

CITY OF BURLEY, IDAHO

**Basic Financial Statements
With Supplemental Information**

September 30, 2013



CITY OF BURLEY, IDAHO
BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2013
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BASIC FINANCIAL STATEMENTS
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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

Report on the Financial Statements

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 the City of Burley (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2014, on our consideration of the City of Burley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Evans & Poulsen

Evans & Poulsen, PA
January 16, 2014

City of Burley
Management Discussion and Analysis
Fiscal Year Ending - September 30, 2013

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, 2013. 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.

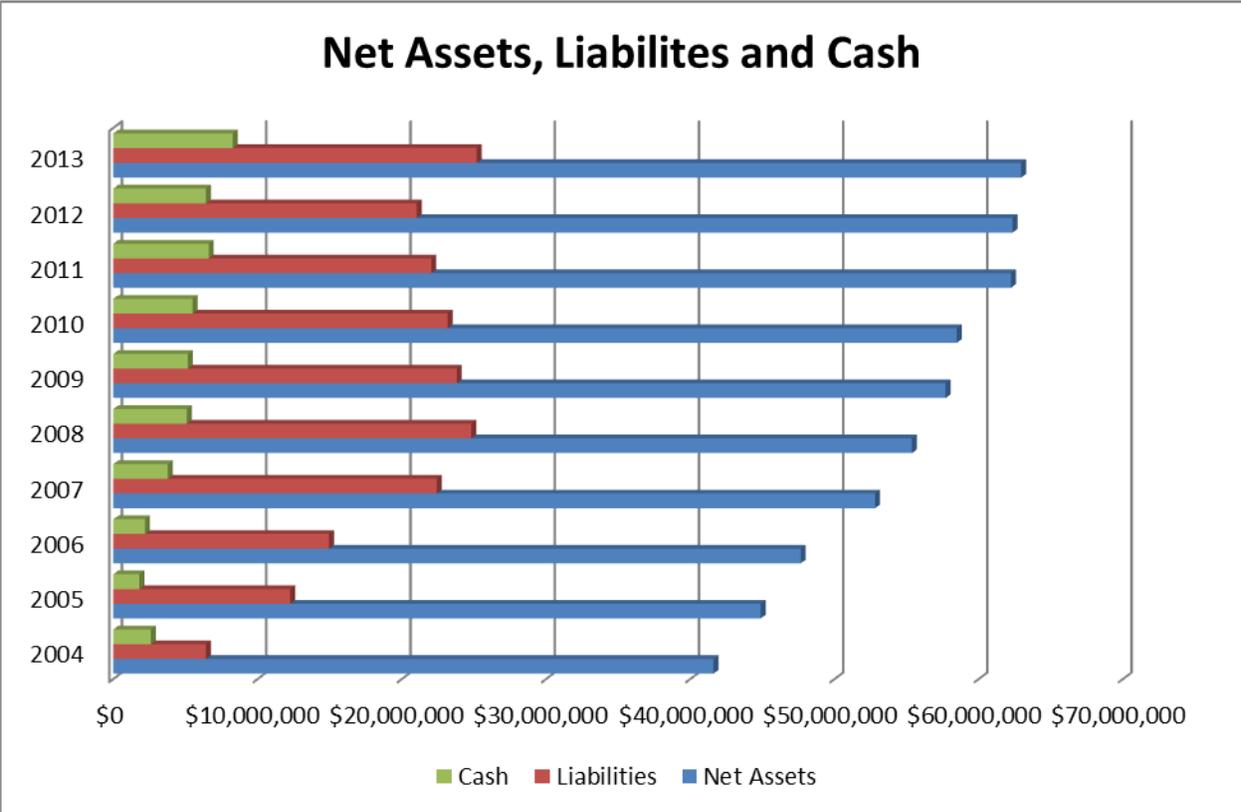
Government-wide Financial Analysis

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. In the future we will have to also comply with GASB 67 which will have us showing the liability from the State of Idaho Retirement System (PERSI), if one exists. This could have a great impact on the way the financial statements appear due to the management of funds the City has no control over.

