

**CITY OF BURLEY, IDAHO**

**Basic Financial Statements  
With Supplemental Information**

**September 30, 2012**



**CITY OF BURLEY, IDAHO**  
**BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2012  
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**CITY OF BURLEY, IDAHO**  
BASIC FINANCIAL STATEMENTS  
For the Year Ended September 30, 2012  
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**FINANCIAL SECTION**



# Evans & Poulsen P.A.

**Certified Public Accountants**

Members of the American Institute of CPA's  
and the Idaho Society of CPA's  
**Edward G. Evans, CPA**  
**Jeffrey D. Poulsen, CPA**

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council  
City of Burley, Idaho

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the discretely presented component unit of City of Burley (the City), as of and for the fiscal year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the discretely presented component unit of the City of Burley as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, and the 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 14, 2013 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6a through 6e be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States

of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining and individual nonmajor fund and fiduciary fund financial statements, as well as the combining and individual agency fund schedules of receipts, disbursements, and changes in fund balance are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, the combining and individual agency fund schedules of receipts, disbursements, and changes in fund balance 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.

*Evans & Poulsen*

Evans & Poulsen, P.A.  
February 14, 2013

**City of Burley**  
**Management Discussion and Analysis**  
**Fiscal Year Ending - September 30, 2012**

**Management’s Discussion and Analysis Report**

The management of the City of Burley, Idaho, presents this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2012. This Management’s Discussion and Analysis is based upon currently known facts, decisions, and conditions that existed as of the date of the independent auditor’s report.

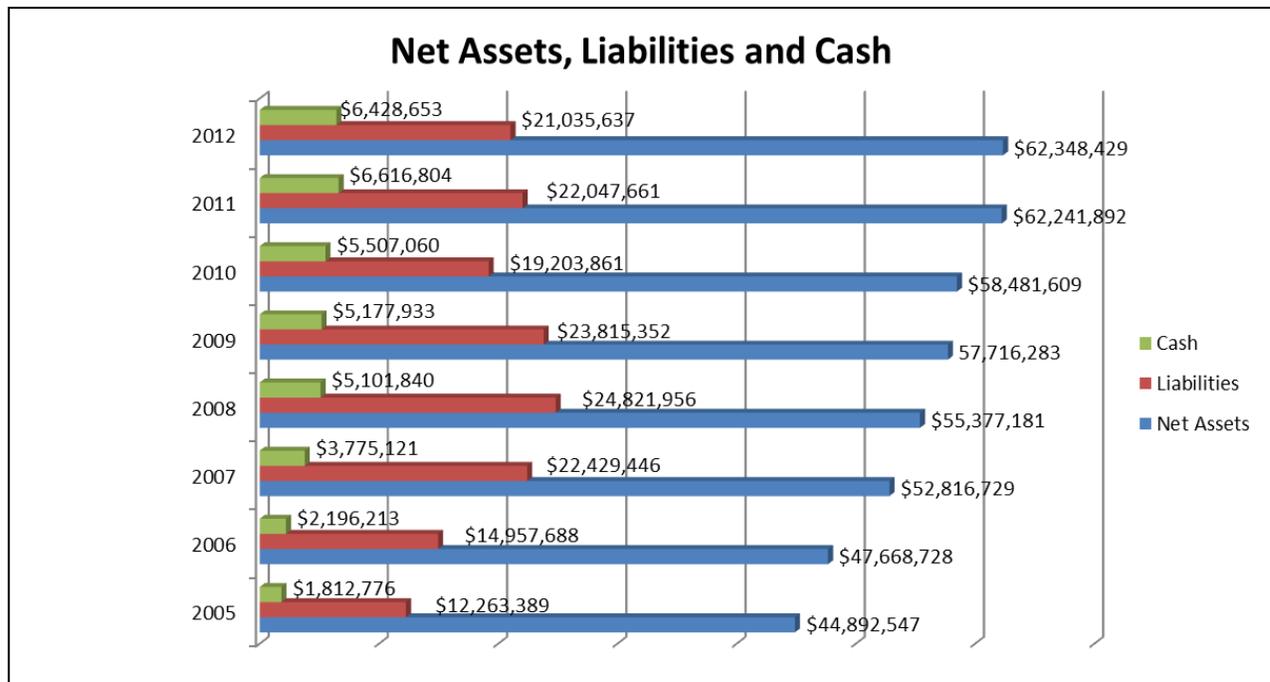
**Government-wide Financial Analysis**

The City is required to present its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34) which also requires the management discussion and analysis.

**Analysis of Net Assets**

The City total net assets for the fiscal year ended September 30, 2012, is \$62,348,429 compared to \$62,241,892 for September 30, 2011. This is an increase in net assets of \$106,537. The increase in net assets is due to an increase of assets in Wastewater and Sanitation, offset by decrease in other funds (see pages 7, 8 and 14).

Liabilities for the City as a whole decreased by \$1,012,024 from September 30, 2011 to September 30, 2012. The decrease in liabilities was primarily due to debt payments made on long and short term debt and a decrease in payables and accrued expenses. The payments for water and wastewater (including the G.O. Bond for wastewater) totaled \$1,757,924.32. Total liabilities for all funds were \$21,035,637.



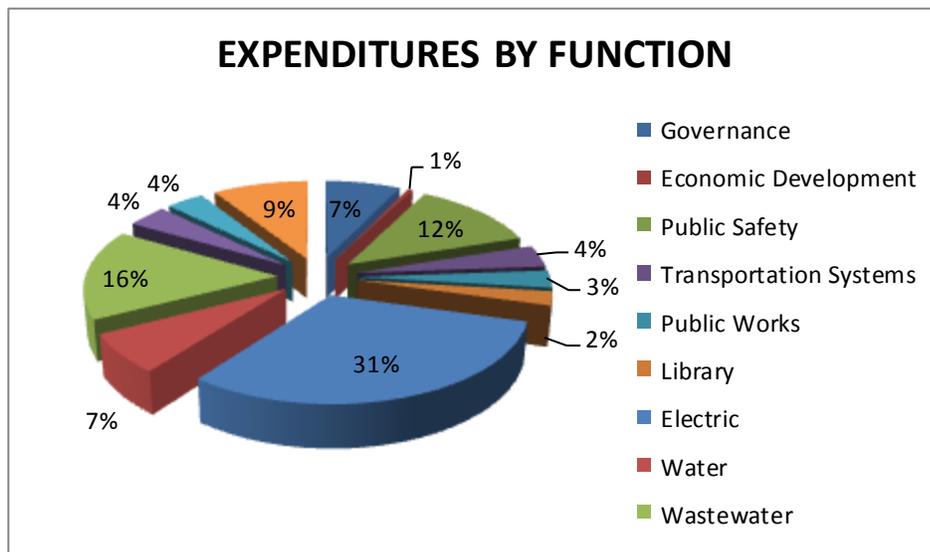
## Funds analysis

The following is an analysis of the difference in the ending fund balance of each of the City's major funds.

**Governmental Funds** – Total property taxes collected for FY 2011-2012 were \$2,531,253. Property taxes for the General Fund (\$1,492,253.56), Library (\$359,790) and the General Obligation Bond Debt Payment (\$351,221.86). Total revenues for the General Fund were \$5,693,357. Shared revenues from the State of Idaho (sales tax and shared liquor revenues were \$799,460.98 - 16% over the budgeted amount. Highway user taxes and revenue from highway districts totaled \$584,512.24 for fiscal year 2011-2012 compared to \$550,408 for fiscal year 2010-2011. Expenses for the Streets Department for the year were of \$728,435. The difference between the streets revenue and expense (\$143,922.76) comes directly out of the general fund. This was a City Council decision five years ago to augment the Street budget by \$100,000 per year. This amount of funding is unsustainable for the long term unless other expenses are eliminated from the General fund. Total public safety (Sheriff's contract), Fire Department, Animal Control and a part of Building Inspection) costs were \$2,623,624 which represents over 47.8% of the General Fund budget.

**State and Federal Grants Fund** – Grant reimbursements were received from the Federal Aviation Administration (Planning grant \$86,912), State waterway grants and local matching funds in the amount of \$89,500 were received for boat docks and boater improvements. There was a federal Community Development Block Grant reimbursement for The Gem State Processing project at the Burley Industrial Park in an amount of \$345,096. There were federal reimbursements for wastewater improvements in an amount of \$240,872.55 for the industrial wastewater plant design and construction. There was grant reimbursement funds of \$95,000 for improvements at the fire station for fire alarms and sprinklers. Total grant funds reimbursed for all projects during the year was \$857,380.55.

### Expenditures by Function



## Business Type Funds

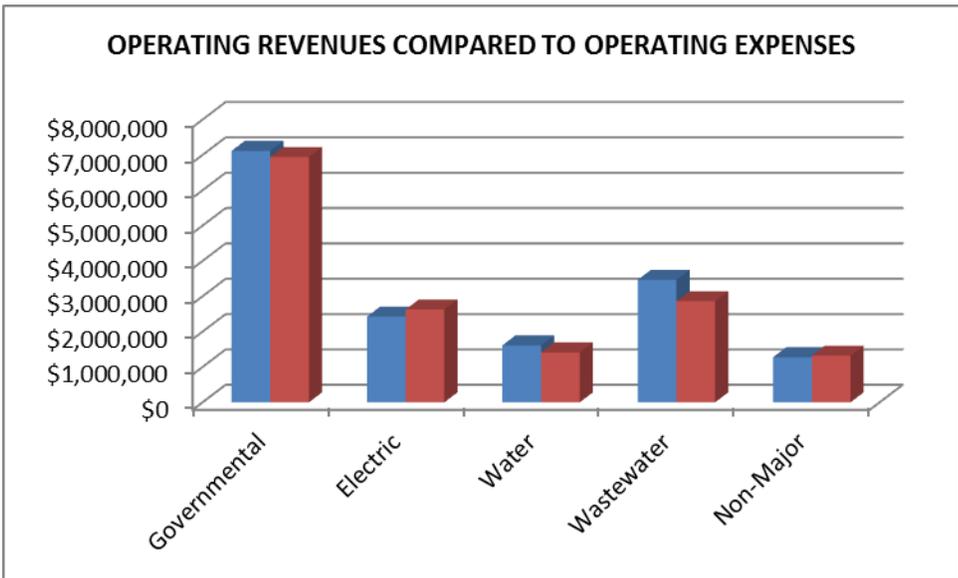
**Electric Fund** – The Electric Fund Net assets decreased \$170,473 from October 1, 2011 to September 30, 2012. Cash & Investments decreased by \$197,665 due to the cost of Bonneville Power wholesale power costs not recovered through existing rates. The Electric Department received a wholesale energy increase which effected the 2011-2012 fiscal year. The expected increase was estimated to be approximately 10% but the actual increase was just over 17% creating the cash deficit. A second wholesale energy increase will occur in October 2013 when a new BPA contract goes into effect. It is anticipated that the City will increase electrical rates after the increase from BPA. There were no significant differences between budgeted revenue and expenditures and actual revenue and expenditures.

