limit:	
General obligation bonds	-
Legal debt margin	<u>\$ 71,898,378</u>

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

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

Fiscal Year	Airport Revenue Bonds and Certificates of Participation				Electric General Obligation Revenue Bonds			
	Revenue(1)	Less Operating Expense(2)	Available Revenue	Coverage(4)	Revenue(1)	Less Operating Expense(2)	Available Revenue	Coverage(4)
2008	\$3,354,790	\$1,679,366	\$1,675,424	1.96	\$60,377,193	\$41,001,766	\$19,375,427	2.44
2007	3,519,538	1,372,967	2,146,571	5.09	61,943,138	38,371,027	23,572,111	3.06
2006	3,133,545	1,386,968	1,746,577	1.36	62,714,219	38,410,805	24,303,414	3.16
2005	2,622,993	1,207,267	1,415,726	1.65	58,766,450	40,578,989	18,187,461	2.28
2004	2,406,581	1,252,039	1,154,542	1.38	58,766,450	37,898,405	20,868,045	2.62
2003	2,202,376	1,159,630	1,042,746	1.31	56,766,471	37,107,036	19,659,435	2.46
2002	2,149,807	1,031,044	1,118,763	1.36	52,672,441	50,699,130	1,973,311	0.25
2001	2,173,338	951,210	1,222,128	5.18	53,368,671	35,979,066	17,389,605	2.17
2000	1,493,151	897,255	595,896	2.47	37,058,880	24,019,673	13,039,207	1.62
1999	1,245,884	852,395	393,489	1.67	39,334,944	23,309,008	16,025,936	1.99

(1) Revenues include operating revenues, interest income, sales taxes, PFC funds, certain federal grants, and non-operating income.

(2) Operating expenses do not include depreciation and payments in lieu of taxes but includes other charges.

(3) Includes principal and interest on revenue bonds, certificates of participation, and general obligation bonds which are paid from operating revenues and subject to debt coverage requirements.

(4) The Airport bond ordinance requires 1.25 coverage while the Electric bond ordinance requires 1.15 coverage.

(5) The Electric Fund did not meet its rate coverage of 1.15 for the year ended September 30, 2002. The City Council raised electrical rates in October, 2002 as required by the bond ordinance to meet rate coverage.

City of Idaho Falls, Idaho

Demographic and Economic Statistics

Year	Last Ten Fiscal Years					Education Attainment			Unemployment Rate
	Population	Personal Income	Per Capita Personal Income	Median Age	High School Graduates or Higher	25 Years and Older		School Enrollment	
						4 or More Years of College	Enrollment		
2008	54,500 (1)	\$ 1,656,582,000 (1)	\$ 30,396 (1)	-	-	-	10,400	3.6%	
2007	54,272 (1)	1,609,219,072 (1)	29,651 (1)	-	-	-	10,279	2.4	
2006	53,000 (1)	1,473,400,000 (1)	27,800 (1)	-	-	-	10,400	2.6	
2005	52,500 (1)	1,365,000,000 (1)	26,000 (1)	-	-	-	10,400	2.7	
2004	52,148	1,340,203,600 (1)	25,700 (1)	-	-	-	10,385	3.1	
2003	51,703	1,315,686,241	25,447	-	-	-	10,520	2.9	
2002	51,216	1,283,370,528	25,058	-	-	-	10,648	3.5	
2001	51,023	1,233,838,186	24,182	-	-	-	10,767	3.4	
2000	50,894	1,156,820,620	22,730	32.3	87.7%	28.2%	10,704	3.2	
1999	48,627	1,056,664,710	21,730	-	-	-	10,865	3.9	

(1) Numbers are estimated.