Analysis of Net Position

The City total net assets for the fiscal year ended September 30, 2013, is \$62,952,361 compared to \$62,348,429 for September 30, 2012. This is an increase in net assets of \$603,932. The increase in net assets is due to an increase of assets in Wastewater from the Industrial Plant Construction offset by small decreases in Electric, Sanitation, and Water. The enterprise funds are summarized on page 14 of the Financial Statements. Governmental Activities net assets increased by \$536,231 primarily due to an increase of cash of \$307,859 and increase in the value of land and other assets.

Liabilities for the City as a whole increased by \$4,157,000 from September 30, 2012 to September 30, 2013. The increase in liabilities was almost totally due to debt incurred for the Industrial Sewer Plant. Accounts payable for Governmental funds decreased by \$228,386 over the same period. The debt payments for water (Well 7-well and storage tank) and wastewater (Municipal and Industrial plants, including the G.O. Bond for wastewater) totaled \$1,743,924.48. Total liabilities for all funds were \$25,192,413.



Funds analysis

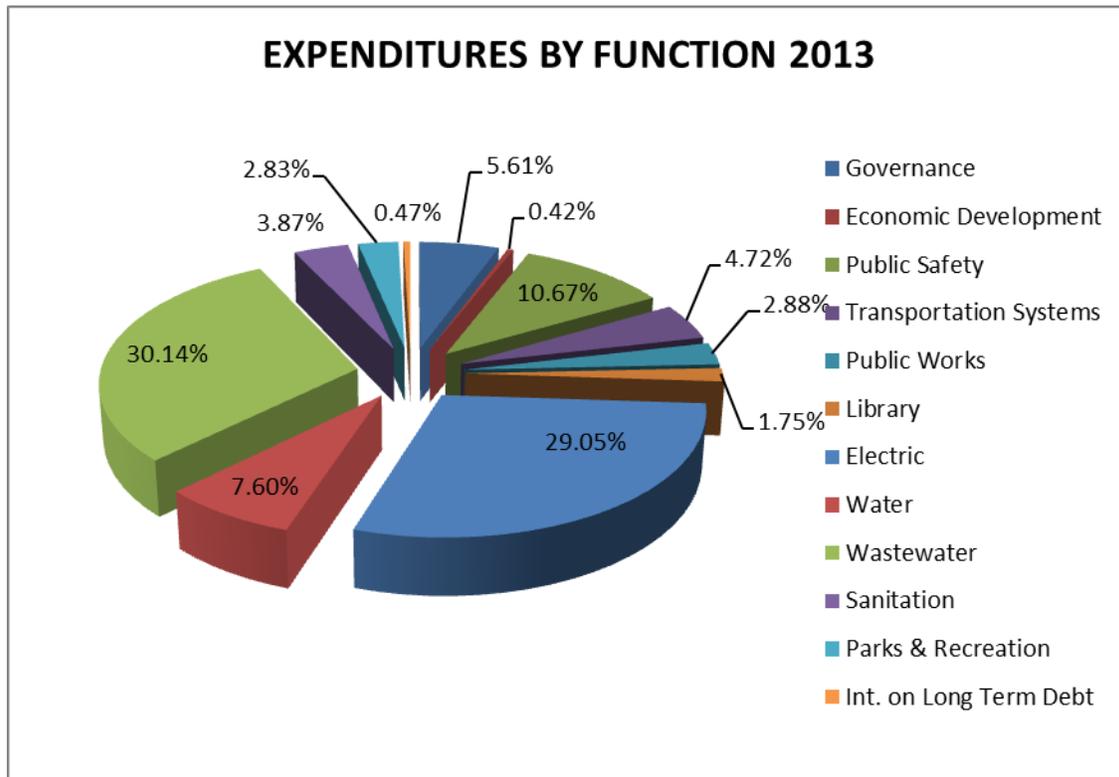
The following is an analysis of the differences in the Net Position of each of the City's major funds.