**Water Fund** – The Water Fund Net Assets increased by \$247,034 compared to \$339,074 for the period from October 1, 2011 to September 30, 2012. The increase in net assets was due in part to an increase in cash of \$273,748 due to warmer weather, offset by higher than normal operating expenses for electrical power due to the additional pumping of water. The debt service payment for well 7 is the largest budgeted expense. A major water improvement for the Burley Industrial Park took place during the fiscal year and a water line tie-in between the Burley Industrial Park and the City of Heyburn was completed. This expense was largely paid by the block grant for Gem State processing improvements. A water master plan update is underway and will be completed in 2013. There were no significant differences between budgeted revenue and expenditures and actual revenue and expenditures.

**Wastewater Fund** – The Wastewater Fund Net Assets for September 30, 2012 were \$19,769,655. This is an increase of \$380,136 from October 1, 2011. Cash in the fund decreased \$60,574 due to construction at the industrial wastewater facility. Upgrades to both the municipal and industrial plants are ongoing and improvements to both plants will be completed during the coming fiscal year. There were no significant differences between budgeted revenue and expenditures and actual revenue and expenditures.

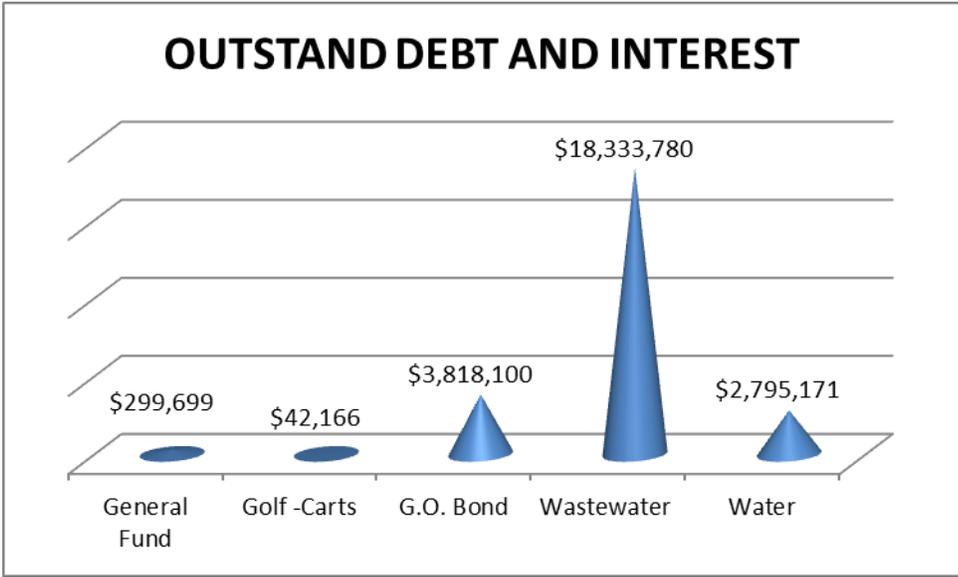
**Golf Fund** – The Golf Fund had an increase in net assets of \$87,176 for the fiscal year ending September 30, 2012. An adjusting entry was made from the General Fund to the Golf Fund to balance a year end deficit of \$34,740 for a total amount of support from the General Fund of \$143,740. The amount to retire the debt on the Golf Course Clubhouse was \$110,292.70. Golf Course revenue increased \$15,707 over the previous fiscal year, while expenses decreased by \$17,916. The amount transferred in brought the fund to a zero cash balance.

**Sanitation Fund** – The Sanitation Fund had an increase in net assets of \$15,303 from October 1, 2011 to September 30, 2012. The increase was due to an increase in cash of \$53,518 from additional revenue. The fund revenue was \$903,230 compared to \$887,128 for the previous fiscal year. Total operating expenses were \$888,935. The rail truck loan was paid off at the end of the fiscal year. Revenue for the fund is stable due to new businesses utilizing Sanitation Department services. There were no significant deviations from budget.



**OUTSTANDING DEBT**

As of September 30, 2012 the City of Burley had \$25,288,916 in short and long term debt and future interest payments. General Fund debt is \$299,699 of the total amount or 1.2%. Additional detailed information on long-term obligations is available in note 6 to the financial statements. Future debt for replacement of garbage trucks, a waste transfer station, a new Library, and wastewater improvements are anticipated in future years.



## **Future Concerns and Notable Items**

There are ongoing projects that will take a future financial commitment including airport relocation, funding a transfer station, road repair and reconstruction, new parks, and greenbelt improvements. General Fund will need to be very closely monitored as General Fund revenues affect services across the entire City. The Mayor and Council should reconsider additional tax revenues for street funding. The permanent tax levy override failed to gain the necessary majority of the voters. The problem of adequate funding for streets still exists. There does not appear to be a State wide solution for street funding in the near or distant future. General Fund revenues have stabilized, and future increases are likely in smaller amounts. These services touch most citizens and demand may grow in utility requests. The City should strongly resist adding any new General Fund services or expansion of existing services with the exception of new utility services.

With overall cash balances of the City of Burley over \$6,400,000 the City of Burley has distributed its cash between different investments in different financial institutions and the State of Idaho - Local Government investment pool. The City could consider at this point investing in longer term agency issues to increase interest earnings.

### **Accounting for Assets**

GASB 34 requires that public entities quantify the cost of existing assets and the maintenance costs of those assets. We have implemented a Geographic Information System (GIS) using Auto Cad and ESRI to document our public infrastructure from power poles and transformers to water valves and lines and many items other infrastructure items. As the City of Burley makes future public improvements it will not only increase the net assets shown on these financial statements but also commits the City to maintaining those improvements.

### **Requests for information**

The City's financial statements are designed to present the users with a general overview of the City's finances, and to demonstrate the city's accountability. If you have questions about the report or need additional financial information, please contact the City Clerk or City Administrator at P.O. Box 1090, Burley, ID 83318, or check out the City of Burley website [www.burleyidaho.org](http://www.burleyidaho.org).

**CITY OF BURLEY, IDAHO**

Statement of Net Assets  
September 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Totals	Burley Development Authority
<b>ASSETS</b>				
Cash & Investments	\$ 1,490,521	\$ 4,938,132	\$ 6,428,653	\$ 2,380,684
Receivables (Net of Allowances):				
Taxes	191,317	-	191,317	10,477
Accounts	3,215	698,404	701,619	-
Notes	-	-	-	-
Claims	-	-	-	-
Prepaid Expenses	-	-	-	-
Inventory - Note 3	-	506,305	506,305	-
Due From Other Funds	-	584,922	584,922	-
Due From Other Governments	491,941	-	491,941	-
Restricted Assets:				
Cash -	-	-	-	806,666
Capital Assets - Note 4:				
Land	10,756,792	432,802	11,189,594	-
Other Capital Assets, Net of Depreciation	20,243,655	43,046,060	63,289,715	-
<b>Total assets</b>	<b>33,177,441</b>	<b>50,206,625</b>	<b>83,384,066</b>	<b>3,197,827</b>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	433,298	680,757	1,114,055	14,504
Customer Deposits Payable	116,017	-	116,017	-
Compensated Absences Payable	124,386	-	124,386	-
Interest Payable	3,224	132,575	135,799	-
Due to Other Funds (Pooled Cash)	273,680	-	273,680	-
Deferred Revenue	-	-	-	-
Long-Term Liabilities - Note 6:				
Due Within One Year	430,000	834,371	1,264,371	399,918
Due in More Than One Year	2,615,000	15,392,329	18,007,329	9,829,920
<b>Total liabilities</b>	<b>3,995,605</b>	<b>17,040,032</b>	<b>21,035,637</b>	<b>10,244,342</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, net of related debt	27,955,447	27,252,162	55,207,609	-
Restricted for:				
Capital Projects & Debt Service	-	-	-	806,666
Unrestricted	1,226,389	5,914,431	7,140,820	(7,853,181)
<b>Total Net Assets</b>	<b>\$ 29,181,836</b>	<b>\$ 33,166,593</b>	<b>\$ 62,348,429</b>	<b>\$ (7,046,515)</b>

See accompanying notes to the financial statements.



## CITY OF BURLEY, IDAHO

Balance Sheet  
Governmental Funds  
September 30, 2012

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 638,416	\$ 227,322	\$ 865,738
Receivables (net of allowances):			
Taxes	191,317	-	191,317
Accounts	3,215	-	3,215
Notes	-	-	-
Due from other funds	-	-	-
Due from other governments	209,312	282,629	491,941
Total assets	<u>\$ 1,042,260</u>	<u>\$ 509,951</u>	<u>\$ 1,552,211</u>
<b>LIABILITIES AND FUND EQUITY</b>			
Liabilities:			
Vouchers payable and accrued liabilities	\$ 128,017	\$ 29,088	\$ 157,105
Utility customer deposits	116,017	-	116,017
Due to other funds	-	-	-
Deferred revenue	144,553	-	144,553
Total liabilities	<u>388,587</u>	<u>29,088</u>	<u>417,675</u>
Fund Balance:			
Reserved for:			
Capital projects	-	-	-
Unreserved, reported in:			
General Fund	653,673	-	653,673
Library Fund	-	208,434	208,434
Grant Fund	-	272,429	272,429
Total fund balances	<u>653,673</u>	<u>480,863</u>	<u>1,134,536</u>
Total liabilities and fund balances	<u>\$ 1,042,260</u>	<u>\$ 509,951</u>	<u>\$ 1,552,211</u>

See accompanying notes to the financial statements.

## CITY OF BURLEY, IDAHO

Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
September 30, 2012

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Total Governmental Fund Balances	\$ 1,134,536
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	31,000,447
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. Property Taxes	144,553
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	348,590
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds. Compensated absences	(124,386)
General Obligation Bonds (GOB) payable	(3,045,000)
Notes Payable - Electric Fund	(273,680)
Accrued interest payable	<u>(3,224)</u>
Net Assets of Governmental Activities	<u>\$ 29,181,836</u>

See accompanying notes to the financial statements.