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

City of Idaho Falls, Idaho

Principal Employers

Prior Year and Seven Years Ago

Employer	2008 (a)			2001		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Bechtel BWXT Idaho	2,500	1	7.85%	2,500	1	8.40%
Idaho Falls School District 91	1,700	2	5.34	1,700	2	5.71
Eastern Idaho Regional Medical Center	1,311	3	4.12	1,311	3	4.40
Melaleuca, Inc.	1,300	4	4.08	1,300	4	4.37
Bonneville Joint School District 93	850	5	2.67	850	5	2.86
City of Idaho Falls	750	6	2.35	750	6	2.52
Center Partners	600	7	1.88	600	7	2.02
Wal-Mart	450	8	1.41	450	9	1.51
Bonneville County	450	9	1.41	450	8	1.51
Albertsons, Inc.	350	10	1.10	350	10	1.18
Total	10,261		32.21%	10,261		34.48%

Source: Idaho Commerce and Labor

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

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

Last Ten Fiscal Years

Function/Program	Actual Full-time Employees as of September 30									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General government:										
Mayor and council	8	7	8	8	8	8	7	8	8	8
Municipal services	68	67	67	69	69	69	67	67	68	67
Human resources	2	2	2	2	2	2	2	2	2	2
Planning and building	17	17	16	14	14	15	16	17	17	15
Public safety:										
Police	127	122	122	121	118	116	119	119	118	117
Fire	103	100	97	94	94	95	90	94	94	93
Streets	21	21	20	20	20	21	20	21	21	21
Culture and recreation:										
Parks and recreation	63	62	59	60	60	58	60	58	57	57
Library	21	21	20	25	25	23	26	27	28	26
Public works	20	19	20	20	20	19	19	19	19	16
Airport	14	13	13	13	13	13	13	13	13	12
Water and sewer	54	50	49	49	49	49	49	46	46	48
Sanitation	30	27	27	26	26	26	26	26	26	26
Electric	64	62	59	60	59	61	62	62	60	59
Total	612	590	579	581	577	575	576	579	577	567

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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Planning and building										
Building permits issued	595	849	837	834	874	810	840	778	884	942
Value of building permits	\$54,005,000	\$71,772,712	\$62,226,668	\$63,329,405	\$72,804,706	\$49,865,046	\$47,922,805	\$72,477,904	\$51,130,818	\$47,012,737
Inspections	8,947	9,414	9,213	9,160	8,969	7,645	7,165	6,812	7,659	7,313
Police										
Physical arrest	3,950	4,317	4,931	4,070	4,158	4,197	3,545	3,867	4,719	4,314
Parking violations	3,192	3,723	4,869	4,869	10,776	8,023	10,201	12,846	11,619	11,619
Traffic violations	11,502	19,028	18,384	17,902	16,564	20,440	20,293	7,151	13,980	13,389
Fire										
Total dispatches	3,945	3,884	3,852	3,759	3,765	3,830	3,504	3,235	3,275	3,384
Emergency responses	3,850	1,912	1,871	1,873	916	874	731	696	821	829
Fires extinguished	445	324	394	453	217	278	209			
Inspections	1,805	1,723	907	2,551	3,162					
Parks and recreation										
18 hole golf rounds played	127,063	144,647	133,410	133,312	134,762	141,528	119,720	120,988	129,120	118,137
Zoo Admissions	119,267	108,435	107,947	106,612	89,459	81,085	84,742	99,844	87,154	90,778
Aquatic center usage	117,112	118,286	111,378	105,068	98,917	105,665	114,900	128,609	134,489	144,229
Total program participants	363,442	371,368	49,922	36,461	36,055	37,166	37,976	42,889	44,418	44,573
Library										
Total items held for circulation	274,232	272,651	258,552	246,658	229,583	228,104	223,769	228,007	226,900	214,672
Annual circulation	944,340	811,053	778,235	700,305	668,520	633,676	648,617	636,429	646,388	651,878
Airport										
Enplanements	151,200	152,407	148,756	139,918	117,354	116,142	114,143	117,896	125,275	121,242
Average flights per day	13	14	13	17	16	16	16	16	16	16
Water and sewer										
Average daily consumption in gallons	24,526,000	25,784,000	24,100,000	21,170,000	21,820,000	22,500,000	21,600,000	23,200,000	22,000,000	21,400,000
Monthly residential water rate	\$ 21.00	\$ 15.00	\$ 13.00	\$ 13.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00
Average daily sewage treatment in gallons	11,701,000	11,787,000	11,831,000	11,049,000	10,604,000	9,859,000	9,948,000	10,500,000	10,500,000	10,500,000
Monthly residential sewer rates	\$ 18.95	\$ 16.50	\$ 16.50	\$ 16.50	\$ 12.50	\$ 12.50	\$ 12.50	\$ 12.50	\$ 12.50	\$ 12.50
Sanitation										
Total cubic yards of Refuse collected	301,174	310,996	327,845	266,683	213,000	286,685	254,811	260,608	291,650	257,330
Monthly residential rate	\$ 9.00	\$ 7.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50
Electric										
Average daily usage in kwh	1,943,896	1,898,308	1,865,943	1,783,821	1,697,980	1,679,091	1,709,213	1,732,254	1,660,943	1,685,531
Residential rate per kwh	\$ 0.094	\$ 0.055	\$ 0.058	\$ 0.060	\$ 0.064	\$ 0.064	\$ 0.055	\$ 0.045	\$ 0.039	\$ 0.390
Average Mwh generated per hour (1)	26.4	29.7	30.2	25.3	24.1	24.6	23.5	15.7	32.3	38.9