Governmental Funds – Total property taxes collected for FY 2012-2013 were \$2,315,499. Property taxes for the General Fund (\$1,588,829.71 current and delinquent), Library (\$359,790) and the General Obligation Bond revenue was \$131,437. Total revenues for the General Fund were \$5,654,404. State of Idaho collected local tax revenues (Sales Tax/Inventory Replacement Tax and shared Liquor Dispensary revenues) were \$844,687.62 up from \$799,460.98 for the previous fiscal year. Highway user taxes (a portion of gas tax and vehicle registrations) and revenue from City residents passed through to the city at a 50% reduction from the highway districts totaled \$580,020.55 for fiscal year 2012-2013 compared to \$584,512.24 for fiscal year 2011-2012. Expenses for the Streets Department for the year were of \$797,771. The difference between the streets revenue and expense (\$217,750.45) comes directly out of the general fund. This was a City Council decision six years ago to augment the Street budget to preserve street, curb and gutter infrastructure. 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 \$2,652,212 which represents over 47% of the General Fund budget.

State and Federal Grants Fund – Grant reimbursements were received from the Federal Aviation Administration (Planning Grant \$15,170), State waterway grants and

local matching funds in the amount of \$27,244 were received for boat docks and boater improvements. There was a Community Development Block Grant project for wastewater improvements. The block grant funds and STAG Grant funds of \$857,728 were deposited in the waste water capital improvements fund for reimbursement as part of the improvements at the Industrial Wastewater plant. Total grant funds reimbursed for all projects during the year was \$876,541.

Expenditures by Function



Business Type Funds

Electric Fund – The Electric Fund Net assets decreased \$4,453 from October 1, 2012 to September 30, 2013. Cash & Investments decreased by \$252,498 due to not implementing a rate increase until after rates from Bonneville Power were increased. The Electric Department spent \$535,537 on construction, equipment and conservation projects. A second wholesale energy increase occurred in October 2013. 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.

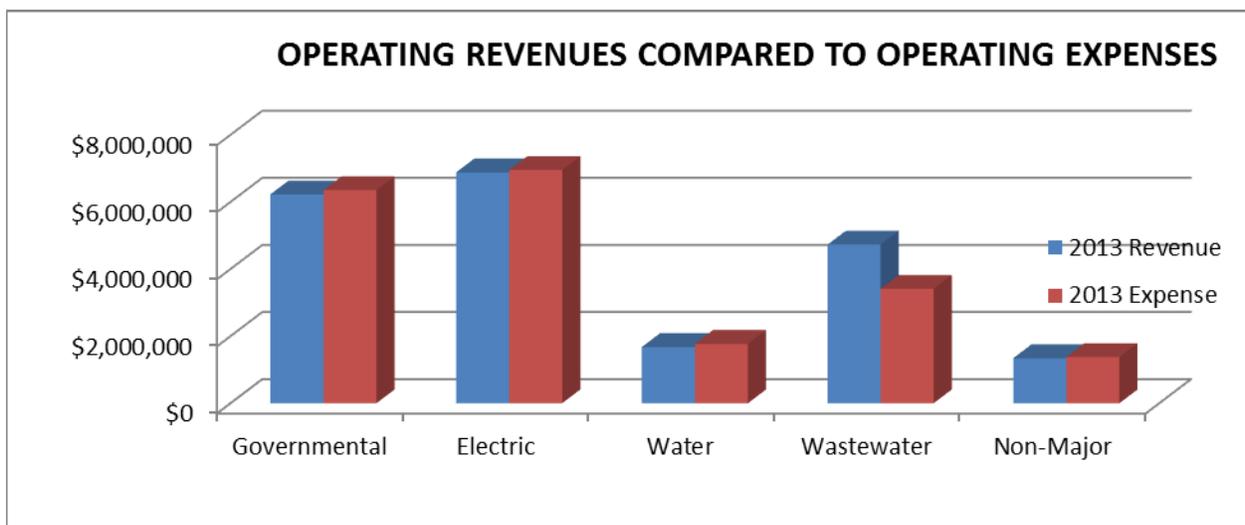
Water Fund – The Water Fund Net Assets decreased by \$136,767 for the period from October 1, 2012 to September 30, 2013. The decrease in net assets was due in part to a decrease of cash of \$77,004 resulting from having the Industrial Park well down for most of the year for repair and paying for water to the City of Heyburn. There was also the cost of constructing a new building for the Industrial Park well. The Industrial Park well is now back online. The Water Department will be discussing with the City Council a water rate increase due to the increases in electrical costs. There have been two electrical costs increases and the water rates have not changed. The largest single cost