**CITY OF BURLEY, IDAHO**

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year Ended September 30, 2012

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Taxes	\$ 1,762,013	\$ 769,240	\$ 2,531,253
Licenses and permits	96,397	-	96,397
Intergovernmental	1,383,973	-	1,383,973
Charges for services	1,575,644	6,966	1,582,610
Fees and fines	103,068	15,419	118,487
Grants / Donations	-	625,828	625,828
Miscellaneous	772,262	5,665	777,927
<b>Total revenues</b>	<b>5,693,357</b>	<b>1,423,118</b>	<b>7,116,475</b>
<b>Expenditures:</b>			
Legislative	280,651	-	280,651
Executive	34,943	-	34,943
Administrative	760,641	-	760,641
Legal & Professional	145,822	82,902	228,724
Buildings	190,808	-	190,808
Police	1,350,000	-	1,350,000
Fire	1,055,080	-	1,055,080
Animal control	123,140	-	123,140
Streets	728,435	-	728,435
Engineering	-	-	-
Equipment maintenance	215,592	-	215,592
Airport	24,177	-	24,177
Parks and recreation	229,343	-	229,343
Swimming	116,726	-	116,726
Cemetery	222,071	-	222,071
Library	-	412,595	412,595
Debt Service - Principal	-	255,000	255,000
Debt Service - Interest	-	150,782	150,782
Capital outlays	-	562,679	562,679
<b>Total expenditures</b>	<b>5,477,429</b>	<b>1,463,958</b>	<b>6,941,387</b>
Excess of revenues over (under) expenditures	215,928	(40,840)	175,088
<b>Other financing sources (uses)</b>			
Transfers in	34,883	42,000	76,883
Transfers out	(185,740)	(100,600)	(286,340)
Bond / loan proceeds	-	-	-
Proceeds from the sale of capital assets	12,653	-	12,653
<b>Total other financing sources (uses)</b>	<b>(138,204)</b>	<b>(58,600)</b>	<b>(196,804)</b>
Net change in fund balances	77,724	(99,440)	(21,716)
Fund balance - beginning	575,949	580,303	1,156,252
Fund balance - ending	\$ 653,673	\$ 480,863	\$ 1,134,536

See accompanying notes to the financial statements.

## CITY OF BURLEY, IDAHO

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ (21,716)

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:

Fixed asset additions - purchased	\$ 237,110	
Fixed asset additions - contributed	-	
Depreciation expense	<u>(749,309)</u>	
Excess of capital outlay over depreciation		(512,199)

Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered as "available" revenues in the governmental funds.

23,053

The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Repayment of loan principal - GOB		255,000
Repayment of loan principal - Other Loans		60,981

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include: Net change in compensated absences

(1,138)

Decrease in accrued interest on long-term debt

(14,700)

Basis in assets sold

-

Internal service funds are used by management to charge the costs of insurance to individual funds. The net revenue/(expense) of the internal service funds are reported with governmental activities - current year

(241,920)

Change in Net Assets of Governmental Activities

\$ (452,639)

See accompanying notes to the financial statements.

## CITY OF BURLEY, IDAHO

Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
General Fund  
Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget: Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 1,768,895	\$ 1,768,895	\$ 1,762,013	\$ (6,882)
Licenses and permits	110,400	110,400	96,397	(14,003)
Intergovernmental	1,253,814	1,253,814	1,383,973	130,159
Charges for services	1,485,900	1,485,900	1,575,644	89,744
Fines	108,000	108,000	103,068	(4,932)
Miscellaneous	727,610	727,610	772,262	44,652
<b>Total revenues</b>	<b>5,454,619</b>	<b>5,454,619</b>	<b>5,693,357</b>	<b>238,738</b>
<b>Expenditures:</b>				
Legislative	424,544	424,544	280,651	143,893
Executive	39,479	39,479	34,943	4,536
Administrative	720,416	720,416	760,641	(40,225)
Legal	89,300	89,300	145,822	(56,522)
Buildings	187,379	187,379	190,808	(3,429)
Police	1,350,000	1,350,000	1,350,000	-
Fire	1,056,151	1,056,151	1,055,080	1,071
Animal control	122,084	122,084	123,140	(1,056)
Streets	677,695	677,695	728,435	(50,740)
Engineering	-	-	-	-
Equipment maintenance	208,345	208,345	215,592	(7,247)
Airport	43,175	43,175	24,177	18,998
Parks and recreation	254,178	254,178	229,343	24,835
Swimming	95,338	95,338	116,726	(21,388)
Cemetery	224,535	224,535	222,071	2,464
Construction	-	-	-	-
<b>Total expenditures</b>	<b>5,492,619</b>	<b>5,492,619</b>	<b>5,477,429</b>	<b>15,190</b>
Excess (deficiency) of revenues over expenditures	(38,000)	(38,000)	215,928	253,928
<b>Other financing sources (uses)</b>				
Transfers in	164,000	164,000	34,883	129,117
Transfers out	(151,000)	(151,000)	(185,740)	(34,740)
Bond / loan proceeds	-	-	-	-
Proceeds from the sale of capital assets	25,000	25,000	12,653	(12,347)
Excess (deficiency) of revenues over expenditures and other sources (uses)	-	-	77,724	77,724
Fund balance - beginning	575,949	575,949	575,949	-
Fund balance - ending	<b>\$ 575,949</b>	<b>\$ 575,949</b>	<b>\$ 653,673</b>	<b>\$ 77,724</b>

See accompanying notes to the financial statements.

**CITY OF BURLEY, IDAHO**

Statement of Net Assets  
Proprietary Funds  
September 30, 2012

	Business-Type Activities Enterprise Funds					Governmental Activities-
	Electric Fund	Water Fund	Wastewater Fund	Nonmajor Funds	Totals	Internal Service Funds
<b>ASSETS</b>						
Cash & Investments	\$ 2,195,653	\$ 640,796	\$ 1,799,917	\$ 301,766	\$ 4,938,132	\$ 624,783
Receivables (Net of Allowances):						
Accounts	368,134	87,688	196,779	45,803	698,404	-
Claims	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-
Inventory	377,366	128,939	-	-	506,305	-
Notes receivable	584,922	-	-	-	584,922	-
Restricted Assets:						
Investments	-	-	-	-	-	-
Capital Assets:						
Land	85,735	242,115	92,452	12,500	432,802	-
Other Capital Assets, Net of Depr	3,285,752	6,618,836	32,085,427	1,056,045	43,046,060	-
<b>Total assets</b>	<b>6,897,562</b>	<b>7,718,374</b>	<b>34,174,575</b>	<b>1,416,114</b>	<b>50,206,625</b>	<b>624,783</b>
<b>LIABILITIES</b>						
Accounts Payable and Accrued Exp	325,206	58,376	235,679	61,496	680,757	276,193
Deferred Revenue	-	-	-	-	-	-
Interest Payable	-	16,683	115,892	-	132,575	-
Due to other fund	-	-	-	-	-	-
Long-Term Liabilities:						
Due Within One Year	-	95,533	697,571	41,267	834,371	-
Due in More Than One Year	-	2,036,551	13,355,778	-	15,392,329	-
<b>Total liabilities</b>	<b>325,206</b>	<b>2,207,143</b>	<b>14,404,920</b>	<b>102,763</b>	<b>17,040,032</b>	<b>276,193</b>
<b>NET ASSETS</b>						
Invested in Capital Assets, net of related debt	3,371,487	4,728,867	18,124,530	1,027,278	27,252,162	-
Restricted for:						
Capital projects	-	-	-	-	-	-
Unrestricted	3,200,869	782,364	1,645,125	286,073	5,914,431	348,590
<b>Total Net Assets</b>	<b>\$ 6,572,356</b>	<b>\$ 5,511,231</b>	<b>\$ 19,769,655</b>	<b>\$ 1,313,351</b>	<b>\$ 33,166,593</b>	<b>\$ 348,590</b>

See accompanying notes to the financial statements.

**CITY OF BURLEY, IDAHO**

Statement of Revenues, Expenses and Changes in Fund Net Assets  
 Proprietary Funds  
 Year Ended September 30, 2011

	Business-Type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Electric Fund	Water Fund	Wastewater Fund	Nonmajor Funds	Totals	
Operating revenues:						
Charges for utilities	\$ 6,386,000	\$ 1,523,933	\$ 3,419,860	\$ 1,278,215	\$ 12,608,008	\$ 1,389,854
Less cost of utilities	(4,015,601)	-	-	-	\$ (4,015,601)	-
Gross profit on utilities	2,370,399	1,523,933	3,419,860	1,278,215	8,592,407	1,389,854
Other service charges	55,630	88,954	45,956	-	190,540	-
Total operating revenues	2,426,029	1,612,887	3,465,816	1,278,215	8,782,947	1,389,854
Operating expenses:						
Salaries	537,836	287,375	404,740	350,099	1,580,050	-
F.I.C.A. taxes	39,705	20,831	29,930	26,890	117,356	-
State retirement	54,078	27,837	41,103	36,964	159,982	-
Workman's compensation	11,931	10,969	15,943	26,727	65,570	-
Health and accident insurance	115,339	89,452	132,527	149,988	487,306	1,631,774
Operating supplies	59,039	151,288	203,937	20,570	434,834	-
Motor fuels and lubricants	15,411	11,187	20,388	115,056	162,042	-
Professional services	9,463	94,995	267,016	3,635	375,109	-
Advertising and printing	1,215	4,501	491	2,297	8,504	-
Insurance	12,000	7,000	26,200	21,000	66,200	-
Memberships, travel and training	39,089	3,713	6,810	1,523	51,135	-
Utilities and telephone	56,729	198,096	387,718	17,875	660,418	-
Rent - buildings and equipment	57,000	33,000	17,348	-	107,348	-
Maintenance expense	141,123	17,014	232,019	195,259	585,415	-
Other purchased services	20,470	13,551	491	131,204	165,716	-
Miscellaneous expense	9,518	3,125	4,688	9,035	26,366	-
Bad debts	23,916	5,695	12,504	2,912	45,027	-
Tax equivalents paid to Gen. Fund	771,940	-	-	-	771,940	-
Depreciation	217,387	289,251	905,333	172,659	1,584,630	-
Administrative services	406,940	120,000	135,000	27,500	689,440	-
Legal services	27,500	25,000	16,300	6,500	75,300	-
Total operating expenses	2,627,629	1,413,880	2,860,486	1,317,693	8,219,688	1,631,774
Operating income (loss)	(201,600)	199,007	605,330	(39,478)	563,259	(241,920)
Non-operating revenues (expenses)						
Grant revenue	-	-	240,873	-	240,873	-
Interest income	22,856	1,671	7,382	-	31,909	-
Interest (expense)	-	(71,422)	(505,449)	(1,783)	(578,654)	-
Total non-operating revenues (exp)	22,856	(69,751)	(257,194)	(1,783)	(305,872)	-
Income/(Loss) before contributions and transfers	(178,744)	129,256	348,136	(41,261)	257,387	(241,920)
Capital Contributions	8,271	117,778	32,000	-	158,049	-
Transfers In	-	-	-	143,740	143,740	-
Transfers Out	-	-	-	-	-	-
Change in Net Assets	(170,473)	247,034	380,136	102,479	559,176	(241,920)
Net Assets Beginning of Year	6,742,829	5,264,197	19,389,519	1,210,872	32,607,417	590,510
Net Assets End of Year	\$ 6,572,356	\$ 5,511,231	\$19,769,655	\$ 1,313,351	\$ 33,166,593	\$ 348,590

See accompanying notes to the financial statements.