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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
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	108	107	102	100	101	99	91	86	86	83
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Fire Trucks	16	16	16	15	15	15	15	15	15	14
Street (Miles)	284	270	261	258	256	251	245	240	235	230
Parks and recreation										
Parks	52	52	52	52	52	51	51	51	51	51
Acreage	1,826	1,801	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749
Baseball/softball diamonds	26	26	26	26	26	26	26	26	26	26
Soccer/football fields	25	21	16	16	16	16	16	16	16	16
Golf courses	3	3	3	3	3	3	3	3	3	3
Swimming pools	1	1	1	1	1	1	1	2	2	2
Library buildings	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	306	302	301	299	298	258	254	252	250	248
Fire hydrants	2,023	1,984	1,890	1,878	1,835	1,803	1,725	1,690	1,650	1,550
Wells	19	19	18	18	18	17	17	17	17	17
Sewer										
Sanitary sewer (miles)	266	257	246	243	241	236	233	223	221	219
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	17	17	17	17	17	17	17	17	17	17
Electric										
Transmission lines (miles)	37	38	38	38	38	38	38	38	38	38
Distribution lines (miles)	408	401	360	352	337	330	325	320	315	310
Hydro generating plants	4	4	4	4	4	4	4	4	4	4
Street lights	4,027	3,782	4,220	4,190	4,050	4,023	3,881	3,881	3,775	3,775
Traffic signals (1)	48	46	47	46	43	43	43	42	41	49

Source: Various City Departments
 (1) The City took 9 traffic signals out from the downtown area in 2000.

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SINGLE AUDIT SECTION

CITY OF IDAHO FALLS, IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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		\$ 274,156	\$ 274,156
U.S. DEPARTMENT OF THE INTERIOR				
Direct Programs:				
Historical Preservation Fund Grants	15.904	16-0721616	\$ 5,500	\$ 5,500
Pass-through Idaho State Historical Society:				
Historical Preservation Fund Grants	15.904	16-0721616	<u>3,500</u>	<u>3,500</u>
Total Department of the Interior			<u>\$ 9,000</u>	<u>\$ 9,000</u>
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
COPS Fast Grant	16.710		\$ 2,354	\$ 2,354
Bomb Squad Grant	**	N/A	8,000	8,000
K9 Training Grant	**	N/A	5,500	5,500
Patrol Officers Regional Exercise Grant	**	N/A	<u>379</u>	<u>379</u>
Total Department of the Justice			<u>\$ 16,233</u>	<u>\$ 16,233</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
* Airport Improvement Program	20.106	3-16-0018-27	\$ 302,319	\$ 302,319
		3-16-0018-28	600,000	554,300
		3-16-0018-29	<u>816,820</u>	<u>7,739,600</u>
			1,719,139	8,596,219
Pass-through Idaho Dept of Transportation:				
Highway Planning and Construction	20.205		20,703	20,703
State and Community Highway Safety	20.600		13,410	13,410
Alcohol Traffic Safety & Drunk Driving Prevention	20.601	SK80801	8,421	8,421
Safty Incentive Grant Seatbelts	20.605	S570P81	2,700	2,700
Safty Incentive Grant Intoxicated	20.605	A010745	<u>2,700</u>	<u>2,700</u>
			47,934	47,934
Total Department of Transportaion			<u>\$ 1,767,073</u>	<u>\$ 8,644,153</u>