for the Water Department is the cost of electricity at \$370,653. This was followed by construction at the industrial park of \$141,807 and debt service payment for well 7 at \$137,025. A water master plan update was 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, 2013 were \$21,084,201. This is an increase of \$1,314,546 from October 1, 2012. Cash in the fund increased by \$2,075,860 due to bonds issued for the construction at the industrial wastewater facility. The Municipal and Industrial plant upgrades have been completed and final bills have been paid except for the retention on the Industrial plant contract. This will be paid when all systems are fully tested and working. There were no significant differences between budgeted revenue and expenditures and actual revenue and expenditures.

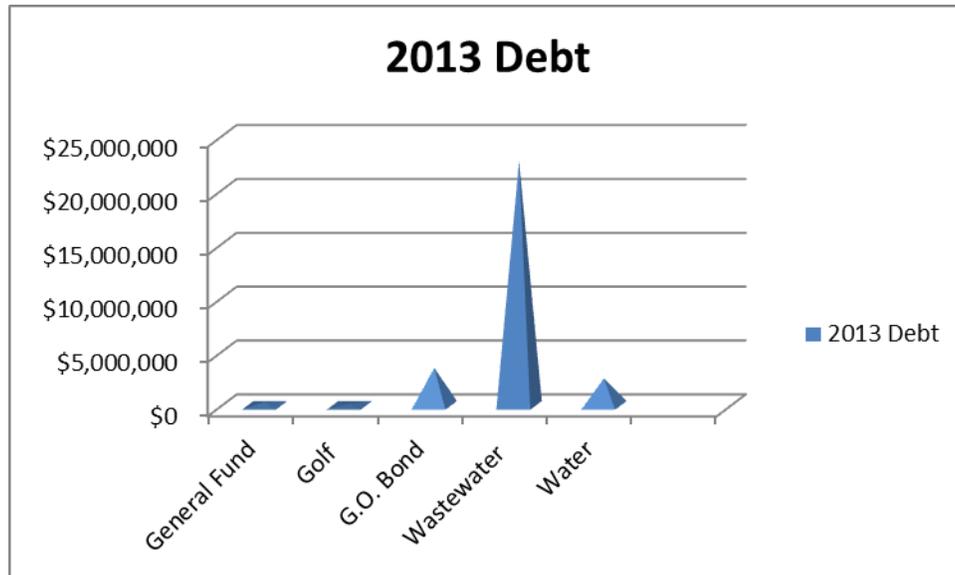
Golf Fund – The Golf Fund net assets did not change in any material way with a small decrease of \$475 for the fiscal year ending September 30, 2013. An adjusting entry was made from the General Fund to the Golf Fund to balance a year end deficit of \$24,915 compared to the previous year transfer of \$34,740 for a total amount of support from the General Fund of \$69,000. The new maintenance equipment purchased in April of 2013 will add \$44,281 in expense on a full year basis. Golf Course revenue increased \$5,771 over the previous fiscal year and expenses increased by \$18,076.