**CITY OF BURLEY, IDAHO**

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended September 30, 2012

	Business-Type Activities Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Electric Fund	Water Fund	Wastewater Fund	Nonmajor Funds		
Cash flows provided by operating activities:						
Receipts from customers and users	\$ 6,450,866	\$ 1,602,985	\$ 3,456,538	\$ 1,272,718	\$ 12,783,107	\$ 1,389,854
Payments to suppliers	(5,502,928)	(717,372)	(1,407,926)	(785,745)	(8,413,971)	\$ (1,415,708)
Payments to employees	(537,836)	(287,375)	(404,740)	(350,099)	(1,580,050)	-
Payments for interfund services used	(434,440)	(145,000)	(151,300)	(34,000)	(764,740)	-
Other receipts/(payments)	-	-	-	-	-	-
Net cash provided (used) by operating activities	(24,338)	453,238	1,492,572	102,874	2,024,346	(25,854)
Cash flows from noncapital and related financing activities:						
Grants received	-	-	240,873	-	240,873	-
Transfers from (to) other funds	-	-	-	143,740	143,740	-
Net cash provided (used) by noncapital and related financing activities	-	-	240,873	143,740	384,613	-
Cash flows from capital and related financing activities:						
Proceeds from long-term debt	-	-	-	-	-	-
Capital contributions	8,271	117,778	32,000	-	158,049	-
Principal and interest paid on long-term debt	-	(164,193)	(1,184,281)	(142,459)	(1,490,933)	-
Transfer to restricted assets	-	-	-	-	-	-
Acquisition of capital assets	(235,112)	(134,746)	(649,120)	(51,645)	(1,070,623)	-
Net cash used by capital and related financing activities	(226,841)	(181,161)	(1,801,401)	(194,104)	(2,403,507)	-
Cash flows from investing activities:						
Loans to other funds	-	-	-	-	-	-
Principal received on loans to other fund	100,658	-	-	-	100,658	-
Interest received on Investments	22,856	1,671	7,382	1,008	32,917	-
Net cash provided by investing activities	123,514	1,671	7,382	1,008	133,575	-
Net increase (decrease) in cash	(127,665)	273,748	(60,574)	53,518	139,027	(25,854)
Cash at beginning of year (including restricted)	2,393,318	367,048	1,860,491	248,248	4,869,105	650,637
Cash at end of year (including restricted)	<u>\$ 2,265,653</u>	<u>\$ 640,796</u>	<u>\$ 1,799,917</u>	<u>\$ 301,766</u>	<u>\$ 5,008,132</u>	<u>\$ 624,783</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ (201,600)	\$ 199,007	\$ 605,330	\$ (39,478)	\$ 563,259	\$ (241,920)
Depreciation & amortization	217,387	289,251	905,333	172,659	1,584,630	-
(Increase) decrease in accounts receivable	9,236	(9,902)	(9,278)	(5,497)	(15,441)	-
Increase (decrease) in payables	(13,949)	(34,561)	(8,813)	(24,810)	(82,133)	216,066
(Increase) decrease in inventory	(35,412)	9,443	-	-	(25,969)	-
Net cash provided (used) by operating activities	<u>\$ (24,338)</u>	<u>\$ 453,238</u>	<u>\$ 1,492,572</u>	<u>\$ 102,874</u>	<u>\$ 2,024,346</u>	<u>\$ (25,854)</u>

See accompanying notes to the financial statements.

## CITY OF BURLEY, IDAHO

Statement of Fiduciary Net Assets  
Fiduciary Funds  
September 30, 2012

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	<b>Burley Library Building Fund</b>	<b>Community Projects Fund</b>	<b>Total Fiduciary Funds</b>
<b>ASSETS</b>			
Cash & Investments	\$ 161,755	\$ 23,520	\$ 185,275
Prepaid Expenses	-	-	-
Other Assets	-	-	-
Total assets	<u>161,755</u>	<u>23,520</u>	<u>185,275</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	-	-	-
Deferred Revenue	-	-	-
Interest Payable	-	-	-
Long-Term Liabilities - Note 6:			
Due Within One Year	-	-	-
Due in More Than One Year	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>			
Held in Trust	<u>161,755</u>	<u>23,520</u>	<u>185,275</u>
Total Net Assets	<u>\$ 161,755</u>	<u>\$ 23,520</u>	<u>\$ 185,275</u>

See accompanying notes to the financial statements.

## CITY OF BURLEY, IDAHO

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended September 30, 2012

	<b>Burley Library Building Fund</b>	<b>Community Projects Fund</b>	<b>Total Fiduciary Funds</b>
<b>ADDITIONS:</b>			
Donations	\$ 8,713	\$ 43,386	\$ 52,099
Investment earnings	1,768	-	1,768
Total additions	10,481	43,386	53,867
<b>DEDUCTIONS:</b>			
Community projects	-	45,889	45,889
Library construction	-	-	-
Other expenses	-	87	87
Total deductions	-	45,976	45,976
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	100,600	-	100,600
Transfers out	-	-	-
<b>CHANGE IN NET ASSETS:</b>			
Net assets - beginning of year	111,081	(2,590)	108,491
Net assets - end of year	\$ 161,755	\$ 23,520	\$ 185,275

See accompanying notes to the financial statements.

## CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2012

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Burley have been prepared in conformity with the 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 and business-type activities and to its enterprise funds, provided they do not conflict with or contradict GASB pronouncements. The significant accounting policies of the City are described below.

#### A. Reporting Entity

The City of Burley was incorporated April 10, 1905. The City operates under a Mayor-City Council form of government. The six-member City Council and Mayor have governing responsibilities over all of the activities relating to the City of Burley. The City provides the following services: Public safety, public works, recreation and community development.

The component unit, the Burley Development Authority (BDA), is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. The BDA's activities are presented in a separate column in the accompanying financial statements. The BDA is a separate and distinct legal entity authorized by state statute but does not have fiscal independence from the City. The commissioners are appointed by the Mayor and approved by the City Council and at termination of the BDA, the assets of the BDA revert to the City.

#### B. Government-Wide Financial Statements

The government-wide financial statements, which are the statement of net assets and the statement of activities, report information on all of the non-fiduciary activities of the primary government and component unit. 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.

The statement of net assets presents the financial condition of the governmental and business-type activities for the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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.

#### C. Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

## CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2012

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### D. 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 fund and fiduciary fund financial statements. 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 City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period and other revenues if they are collected within 90 days of the end of the current 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.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary funds:

The Electric fund accounts for the operations of providing electricity to the citizens of the City.

The Water Fund accounts for the operations of providing water to the citizens of the City.

The Wastewater Fund accounts for the operations of the City's wastewater system.

As a general rule, the effect of interfund activity is eliminated from the government-wide financial statements. An exception to this rule is for payments from the Enterprise Funds to the General Fund for accounting and billing services rendered and rent of facilities. Elimination of these charges would distort the direct costs and program revenues of the funds involved.

Amounts reported as program revenues include charges to customers for goods and services, operating grants and contributions, and capital grants and contributions. All taxes are reported as general revenues as are internally dedicated resources.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating revenues and expenses.

# CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2012

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## E. Deposits and Investments

*Deposits:* Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial credit risk. At year end, \$8,269,002 of the City's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Investments:* Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the City held the following investments:

<u>Investment Type</u>	<u>Fair Value</u>		
Idaho State Local Government Investment Pool	\$ 630,751	132 days	Maturity

These investments are unrated external investment pools sponsored by the Idaho State Treasurer's Office. They are classified as "Investments in an External Investment Pool" and are exempt from custodial credit risk and concentration of credit risk reporting. Interest rate risk is summarized as follows: Asset-backed securities are reported using weighted average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

The elected Idaho State Treasurer, following Idaho Code, Section 67-2328, is authorized to sponsor an investment pool in which the City voluntarily participates. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body - oversight is with the State Treasurer, and Idaho Code defines allowable investments. All investments are entirely insured or collateralized with securities held by the Pool or by its agent in the Pool's name. And the fair value of the City's position in the external investment pool is the same as the value of the pool shares.

*Credit Risk:* The City's policy is to comply with Idaho State statutes which authorize the City to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.

*Interest rate risk and concentration of credit risk:* The City has no policy regarding these two investment risk categories.

## F. Inventory

Inventories are valued at the lower of cost (first-in, first-out basis) or market. See Note 3.

## G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, lighting systems and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation are removed, and any gain or loss arising from its disposal is credited or charged to operations. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

## CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2012

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Depreciation of all exhaustible fixed assets is charged as an expense against operations. Capital assets are reported net of accumulated depreciation on the statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25-40 years
Improvements	10-45 years
Equipment	3-10 years

### H. Long-Term Liabilities

Long-term liabilities consist of bonds, notes, and other indebtedness including material liabilities associated with compensated absences.

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets.

### I. Budgets and Budgetary Accounting

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

1. Prior to August 1, the City Clerk's office, after consultation with the various department heads, submits to the city councilmen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. At the regular council meeting on the 1st Tuesday in August the tentative budget is submitted to the councilmen and cleared for publications and public comment.
3. A public hearing is held at the regular council meeting on the 1st Tuesday in September to obtain public comment. After public comment, the budget is finalized and legally adopted.
4. Revisions to the budget can only be made by court order, public hearing or certain emergencies as defined by law.
5. Formal budgetary integration is employed as a management control device during the year for all Funds of the City.
6. Encumbrance accounting is not used for budget purposes and appropriations lapse at year end.