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>	<u>Cash Basis Revenues</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Pass-through Idaho State Military Division				
	87.042		\$ 165	\$ 165
State Domestic Preparedness Equip Support	97.004		13,795	13,795
Homeland Security Grant	97.067		<u>168,401</u>	<u>168,401</u>
Total Department of Homeland Security			<u>\$ 182,361</u>	<u>\$ 182,361</u>
OTHER FEDERAL PROGRAMS				
Direct Programs:				
Fire Department Grant	**	N/A	IN-IC515	\$ 2,083
FEMA Fire Reimbursement	**	N/A		<u>18,035</u>
Total Other Federal Programs			<u>\$ 20,118</u>	<u>\$ 20,118</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 2,268,941</u>	<u>\$ 9,146,021</u>

- * Represents major programs.
- ** CFDA number not available

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, 2008 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 amounts presented in, or used in, the preparation of the financial statements.



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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2008, which collectively comprise the City of Idaho Falls, Idaho's basic financial statements and have issued our report thereon dated February 3, 2009. We did not audit the financial statements of the Electric Light Fund, which represents 50%, 45% and 73% respectively, of the assets, net assets and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Electric Light Fund is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Idaho Falls, Idaho's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Idaho Falls, Idaho's financial statements that is more than inconsequential will not be prevented or detected by the City of Idaho Falls, Idaho's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Idaho Falls, Idaho's internal control.

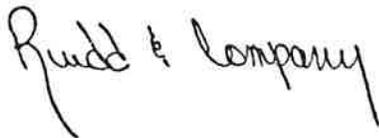
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any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

Compliance and Other Matters

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

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

February 3, 2009

A handwritten signature in cursive script that reads "Rudd & Company". The signature is written in dark ink and is positioned in the lower-left quadrant of the page.



RUDD&COMPANY^{llc}

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

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

Compliance

We have audited the compliance of the City of Idaho Falls, Idaho with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs and with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended September 30, 2008. The City of Idaho Falls, Idaho's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and to its passenger facility program is the responsibility of the City of Idaho Falls, Idaho's management. Our responsibility is to express an opinion on the City of Idaho Falls, Idaho's compliance based on our audit.

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

In our opinion, the City of Idaho Falls, Idaho complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and the passenger facility charge program for the year ended September 30, 2008.

Internal Control Over Compliance

The management of the City of Idaho Falls, Idaho is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and to the passenger facility charge program. In planning and performing our audit, we considered the City of Idaho Falls, Idaho's internal control over compliance with requirements that could have a direct and material effect on a major federal program or on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

February 3, 2009

Rudd & Company



**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, 2008, and have issued our report thereon dated February 3, 2009. 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, 2008, which is the responsibility of management of the City of Idaho Falls, Idaho, is presented for the purpose of additional analysis and as required by the Federal Aviation Administration of the U.S. Department of Transportation to implement Section 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990 and is not a required part of the financial statements. The information in the schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

February 3, 2009

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IDAHO FALLS | REXBURG | DRIGGS | BOZEMAN | WEST YELLOWSTONE

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**CITY OF IDAHO FALLS, IDAHO
IDAHO FALLS, IDAHO MUNICIPAL AIRPORT
SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Passenger Facility Charges Collected	Passenger Facility Charges Expended
PFC Charges Collected and Expended for the Current Year	\$ 627,515	\$ 627,515
PFC Charges Collected and Expended in Prior Years	5,569,974	5,569,974
Total PFC Charges to Date	\$ 6,197,489	6,197,489
PFC Interest Earned to Date		27,394
Actual PFC Related Expenditures to Date		(8,854,501)
Ending Balance Unliquidated PFC Revenue Account (PFC Expended to Date, Plus Interest less Actual Expenditures to Date)		\$ (2,629,618)
Total Approved PFC Related Expenditures to Date		\$ 11,255,531

**CITY OF IDAHO FALLS, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

CFDA Number(s)

20.106

Name of Federal Program

Airport Improvement Program

Dollar threshold used to distinguish
between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

Yes

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None