Sanitation Fund – The Sanitation Fund had a decrease in net assets of \$32,688 from October 1, 2012 to September 30, 2013. The decrease was due to the purchase of a new garbage truck at a cost of \$231,934. The fund operating revenue was \$893,323 compared to \$903,230 for the previous fiscal year. Total operating expenses were \$926,914. There was no loan for the new garbage truck. 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, 2013 the City of Burley had \$29,190,703 in short and long term debt and future interest payments. General Fund debt is \$328,683 of the total amount or 1.13%. Wastewater debt for the Industrial Plant upgrade increased \$4,342,520. Water Department debt decreased by \$291,521. Additional detailed information on long-term obligations is available in note 6 to the financial statements.



Future Concerns and Notable Items

There are ongoing projects that will take a future financial commitment including airport relocation, funding a transfer station, a new park, and greenbelt improvements. General Fund will need to be very closely monitored as General Fund revenues affect services across the entire City. The problem of permanent 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 \$8.2 million 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 additional insurance for this asset.

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 increases 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.

CITY OF BURLEY, IDAHO

Statement of Net Position
September 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business Type	Totals	Burley Development Authority
		Activities		
ASSETS				
Cash & Investments	\$ 1,798,380	\$ 6,496,449	\$ 8,294,829	\$ 1,471,019
Receivables (Net of Allowances):				
Taxes	196,564	-	196,564	10,405
Accounts	3,887	836,000	839,887	-
Notes	-	-	-	105,000
Claims	-	-	-	-
Prepaid Expenses	-	-	-	-
Inventory - Note 3	-	520,805	520,805	-
Due From Other Funds	-	699,130	699,130	-
Due From Other Governments	239,857	-	239,857	-
Restricted Assets:				
Cash -	-	-	-	779,189
Capital Assets - Note 4:				
Land	10,756,792	432,802	11,189,594	1,672,810
Other Capital Assets, Net of Depreciation	19,444,040	46,932,046	66,376,086	-
Total assets	32,439,520	55,917,232	88,356,752	4,038,423
LIABILITIES				
Accounts Payable and Accrued Expenses	204,912	1,426,191	1,631,103	553
Customer Deposits Payable	123,061	-	123,061	-
Compensated Absences Payable	126,316	-	126,316	-
Interest Payable	2,986	208,990	211,976	-
Due to Cash Clearing	211,978	-	-	-
Due to Other Funds (Pooled Cash)	309,662	-	309,662	-
Deferred Revenue	-	-	-	-
Long-Term Liabilities - Note 6:				
Due Within One Year	245,000	903,279	1,148,279	431,760
Due in More Than One Year	2,570,000	19,072,016	21,642,016	9,399,534
Total liabilities	3,793,915	21,610,476	25,192,413	9,831,847
NET POSITION				
Net Investment in Capital Assets	27,385,832	27,389,553	54,775,385	-
Restricted for:				
Capital Projects & Debt Service	-	-	-	779,189
Unrestricted	1,259,773	6,917,203	8,176,976	(6,572,613)
Total Net Assets	\$ 28,645,605	\$ 34,306,756	\$ 62,952,361	\$ (5,793,424)

See accompanying notes to the financial statements.