### J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

Accumulated unpaid vacation, sick pay, and other employee benefit amounts are accrued in the proprietary funds and the governmental funds in the statement of net assets.

### K. Encumbrances

Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City because it is not considered necessary at present to assure effective budgetary control or to facilitate effective cash planning and control.

### L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements

September 30, 2012

M. Application of Restricted or Unrestricted Resources

The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**NOTE 2: ACCOUNTS RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLES**

An allowance for uncollectible utility accounts has been determined to be approximately equal to utility receivables outstanding 90 days or more, which totals \$476,845.

The City has not experienced any significant loss of delinquent taxes receivable in past years and, therefore, does not consider it necessary to establish any allowance for uncollectible taxes receivable.

**NOTE 3: INVENTORIES**

Cost of electrical fund and water and sewer fund materials and supplies inventories are determined by the first-in, first-out method (FIFO) and are stated at the lower of cost or market. Electric fund inventory at September 30, 2012 was \$377,366, consisting of electrical system replacement parts. Water fund inventory was \$128,939 consisting of water supply parts. Sewer fund inventory is considered immaterial.

**NOTE 4: CAPITAL ASSETS**

A summary of changes in capital assets follows:

**Primary Government**

	Balance 9/30/11	Additions	Deletions	Balance 9/30/12
<u>Governmental Activities</u>				
<b>Cost / Historical Value</b>				
Land (non-depreciable)	\$ 10,756,792	\$ -	\$ -	\$ 10,756,792
Buildings	8,729,021	-	-	8,729,021
Improvements other than buildings	10,447,336	-	-	10,447,336
Infrastructure assets	5,788,799	82,000	-	5,870,799
Equipment	2,875,917	155,110	-	3,031,027
<b>Total</b>	<b>38,597,865</b>	<b>237,110</b>	<b>-</b>	<b>38,834,975</b>
<b>Accumulated Depreciation:</b>				
Buildings	2,253,836	202,415	-	2,456,251
Improvements other than buildings	2,711,461	257,052	-	2,968,513
Infrastructure assets	595,344	137,291	-	732,635
Equipment	1,524,578	152,551	-	1,677,129
<b>Total</b>	<b>7,085,219</b>	<b>749,309</b>	<b>-</b>	<b>7,834,528</b>
<b>Net Book Value:</b>				
Land (non-depreciable)	10,756,792	-	-	10,756,792
Buildings	6,475,185	(202,415)	-	6,272,770
Improvements other than buildings	7,735,875	(257,052)	-	7,478,823
Infrastructure assets	5,193,455	(55,291)	-	5,138,164
Equipment	1,351,339	2,559	-	1,353,898
<b>Total</b>	<b>\$ 31,512,646</b>	<b>\$ (512,199)</b>	<b>\$ -</b>	<b>\$ 31,000,447</b>

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements

September 30, 2012

	Balance 9/30/11	Additions	Deletions	Balance 9/30/12
<u>Business-type Activities</u>				
<u>Electric Fund</u>				
<b>Cost / Historical Value</b>				
Land (non-depreciable)	\$ 85,735	\$ -	\$ -	\$ 85,735
Buildings	352,131	-	-	352,131
Improvements other than buildings	7,171,439	62,213	-	7,233,652
Equipment	1,036,443	172,899	(61,936)	1,147,406
<b>Total</b>	<b>8,645,748</b>	<b>235,112</b>	<b>(61,936)</b>	<b>8,818,924</b>
 <b>Accumulated Depreciation:</b>				
Buildings	205,248	5,893	-	211,141
Improvements other than buildings	4,379,826	124,275	-	4,504,101
Equipment	706,911	87,219	(61,936)	732,194
<b>Total</b>	<b>5,291,985</b>	<b>217,387</b>	<b>(61,936)</b>	<b>5,447,436</b>
 <b>Net Book Value:</b>				
Land (non-depreciable)	85,735	-	-	85,735
Buildings	146,883	(5,893)	-	140,990
Improvements other than buildings	-	(62,062)	-	2,729,551
Equipment	329,532	85,680	-	415,212
<b>Total</b>	<b>\$ 3,353,763</b>	<b>\$ 17,725</b>	<b>\$ -</b>	<b>\$ 3,371,488</b>
 <u>Water Fund</u>				
<b>Cost / Historical Value</b>				
Land (non-depreciable)	\$ 242,115	\$ -	\$ -	\$ 242,115
Buildings	528,848	-	-	528,848
Improvements other than buildings	10,614,044	134,746	-	10,748,790
Equipment	529,381	-	-	529,381
<b>Total</b>	<b>11,914,388</b>	<b>134,746</b>	<b>-</b>	<b>12,049,134</b>
 <b>Accumulated Depreciation:</b>				
Buildings	353,353	13,221	-	366,574
Improvements other than buildings	4,060,934	260,459	-	4,321,393
Equipment	484,644	15,571	-	500,215
<b>Total</b>	<b>4,898,931</b>	<b>289,251</b>	<b>-</b>	<b>5,188,182</b>
 <b>Net Book Value:</b>				
Land (non-depreciable)	242,115	-	-	242,115
Buildings	175,495	(13,221)	-	162,274
Improvements other than buildings	6,553,110	(125,713)	-	6,427,397
Equipment	44,737	(15,571)	-	29,166
<b>Total</b>	<b>\$ 7,015,457</b>	<b>\$ (154,505)</b>	<b>\$ -</b>	<b>\$ 6,860,952</b>

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements

September 30, 2012

	Balance				Balance
	9/30/11	Additions	Deletions		9/30/12
<u>Wastewater Fund</u>					
<b>Cost / Historical Value</b>					
Land (non-depreciable)	\$ 92,452	\$ -	\$ -		\$ 92,452
Buildings	1,590,416	-	-		1,590,416
Improvements other than buildings	37,005,518	636,066	-		37,641,584
Equipment	670,430	13,054	-		683,484
<b>Total</b>	<b>39,358,816</b>	<b>649,120</b>	<b>-</b>		<b>40,007,936</b>
<b>Accumulated Depreciation:</b>					
Buildings	282,533	36,577	-		319,110
Improvements other than buildings	6,080,335	842,584	-		6,922,919
Equipment	561,858	26,172	-		588,030
<b>Total</b>	<b>6,924,726</b>	<b>905,333</b>	<b>-</b>		<b>7,830,059</b>
<b>Net Book Value:</b>					
Land (non-depreciable)	92,452	-	-		92,452
Buildings	1,307,883	(36,577)	-		1,271,306
Improvements other than buildings	30,925,183	(206,518)	-		30,718,665
Equipment	108,572	(13,118)	-		95,454
<b>Total</b>	<b>\$ 32,434,090</b>	<b>\$ (256,213)</b>	<b>\$ -</b>		<b>\$ 32,177,877</b>
<u>Sanitation Fund</u>					
<b>Cost / Historical Value</b>					
Land (non-depreciable)	\$ 12,500	\$ -	\$ -		\$ 12,500
Buildings	-	-	-		-
Improvements other than buildings	-	-	-		-
Equipment	1,974,721	51,645	-		2,026,366
<b>Total</b>	<b>1,987,221</b>	<b>51,645</b>	<b>-</b>		<b>2,038,866</b>
<b>Accumulated Depreciation:</b>					
Buildings	-	-	-		-
Improvements other than buildings	-	-	-		-
Equipment	1,485,356	104,971	-		1,590,327
<b>Total</b>	<b>1,485,356</b>	<b>104,971</b>	<b>-</b>		<b>1,590,327</b>
<b>Net Book Value:</b>					
Land (non-depreciable)	12,500	-	-		12,500
Buildings	-	-	-		-
Improvements other than buildings	-	-	-		-
Equipment	489,365	(53,326)	-		436,039
<b>Total</b>	<b>\$ 501,865</b>	<b>\$ (53,326)</b>	<b>\$ -</b>		<b>\$ 448,539</b>

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements  
September 30, 2012

	Balance 9/30/11	Additions	Deletions	Balance 9/30/12
<u>Golf Fund</u>				
<b>Cost / Historical Value</b>				
Land (non-depreciable)	\$ -	\$ -	\$ -	\$ -
Buildings	488,515	-	(4,959)	483,556
Improvements other than buildings	628,525	-	(10,628)	617,897
Equipment	633,979	-	(153,179)	480,800
<b>Total</b>	<b>1,751,019</b>	<b>-</b>	<b>(168,766)</b>	<b>1,582,253</b>
<b>Accumulated Depreciation:</b>				
Buildings	167,511	12,725	(4,959)	175,277
Improvements other than buildings	426,855	26,397	(10,628)	442,624
Equipment	468,960	28,566	(153,179)	344,347
<b>Total</b>	<b>1,063,326</b>	<b>67,688</b>	<b>(168,766)</b>	<b>962,248</b>
<b>Net Book Value:</b>				
Land (non-depreciable)	-	-	-	-
Buildings	321,004	(12,725)	-	308,279
Improvements other than buildings	201,670	(26,397)	-	175,273
Equipment	165,019	(28,566)	-	136,453
<b>Total</b>	<b>\$ 687,693</b>	<b>\$ (67,688)</b>	<b>\$ -</b>	<b>\$ 620,005</b>

Depreciation was charged to functions/programs of the governmental activities as follows:

General Government	\$ 417,276
Public Safety	55,961
Highways & Streets	168,970
Parks & Recreation	60,794
Public Works	15,572
Airport	22,646
Library	8,090
<b>Total Governmental Activities Depreciation</b>	<b>\$ 749,309</b>

All depreciable capital assets are being depreciated using the straight-line method over the respective estimated lives described in Note 1. The City elected to phase in reporting of existing infrastructure assets acquired between 1980 and 2003, as allowed for Phase 2 governments during the GASB 34 transition period. All infrastructure assets acquired during that time period have been reported with financial statements beginning with the year ended September 30, 2007. Infrastructure assets which had not previously been reported consist mainly of streets, curb and gutter, stop lights and street lights.

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements  
September 30, 2012

**Discretely presented component unit - Burley Development Authority**

A summary of changes in capital assets follows:

	Balance			Balance	
	9/30/11	Additions	Deletions	9/30/12	
<u>Governmental Activities</u>					
<b>Cost / Historical Value</b>					
Land (non-depreciable)	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	-	-	-	-	-
Improvements other than buildings	-	-	-	-	-
Infrastructure assets	-	-	-	-	-
Equipment	-	117,160	(117,160)	-	-
<b>Total</b>	-	117,160	(117,160)	-	-
<b>Accumulated Depreciation:</b>					
Buildings	-	-	-	-	-
Improvements other than buildings	-	-	-	-	-
Infrastructure assets	-	-	-	-	-
Equipment	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>Net Book Value:</b>					
Land (non-depreciable)	-	-	-	-	-
Buildings	-	-	-	-	-
Improvements other than buildings	-	-	-	-	-
Infrastructure assets	-	-	-	-	-
Equipment	-	117,160	(117,160)	-	-
<b>Total</b>	\$ -	\$ 117,160	\$ (117,160)	\$ -	\$ -

**NOTE 5: RETIREMENT PLAN**

The City participates in the Public Employee Retirement System of Idaho, (PERSI). The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI.

After five 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 retirement allowance is 2.0% (2.3% police/firefighters) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website [www.persi.idaho.gov](http://www.persi.idaho.gov)

The actuarially determined contribution requirements for the City of Burley and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2012, the required contribution rates, as determined by PERSI are as follows:

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements  
September 30, 2012

	<u>Employer</u>	<u>Employee</u>
General Member	10.39%	6.23%
Police/Firefighter Member	10.73%	7.69%

The City's contributions required and paid were \$414,187, \$409,474 and \$407,403 for the three years ended September 30, 2012, 2011, and 2010 respectively.

**NOTE 6: LONG-TERM DEBT**

**Long-term debt activity for the primary government is as follows:**

Compensated absences:

Changes in compensated absences for the year are as follows:

	<u>Beginning Balance</u>	<u>Increase/ (Decrease)</u>	<u>Ending Balance</u>
General Fund	\$ 116,392	\$ (535)	\$ 115,857
Library Fund	9,132	(603)	8,529
Electric Fund	44,371	3,103	47,474
Water Fund	13,169	945	14,114
Sewer Fund	30,586	(247)	30,339
Sanitation Fund	9,834	680	10,514
Golf Fund	13,362	(5,543)	7,819
Totals	<u>\$ 236,846</u>	<u>\$ (2,200)</u>	<u>\$ 234,646</u>

Capital Leases:

The City has entered into lease and purchase agreements for financing the acquisition of various pieces of equipment and property. The annual requirements to amortize each of the agreements are as follows:

General Fund

<u>Item</u>	<u>Int. Rate</u>	<u>Due Year Ending 9/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fire Truck	3.80%	2013	\$ 42,570	\$ 8,162	\$ 50,732
		2014	44,216	6,516	50,732
		2015	45,926	4,806	50,732
		2016	47,701	3,030	50,731
		2017	50,274	1,831	52,105
Total - Fire Truck			<u>\$ 230,687</u>	<u>\$ 24,345</u>	<u>\$ 255,032</u>

<u>Item</u>	<u>Int. Rate</u>	<u>Due Year Ending 9/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Cem. Mower	3.50%	2013	\$ 11,794	\$ 689	\$ 12,483
		2014	12,214	269	12,483
		2015	1,038	3	1,041
Total - Cemetery Mower			<u>\$ 25,046</u>	<u>\$ 961</u>	<u>\$ 26,007</u>

<u>Item</u>	<u>Int. Rate</u>	<u>Due Year Ending 9/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Parks Mower	3.50%	2013	\$ 8,778	\$ 513	\$ 9,291
		2014	9,169	200	9,369
Total - Parks Mower			<u>\$ 17,947</u>	<u>\$ 713</u>	<u>\$ 18,660</u>

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements  
September 30, 2012

Golf Fund

Item	Int. Rate	Due Year Ending 9/30	Principal	Interest	Total
Golf Carts	4.00%	2013	\$ 41,267	\$ 899	\$ 42,166
Total Golf Carts			\$ 41,267	\$ 899	\$ 42,166
Total Golf Fund			\$ 41,267	\$ 899	\$ 42,166

Revenue Refunding Bonds - Series 2012B:

The City issued revenue refunding bonds on June 21, 2012 in the amount of \$2,645,000, including an amortizable premium of \$413,925, and bearing a coupon rate varying from 3% to 5%. These revenue refunding bonds replaced the Series 2003 General Obligation Bonds, which were refunded. The annual requirements to amortize the bonds are as follows:

Year Ending Sept. 30	Principal	Interest	Total
2013	250,000	105,325	355,325
2014	245,000	105,325	350,325
2015	250,000	98,575	348,575
2016	255,000	91,675	346,675
2017	260,000	85,800	345,800
2018 - 2023	1,785,000	286,400	2,071,400
Totals	3,045,000	773,100	3,818,100

Wastewater - State of Idaho DEQ Revolving Loan:

The City issued a Sewer Revenue Bond which was purchased by the State of Idaho, Department of Health and Welfare, Division of Environmental Quality on January 17, 2008. The Bond partially funded the replacement of the municipal wastewater treatment plant previously operated by the City. The Bond requires equal semi-annual payments, bearing interest at 3.5%, as follows:

Year Ending Sept. 30	Principal	Interest	Total
2013	697,571	486,484	1,184,055
2014	722,199	461,855	1,184,054
2015	747,697	436,357	1,184,054
2016	774,096	409,959	1,184,054
2017	801,426	382,628	1,184,054
2018 - 2028	10,310,360	2,103,148	12,413,508
Totals	14,053,349	4,280,431	18,333,780

Water (Well #7) - State of Idaho DEQ Revolving Loan:

The City issued a Water Revenue Bond which was purchased by the State of Idaho, Department of Health and Welfare, Division of Environmental Quality on July 8, 2009. The Bond funded construction of Well #7 and related storage facility. The Bond requires equal semi-annual payments, bearing interest at 3.25%, as follows:

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements  
September 30, 2012

Year Ending Sept. 30	Principal	Interest	Total
2013	95,533	68,661	164,194
2014	98,663	65,531	164,194
2015	101,896	62,298	164,194
2016	105,234	58,960	164,194
2017	108,682	55,512	164,194
2018 - 2028	1,622,076	352,125	1,974,201
Totals	2,132,084	663,087	2,795,171

A summary of changes in long-term debt is as follows:

	Balance at 9/30/2011	Additions	Reductions	Balance at 9/30/2012
Compensated Absences	\$ 236,846	\$ -	\$ (2,200)	\$ 234,646
Capital Leases - Gen Fund	334,661	-	(60,981)	273,680
Capital Leases - Golf Fund	180,935	-	(79,588)	101,347
General Obligation Bonds - Series 2003	3,300,000	-	(3,300,000)	-
General Obligation Bonds - Series 2012B	-	3,075,000	(30,000)	3,045,000
Water(well) DEQ Loan	2,227,457	-	(95,373)	2,132,084
Wastewater DEQ Loan	14,728,028	-	(674,679)	14,053,349
Totals	\$ 21,007,927	\$ 3,075,000	\$ (4,242,821)	\$ 19,840,106

Information on other debt (Local Improvement Districts):

The city has assisted in the creation of LIDs (Local Improvement Districts) for street improvements for Stevens Place LID #1 (completed) & North Burley LID #2 (in process) located within the City. The assessments to home owners and the bond payments on the bonds issued for the cost of these improvements are being handled by the City acting as an agent for the LID. The City is not liable for payments or potential defaults on the bonds. The amount of debt is \$25,832 from DL Evans Bank for LID #1 & \$200,000 for LID #2 which was loaned by the Electric Fund.

The City has also assisted in the creation of additional LIDs for infrastructure projects on commercial developments in West Burley which guarantee debt owed by the Burley Development Authority. No debt has been issued by these LIDs.

**Long-term debt activity for the component unit is as follows:**

The Burley Development Authority (BDA) has issued 4 bonds as detailed below:

BDA Urban Renewal Bond - 2007:

The Burley Development Authority issued an urban renewal bond on June 22, 2007 in the amount of \$1,185,410, bearing an interest rate of 5.5%. The bond proceeds were used to pay for infrastructure improvements in the North Burley urban renewal area and will be repaid by the incremental tax increases of new taxable property within the urban renewal area. The annual payments to amortize the bond are as follows:

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements

September 30, 2012

Year Ending Sept. 30	Principal	Interest	Total
2013	\$ 72,198	\$ 51,416	\$ 123,614
2014	76,169	47,445	123,614
2015	80,358	43,256	123,614
2016	84,778	38,836	123,614
2017	89,440	34,173	123,613
2018-2022	528,153	91,726	619,879
Totals	\$ 931,096	\$ 306,852	\$ 1,237,948

**BDA Urban Renewal Bond - Series 2009A:**

The Burley Development Authority issued an urban renewal bond on June 16, 2009, in the amount of \$2,997,000, bearing an interest rate of 8.50%. The bond proceeds are being used to pay for infrastructure improvements in the urban renewal area of west of Burley and will be repaid by the incremental tax increases of new taxable property within the urban renewal area. The annual payments to amortize the bond are as follows:

Year Ending Sept. 30	Principal	Interest	Total
2013	\$ 134,000	\$ 223,125	\$ 357,125
2014	146,000	211,735	357,735
2015	158,000	199,325	357,325
2016	171,000	185,895	356,895
2017	186,000	171,360	357,360
2018 - 2024	1,830,000	672,605	2,502,605
Totals	\$ 2,625,000	\$ 1,664,045	\$ 4,289,045

**BDA Urban Renewal Bond - Series 2009B:**

The Burley Development Authority issued an urban renewal bond on June 16, 2009, in the amount of \$3,639,000, bearing an interest rate of 8.5%. The bond proceeds are being used to pay for infrastructure improvements in the 'Pacific Ethanol' area of West Burley urban renewal area and will be repaid by the incremental tax increases of new taxable property within the urban renewal area. The annual payments to amortize the bond are as follows:

Year Ending Sept. 30	Principal	Interest	Total
2013	\$ 163,000	\$ 270,980	\$ 433,980
2014	177,000	257,125	434,125
2015	192,000	242,080	434,080
2016	208,000	225,760	433,760
2017	226,000	208,080	434,080
2018 - 2024	2,222,000	816,850	3,038,850
Totals	\$ 3,188,000	\$ 2,020,875	\$ 5,208,875

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements

September 30, 2012

**BDA Urban Renewal Bond - Series 2008A**

The Burley Development Authority issued an urban renewal bond on March 1, 2009 in the amount of \$3,700,000, bearing an interest rate of 6%. The bond was issued to DOT Foods, Inc. as a cost reimbursement and construction incentive for locating within the urban renewal area and will be repaid by the incremental tax increases of new taxable property within the urban renewal area. The annual payments to amortize the bond are as follows:

Year Ending	Principal	Interest	Total
Sept. 30			
2013	\$ 30,720	\$ 208,932	\$ 239,652
2014	32,591	207,061	239,652
2015	34,575	205,076	239,651
2016	36,982	202,669	239,651
2017	39,234	200,417	239,651
2018 - 2025	3,311,640	1,507,894	4,819,534
Totals	<u>\$ 3,485,742</u>	<u>\$ 2,532,049</u>	<u>\$ 6,017,791</u>

A summary of changes in BDA long-term debt is as follows:

	9/30/2011	Additions	Reductions	9/30/2012
Urban Renewal Bond 2007	\$ 1,001,012	\$ -	\$ (69,916)	\$ 931,096
Urban Renewal Bond 2009A	2,749,000	-	(124,000)	2,625,000
Urban Renewal Bond 2009B	3,338,000	-	(150,000)	3,188,000
Urban Renewal Bond 2008A	3,514,929	-	(29,187)	3,485,742
Kunau Park Loan	34,882	-	(34,882)	-
Totals	<u>\$ 10,637,823</u>	<u>\$ -</u>	<u>\$ (407,985)</u>	<u>\$ 10,229,838</u>

**NOTE 7: RISK MANAGEMENT/INSURANCE COVERAGE**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred most of its risk by purchasing commercial insurance.