CITY OF BURLEY, IDAHO

Statement of Activities
For the Year Ended September 30, 2013

Functions / Programs	Primary Government					Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Program Revenues			Governmental Activities	Business Type Activities	Totals	Burley Development Authority	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions					
Governmental Activities:									
General Government	\$ 1,442,519	\$ 1,163,896	\$ -	\$ -	\$ (278,623)		\$ (278,623)		
Public Safety	2,552,269	142,174	-	-	(2,410,095)		(2,410,095)		
Highways & Streets	1,059,205	-	-	43,664	(1,015,541)		(1,015,541)		
Parks and Recreation	424,579	72,910	-	-	(351,669)		(351,669)		
Public Works	688,074	84,190	-	-	(603,884)		(603,884)		
Airport	69,990	11,847	-	-	(58,143)		(58,143)		
Library	419,059	7,319	2,287	-	(409,453)		(409,453)		
Community Development	40,022	-	-	-	(40,022)		(40,022)		
Interest on long-term debt	113,653	-	-	-	(113,653)		(113,653)		
Total Governmental Activities	6,809,370	1,482,336	2,287	43,664	(5,281,083)		(5,281,083)		
Business-Type Activities:									
Electric	6,951,301	6,855,789	-	66,464		\$ (29,048)	(29,048)		
Water	1,817,629	1,674,843	-	-		(142,786)	(142,786)		
Wastewater	3,411,760	3,857,973	861,371	-		1,307,584	1,307,584		
Nonmajor	1,376,242	1,274,079	-	-		(102,163)	(102,163)		
Total Business-Type Activities	13,556,932	13,662,684	861,371	66,464		1,033,587	1,033,587		
Total Primary Government	\$ 20,366,302	\$ 15,145,020	\$ 863,658	\$ 110,128	(5,281,083)	1,033,587	(4,247,496)		
Component Unit:									
Burley Development Authority	\$ 995,888	\$ -	\$ -	\$ -				\$ (995,888)	
		General Revenues							
					2,078,641	-	2,078,641	2,112,613	
					345,000	-	345,000	-	
					580,021	-	580,021	-	
					844,688	-	844,688	-	
					230,950	-	230,950	-	
					1,111	37,576	38,687	99	
					609,995	-	609,995	136,267	
					140,446	-	140,446	-	
					(86,000)	69,000	(17,000)	-	
					4,744,852	106,576	4,851,428	2,248,979	
					(536,231)	1,140,163	603,932	1,253,091	
					29,181,836	33,166,593	62,348,429	(7,046,515)	
					\$ 28,645,605	\$ 34,306,756	\$ 62,952,361	\$ (5,793,424)	

See accompanying notes to the financial statements.

CITY OF BURLEY, IDAHO

Balance Sheet
Governmental Funds
September 30, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 833,091	\$ 468,848	\$ 1,301,939
Receivables (net of allowances):			
Taxes	196,564	-	196,564
Accounts	3,887	-	3,887
Notes	-	-	-
Due from other funds	-	-	-
Due from other governments	212,613	27,244	239,857
Total assets	\$ 1,246,155	\$ 496,092	\$ 1,742,247
LIABILITIES AND FUND EQUITY			
Liabilities:			
Vouchers payable and accrued liabilities	\$ 185,196	\$ 19,716	\$ 204,912
Utility customer deposits	123,061	-	123,061
Due to other funds	-	-	-
Due to cash clearing	-	211,978	211,978
Deferred revenue	138,645	-	138,645
Total liabilities	446,902	231,694	678,596
Fund Balance:			
Restricted for:			
Capital projects	-	-	-
Unrestricted, reported in:			
General Fund	799,253	-	799,253
General Obligation Bond Fund	-	(211,978)	(211,978)
Library Fund	-	216,272	216,272
Grant Fund	-	260,104	260,104
Total fund balances	799,253	264,398	1,063,651
Total liabilities and fund balances	\$ 1,246,155	\$ 496,092	\$ 1,742,247

See accompanying notes to the financial statements.