Workman's Compensation insurance is purchased through the Idaho State Insurance Fund.

Airport owners and operators general liability insurance is purchased through Old Republic Insurance

**NOTE 8: LITIGATION AND CONTINGENT LIABILITIES**

The City has received several tort claims which have been forwarded to the City's insurance carrier. No lawsuits have been filed and it is not possible to assess the outcome of the claims.

**NOTE 9: COMMITMENTS AND FUTURE PROJECTS**

The City continues to evaluate upgrade needs at the Industrial Waste Water Treatment Plant it received from the JR Simplot Company in 2004. Engineering studies project that costs to upgrade this facility for future businesses entering the area will be approximately \$8,550,000. Partial funding for this upgrade has been obtained from grants. Other sources are being sought as the need for the capacity is determined.

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements  
September 30, 2012

**NOTE 10: PROPERTY TAXES - DEFERRED REVENUE**

Property taxes are levied by the 2nd Monday in September, in conformity with Title 31, Section 1605, of the Idaho State Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before December 20 and June 20 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the fiscal year.

The deferred revenue account in the General Fund represents the taxes receivable after 60 days of the

**NOTE 11: STATEMENT OF CASH FLOWS**

For purposes of the statement of cash flows, the Enterprise Funds consider all checking and certificates of deposit with maturity dates within 90 days to be cash equivalents.

Required supplemental information for the statement of cash flows: Cash paid for interest during the year: \$578,654.

**NOTE 12: INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at September 30, 2012, consisted of the following individual fund receivables and payables which are presented in the financial statements as negative cash balances (pooled cash).

Fund	Receivable	Payable
<hr/>		
Combined City Pooled Cash:		
Various Funds below:	\$ 62,467	\$ -
Owed by Various Funds:		
General Fund	-	-
Grant Fund	-	62,467
Total	<u>\$ 62,467</u>	<u>\$ 62,467</u>

**NOTE 13: EXPENDITURES IN EXCESS OF BUDGET**

Actual expenditures in the General Obligation Bond Fund exceeded budgeted expenditures by \$59,880. Actual expenditures in the Water Fund exceeded budgeted expenditures by \$145,302. Actual expenditures in the General Fund exceeded budgeted expenditures by \$19,550.

**NOTE 14: COMPONENT UNIT - BURLEY DEVELOPMENT AUTHORITY**

Burley Development Authority is an urban renewal agency created by and existing under the Local Development Act, Chapter 29, Title 50 of the Idaho Code, and is an independent public body. As explained in note 1, the BDA was determined to be a component unit of the City of Burley. As provided by the Idaho Code, the BDA uses tax revenue allocation financing to: encourage private development in the urban renewal area, prevent and arrest decay of the urban renewal area, encourage taxing districts to cooperate in the allocation of future tax revenues to facilitate the long-term growth of their common tax bases and other public purposes.

The accounting and reporting policies of the BDA are consistent with the City of Burley as explained earlier in these financial statements. Required disclosures relating to fixed assets and long-term debt are included within these financial statements as previously noted.

**CITY OF BURLEY, IDAHO**

Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2012

	<b>Library Fund</b>	<b>Gen. Oblig. Bond Fund</b>	<b>Grant &amp; Construction Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 227,322	\$ -	\$ -	\$ 227,322
Receivables (net of allowances):				
Property Taxes	-	-	-	-
Accounts	-	-	-	-
Notes	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	282,629	282,629
<b>Total assets</b>	<b>\$ 227,322</b>	<b>\$ -</b>	<b>\$ 282,629</b>	<b>\$ 509,951</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Vouchers payable	\$ 18,888	\$ -	\$ 10,200	\$ 29,088
Accrued liabilities	-	-	-	-
Utility customer deposits	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total liabilities</b>	<b>18,888</b>	<b>-</b>	<b>10,200</b>	<b>29,088</b>
<b>Fund Balance:</b>				
<b>Reserved for:</b>				
Capital projects	-	-	-	-
Unreserved	208,434	-	272,429	480,863
<b>Total fund balances</b>	<b>208,434</b>	<b>-</b>	<b>272,429</b>	<b>480,863</b>
<b>Total liabilities and fund balances</b>	<b>\$ 227,322</b>	<b>\$ -</b>	<b>\$ 282,629</b>	<b>\$ 509,951</b>

See accompanying notes to the financial statements.

**CITY OF BURLEY, IDAHO**

Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
Year Ended September 30, 2011

	<b>Library Fund</b>	<b>Gen. Oblig. Bond Fund</b>	<b>Grant &amp; Construction Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>				
Taxes	\$ 359,790	\$ 409,450	\$ -	\$ 769,240
Charges for services	6,966	-	-	6,966
Fines	15,419	-	-	15,419
Grants / Donations	8,716	-	617,112	625,828
Interest Income	1,020	-	-	1,020
Miscellaneous	4,645	-	-	4,645
<b>Total revenues</b>	<b>396,556</b>	<b>409,450</b>	<b>617,112</b>	<b>1,423,118</b>
<b>Expenditures:</b>				
Salaries	185,978	-	-	185,978
FICA taxes	13,533	-	-	13,533
Retirement	14,005	-	-	14,005
Workman's compensation	761	-	-	761
Group insurance	44,384	-	-	44,384
Operating supplies	69,628	-	-	69,628
Minor equipment	808	-	-	808
Professional services	15,306	3,668	79,234	98,208
Printing, advertising and public relations	1,955	-	-	1,955
Insurance	6,180	-	-	6,180
Memberships, travel and training	2,903	-	-	2,903
Cleaning	4,460	-	-	4,460
Telephone	1,256	-	-	1,256
Utilities	3,549	-	-	3,549
Computer costs	25,643	-	-	25,643
Maintenance	8,254	-	-	8,254
Miscellaneous	7,471	-	-	7,471
Administrative service	2,000	-	-	2,000
Debt service - principal	-	255,000	-	255,000
Debt service - interest	-	150,782	-	150,782
Capital outlays	4,521	-	562,679	567,200
<b>Total expenditures</b>	<b>412,595</b>	<b>409,450</b>	<b>641,913</b>	<b>1,463,958</b>
Excess of revenues over (under) expenditures	(16,039)	-	(24,801)	(40,840)
<b>Other financing sources (uses)</b>				
Transfers in	42,000	-	-	42,000
Transfers out	(100,600)	-	-	(100,600)
Proceeds from the sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(58,600)</b>	<b>-</b>	<b>-</b>	<b>(58,600)</b>
Net change in fund balances	(74,639)	-	(24,801)	(99,440)
Fund balance - beginning	283,073	-	297,230	580,303
Fund balance - ending	\$ 208,434	\$ -	\$ 272,429	\$ 480,863

See accompanying notes to the financial statements.

**CITY OF BURLEY, IDAHO**

Combining Statement of Net Assets  
Nonmajor Proprietary Funds  
September 30, 2012

	<b>Business-Type Activities Enterprise Funds</b>		
	<b>Sanitation Fund</b>	<b>Golf Fund</b>	<b>Total Nonmajor Proprietary Funds</b>
<b>ASSETS</b>			
Cash & Investments	\$ 301,766	\$ -	\$ 301,766
Receivables (Net of Allowances):			
Accounts	45,803	-	45,803
Prepaid Expenses	-	-	-
Inventory	-	-	-
Due from other fund	-	-	-
Capital Assets:			
Land	12,500	-	12,500
Other Capital Assets, Net of Depreciation	436,039	620,006	1,056,045
<b>Total assets</b>	<b>796,108</b>	<b>620,006</b>	<b>1,416,114</b>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	43,693	17,803	61,496
Deferred Revenue	-	-	-
Interest Payable	-	-	-
Due to other fund	-	-	-
Long-Term Liabilities:			
Due Within One Year	-	41,267	41,267
Due in More Than One Year	-	-	-
<b>Total liabilities</b>	<b>43,693</b>	<b>59,070</b>	<b>102,763</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	448,539	578,739	1,027,278
Restricted for:			
Capital projects	-	-	-
Unrestricted	303,876	(17,803)	286,073
<b>Total Net Assets</b>	<b>\$ 752,415</b>	<b>\$ 560,936</b>	<b>\$ 1,313,351</b>

See accompanying notes to the financial statements.

## CITY OF BURLEY, IDAHO

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Nonmajor Proprietary Funds  
Year Ended September 30, 2011

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Sanitation Fund</b>	<b>Golf Fund</b>	<b>Total Nonmajor Proprietary Funds</b>
Operating revenues:			
Charges for utilities/services	\$ 903,230	\$ 374,985	\$ 1,278,215
Less cost of utilities	-	-	-
Gross profit on utilities	903,230	374,985	1,278,215
Other service charges	-	-	-
<b>Total operating revenues</b>	<b>903,230</b>	<b>374,985</b>	<b>1,278,215</b>
Operating expenses:			
Salaries	231,497	118,602	350,099
F.I.C.A. taxes	16,923	9,967	26,890
State retirement	23,399	13,565	36,964
Workman's compensation	23,580	3,147	26,727
Health and accident insurance	105,604	44,384	149,988
Operating supplies	14,267	6,303	20,570
Motor fuels and lubricants	102,167	12,889	115,056
Professional services	2,268	1,367	3,635
Advertising and printing	819	1,478	2,297
Insurance	19,500	1,500	21,000
Memberships, travel and training	-	1,523	1,523
Utilities and telephone	1,081	16,794	17,875
Rent - buildings and equipment	-	-	-
Maintenance expense	157,140	38,119	195,259
Other purchased services	49,745	81,459	131,204
Miscellaneous expense	1,562	7,473	9,035
Bad debts	2,912	-	2,912
Depreciation	104,971	67,688	172,659
Administrative services	25,000	2,500	27,500
Legal services	6,500	-	6,500
<b>Total operating expenses</b>	<b>888,935</b>	<b>428,758</b>	<b>1,317,693</b>
<b>Operating income (loss)</b>	<b>14,295</b>	<b>(53,773)</b>	<b>(39,478)</b>
Non-operating revenues (expenses)			
Grant revenue (expense)	-	-	-
Gain (Loss) on sale of equipment	-	-	-
Interest income (expense)	1,008	(2,791)	(1,783)
<b>Total non-operating revenues (expenses)</b>	<b>1,008</b>	<b>(2,791)</b>	<b>(1,783)</b>
<b>Income/(Loss) before contributions and Transfers</b>	<b>15,303</b>	<b>(56,564)</b>	<b>(41,261)</b>
Capital Contributions	-	-	-
Transfers In	-	143,740	143,740
Transfers Out	-	-	-
<b>Change in Net Assets</b>	<b>15,303</b>	<b>87,176</b>	<b>102,479</b>
<b>Net Assets Beginning of Year</b>	<b>737,112</b>	<b>473,760</b>	<b>1,210,872</b>
<b>Net Assets End of Year</b>	<b>\$ 752,415</b>	<b>\$ 560,936</b>	<b>\$ 1,313,351</b>

See accompanying notes to the financial statements.

**CITY OF BURLEY, IDAHO**

Combining Statement of Cash Flows  
Nonmajor Proprietary Funds  
For the Year Ended September 30, 2012

	<b>Business-Type Activities Enterprise Funds</b>		
	<b>Sanitation Fund</b>	<b>Golf Fund</b>	<b>Total Nonmajor Proprietary Funds</b>
Cash flows provided by operating activities:			
Receipts from customers and users	\$ 896,103	\$ 376,615	\$ 1,272,718
Payments to suppliers	(528,951)	(256,794)	(785,745)
Payments to employees	(231,497)	(118,602)	(350,099)
Payments for interfund services used	(31,500)	(2,500)	(34,000)
Other receipts/(payments)	-	-	-
Net cash provided (used) by operating activities	<u>104,155</u>	<u>(1,281)</u>	<u>102,874</u>
Cash flows from noncapital and related financing activities:			
Transfers to other funds	-	-	-
Transfers from other funds	-	143,740	143,740
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>143,740</u>	<u>143,740</u>
Cash flows from capital and related financing activities:			
Principal and interest paid on long-term debt	-	(142,459)	(142,459)
Proceeds from debt	-	-	-
Capital contributions	-	-	-
Disposal of capital assets	-	-	-
Acquisition of capital assets	(51,645)	-	(51,645)
Net cash used by capital and related financing activities	<u>(51,645)</u>	<u>(142,459)</u>	<u>(194,104)</u>
Cash flows from investing activities:			
Principal received on loans	-	-	-
Interest received on investments	1,008	-	1,008
Net cash provided by investing activities	<u>1,008</u>	<u>-</u>	<u>1,008</u>
Net increase (decrease) in cash	53,518	-	53,518
Cash at beginning of year	248,248	-	248,248
Cash at end of year	<u>\$ 301,766</u>	<u>\$ -</u>	<u>\$ 301,766</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 14,295	\$ (53,773)	\$ (39,478)
Depreciation & amortization	104,971	67,688	172,659
(Increase) decrease in accounts receivable	(7,127)	1,630	(5,497)
Increase (decrease) in accounts payable	(7,984)	(16,826)	(24,810)
Net cash provided (used) by operating activities	<u>\$ 104,155</u>	<u>\$ (1,281)</u>	<u>\$ 102,874</u>

See accompanying notes to the financial statements.

**CITY OF BURLEY, IDAHO**

Combining Statement of Net Assets  
Internal Service Funds  
September 30, 2012

	Internal Service Funds			Total Internal Service Funds
	Health Insurance	Liability Insurance	Workman's Comp. Ins.	
<b>ASSETS</b>				
Cash & Investments	\$ 357,074	\$ 70,537	\$ 197,172	\$ 624,783
Receivables (Net of Allowances):				
Claims	-	-	-	-
Prepaid Expenses	-	-	-	-
Due from other fund	-	-	-	-
Capital Assets:				
Land	-	-	-	-
Other Capital Assets, Net of Depreciation	-	-	-	-
<b>Total assets</b>	<b>357,074</b>	<b>70,537</b>	<b>197,172</b>	<b>624,783</b>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	276,193	-	-	276,193
Customer Deposits Payable	-	-	-	-
Deferred Revenue	-	-	-	-
Interest Payable	-	-	-	-
Due to other fund	-	-	-	-
Long-Term Liabilities:				
Due Within One Year	-	-	-	-
Due in More Than One Year	-	-	-	-
<b>Total liabilities</b>	<b>276,193</b>	<b>-</b>	<b>-</b>	<b>276,193</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, net of related debt	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Unrestricted	80,881	70,537	197,172	348,590
<b>Total Net Assets</b>	<b>\$ 80,881</b>	<b>\$ 70,537</b>	<b>\$ 197,172</b>	<b>\$ 348,590</b>

See accompanying notes to the financial statements.

**CITY OF BURLEY, IDAHO**

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Internal Service Funds  
Year Ended September 30, 2011

	Internal Service Funds			Total Internal Service Funds
	Health Insurance	Liability Insurance	Workman's Comp. Ins.	
Operating revenues:				
Insurance charges to other funds	\$ 1,139,538	\$ 118,809	\$ 124,650	\$ 1,382,997
Premium dividend (refunds)	-	-	-	-
Miscellaneous revenue	6,857	-	-	6,857
<b>Total operating revenues</b>	<b>1,146,395</b>	<b>118,809</b>	<b>124,650</b>	<b>1,389,854</b>
Operating expenses:				
Administrative services	277,302	-	-	277,302
Claims and premium costs	1,088,749	6,124	19,028	1,113,901
Other Insurance premiums	2,906	109,267	102,386	214,559
Wellness benefit program	21,396	-	-	21,396
Other expenses	-	4,616	-	4,616
<b>Total operating expenses</b>	<b>1,390,353</b>	<b>120,007</b>	<b>121,414</b>	<b>1,631,774</b>
<b>Operating income (loss)</b>	<b>(243,958)</b>	<b>(1,198)</b>	<b>3,236</b>	<b>(241,920)</b>
Non-operating revenues (expenses)				
Grant revenue	-	-	-	-
Grant (expense)	-	-	-	-
Gain (Loss) on sale of equipment	-	-	-	-
Interest income	-	-	-	-
Interest (expense)	-	-	-	-
<b>Total non-operating revenues (expenses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income/(Loss) before contributions and transfers</b>	<b>(243,958)</b>	<b>(1,198)</b>	<b>3,236</b>	<b>(241,920)</b>
Capital Contributions	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Change in Net Assets</b>	<b>(243,958)</b>	<b>(1,198)</b>	<b>3,236</b>	<b>(241,920)</b>
<b>Net Assets Beginning of Year</b>	<b>324,839</b>	<b>71,735</b>	<b>193,936</b>	<b>590,510</b>
<b>Net Assets End of Year</b>	<b>\$ 80,881</b>	<b>\$ 70,537</b>	<b>\$ 197,172</b>	<b>\$ 348,590</b>

See accompanying notes to the financial statements.

**CITY OF BURLEY, IDAHO**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended September 30, 2012

	<b>Internal Service Funds</b>			
	<b>Health Insurance</b>	<b>Liability Insurance</b>	<b>Workman's Comp. Ins.</b>	<b>Total Internal Service Funds</b>
Cash flows provided by operating activities:				
Receipts from customers and users	\$ 1,146,395	\$ 118,809	\$ 124,650	\$ 1,389,854
Payments to suppliers	(1,171,212)	(123,082)	(121,414)	(1,415,708)
Payments to employees	-	-	-	-
Payments for interfund services used	-	-	-	-
Other receipts/(payments)	-	-	-	-
Net cash provided (used) by operating activities	<u>(24,817)</u>	<u>(4,273)</u>	<u>3,236</u>	<u>(25,854)</u>
Cash flows from noncapital and related financing activities:				
Transfers to other funds	-	-	-	-
Transfers from other funds	-	-	-	-
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Principal and interest paid on long-term debt	-	-	-	-
Disposal of capital assets	-	-	-	-
Acquisition of capital assets	-	-	-	-
Net cash used by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Principal received on loan to other fund	-	-	-	-
Interest received on Investments	-	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	(24,817)	(4,273)	3,236	(25,854)
Cash at beginning of year	381,891	74,810	193,936	650,637
Cash at end of year	<u>\$ 357,074</u>	<u>\$ 70,537</u>	<u>\$ 197,172</u>	<u>\$ 624,783</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (243,958)	\$ (1,198)	\$ 3,236	\$ (241,920)
Depreciation & amortization	-	-	-	-
(Increase) decrease in accounts receivable	-	-	-	-
Increase (decrease) in accounts payable	219,141	(3,075)	-	216,066
Net cash provided (used) by operating activities	<u>\$ (24,817)</u>	<u>\$ (4,273)</u>	<u>\$ 3,236</u>	<u>\$ (25,854)</u>

See accompanying notes to the financial statements.

# Evans & Poulsen P.A.

**Certified Public Accountants**

Members of the American Institute of CPA's  
and the Idaho Society of CPA's  
**Edward G. Evans, CPA**  
**Jeffrey D. Poulsen, CPA**

## **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***

Mayor and City Council  
Burley, Idaho

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the component unit, and the aggregate remaining fund information of City of Burley, Idaho (the "City"), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 14, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### Compliance

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

This report is intended solely for the information and use of management, the council, 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.

*Evans & Poulsen*

Evans & Poulsen, P.A.  
February 14, 2013