CITY OF BURLEY, IDAHO

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities September 30, 2013

Total Governmental Fund Balances	\$ 1,063,651
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	30,200,832
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. Property Taxes	138,645
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 position.	496,441
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	(126,316)
General Obligation Bonds (GOB) payable	(2,815,000)
Notes Payable - Electric Fund	(309,662)
Accrued interest payable	<u>(2,986)</u>
Net Position of Governmental Activities	<u>\$ 28,645,605</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, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 1,819,779	\$ 495,720	\$ 2,315,499
Licenses and permits	102,552	-	102,552
Intergovernmental	1,424,709	-	1,424,709
Charges for services	1,463,170	7,319	1,470,489
Fees and fines	78,424	13,456	91,880
Grants / Donations	-	45,951	45,951
Miscellaneous	765,770	7,751	773,521
Total revenues	5,654,404	570,197	6,224,601
Expenditures:			
Legislative	187,111	-	187,111
Executive	36,033	-	36,033
Administrative	775,045	-	775,045
Legal & Professional	160,872	15,967	176,839
Buildings	181,562	-	181,562
Police	1,404,000	-	1,404,000
Fire	972,165	-	972,165
Animal control	131,332	-	131,332
Streets	797,771	-	797,771
Equipment maintenance	231,394	-	231,394
Airport	28,664	-	28,664
Parks and recreation	230,241	-	230,241
Swimming	136,020	-	136,020
Cemetery	266,060	-	266,060
Library	-	412,258	412,258
Debt Service - Principal	-	230,000	230,000
Debt Service - Interest	-	113,415	113,415
Capital outlays	-	40,022	40,022
Total expenditures	5,538,270	811,662	6,349,932
Excess of revenues over (under) expenditures	116,134	(241,465)	(125,331)
Other financing sources (uses)			
Transfers in	-	42,000	42,000
Transfers out	(111,000)	(17,000)	(128,000)
Bond / loan proceeds	-	-	-
Proceeds from the sale of capital assets	140,446	-	140,446
Total other financing sources (uses)	29,446	25,000	54,446
Net change in fund balances	145,580	(216,465)	(70,885)
Fund balance - beginning	653,673	480,863	1,134,536
Fund balance - ending	\$ 799,253	\$ 264,398	\$ 1,063,651

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, 2013

Net Change in Fund Balances - Total Governmental Funds \$ (70,885)

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	\$	14,580	
Fixed asset additions - contributed		-	
Depreciation expense		(814,195)	
Excess of capital outlay over depreciation			(799,615)

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. This is the increase/(decrease) in deferred revenue. (5,908)

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 position.

Repayment of loan principal - GOB		230,000	
Repayment of loan principal - Other Loans		(39,366)	

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

		1,930	
Decrease in accrued interest on long-term debt		(238)	
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

147,851

Change in Net Position of Governmental Activities \$ (536,231)

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget: Favorable (Unfavorable)
Revenues:				
Taxes	\$ 1,827,161	\$ 1,827,161	\$ 1,819,779	\$ (7,382)
Licenses and permits	106,300	106,300	102,552	(3,748)
Intergovernmental	1,412,640	1,412,640	1,424,709	12,069
Charges for services	1,436,800	1,436,800	1,463,170	26,370
Fines	110,000	110,000	78,424	(31,576)
Miscellaneous	740,560	740,560	765,770	25,210
Total revenues	5,633,461	5,633,461	5,654,404	20,943
Expenditures:				
Legislative	305,252	305,252	187,111	118,141
Executive	40,171	40,171	36,033	4,138
Administrative	787,448	787,448	775,045	12,403
Legal	155,870	155,870	160,872	(5,002)
Buildings	201,953	201,953	181,562	20,391
Police	1,404,000	1,404,000	1,404,000	-
Fire	972,454	972,454	972,165	289
Animal control	134,391	134,391	131,332	3,059
Streets	793,931	793,931	797,771	(3,840)
Equipment maintenance	223,764	223,764	231,394	(7,630)
Airport	33,325	33,325	28,664	4,661
Parks and recreation	243,572	243,572	230,241	13,331
Swimming	116,338	116,338	136,020	(19,682)
Cemetery	260,907	260,907	266,060	(5,153)
Construction	-	-	-	-
Total expenditures	5,673,376	5,673,376	5,538,270	135,106
Excess (deficiency) of revenues over expenditures	(39,915)	(39,915)	116,134	156,049
Other financing sources (uses)				
Transfers in	113,000	113,000	-	113,000
Transfers out	(86,085)	(86,085)	(111,000)	(24,915)
Bond / loan proceeds	-	-	-	-
Proceeds from the sale of capital assets	13,000	13,000	140,446	127,446
Excess (deficiency) of revenues over expenditures and other sources (uses)	-	-	145,580	145,580
Fund balance - beginning	653,673	653,673	653,673	-
Fund balance - ending	\$ 653,673	\$ 653,673	\$ 799,253	\$ 145,580

See accompanying notes to the financial statements.

CITY OF BURLEY, IDAHO

Statement of Net Position
Proprietary Funds
September 30, 2013

	Business-Type Activities Enterprise Funds					Governmental Activities-
	Electric Fund	Water Fund	Wastewater Fund	Nonmajor Funds	Totals	Internal Service Funds
ASSETS						
Cash & Investments	\$ 1,943,155	\$ 563,792	\$ 3,855,777	\$ 133,725	\$ 6,496,449	\$ 496,441
Receivables (Net of Allowances):						
Accounts	435,368	100,806	247,842	51,984	836,000	-
Claims	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-
Inventory	401,960	118,845	-	-	520,805	-
Notes receivable	699,130	-	-	-	699,130	-
Restricted Assets:						
Investments	-	-	-	-	-	-
Capital Assets:						
Land	85,735	242,115	92,452	12,500	432,802	-
Other Capital Assets, Net of Depr	3,430,154	6,558,735	35,613,322	1,329,835	46,932,046	-
Total assets	6,995,502	7,584,293	39,809,393	1,528,044	55,917,232	496,441
LIABILITIES						
Accounts Payable and Accrued Exp	427,599	164,385	774,630	59,577	1,426,191	-
Deferred Revenue	-	-	-	-	-	-
Interest Payable	-	2,986	206,004	-	208,990	-
Due to other fund	-	-	-	-	-	-
Long-Term Liabilities:						
Due Within One Year	-	85,000	630,000	188,279	903,279	-
Due in More Than One Year	-	1,957,458	17,114,558	-	19,072,016	-
Total liabilities	427,599	2,209,829	18,725,192	247,856	21,610,476	-
NET POSITION						
Net Investment in Capital Assets	3,515,889	4,758,392	17,961,216	1,154,056	27,389,553	-
Restricted for:						
Capital projects	-	-	-	-	-	-
Unrestricted	3,052,014	616,072	3,122,985	126,132	6,917,203	496,441
Total Net Position	\$ 6,567,903	\$ 5,374,464	\$ 21,084,201	\$ 1,280,188	\$ 34,306,756	\$ 496,441

See accompanying notes to the financial statements.

CITY OF BURLEY, IDAHO

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended September 30, 2013

	Business-Type Activities Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Electric Fund	Water Fund	Wastewater Fund	Nonmajor Funds		
Operating revenues:						
Charges for utilities	\$ 6,720,009	\$ 1,558,683	\$ 3,832,161	\$ 1,274,079	\$ 13,384,932	\$ 1,662,787
Less cost of utilities	(4,181,709)	-	-	-	(4,181,709)	-
Gross profit on utilities	2,538,300	1,558,683	3,832,161	1,274,079	9,203,223	1,662,787
Other service charges	135,780	116,160	25,812	-	277,752	-
Total operating revenues	2,674,080	1,674,843	3,857,973	1,274,079	9,480,975	1,662,787
Operating expenses:						
Salaries	465,476	297,532	403,287	315,414	1,481,709	-
F.I.C.A. taxes	40,969	22,271	30,920	23,773	117,933	-
State retirement	57,238	29,887	42,428	32,779	162,332	-
Workman's compensation	12,231	11,376	16,255	23,889	63,751	-
Health and accident insurance	147,111	112,536	180,228	175,348	615,223	1,514,936
Operating supplies	47,836	114,054	133,571	49,422	344,883	-
Motor fuels and lubricants	16,493	10,838	17,268	123,427	168,026	-
Professional services	7,266	210,443	139,224	3,651	360,584	-
Advertising and printing	5,471	2,803	343	2,483	11,100	-
Insurance	13,000	11,500	26,200	11,795	62,495	-
Memberships, travel and training	51,938	4,927	6,660	981	64,506	-
Utilities and telephone	64,926	374,913	349,338	17,086	806,263	-
Rent - buildings and equipment	57,000	33,036	23,975	258	114,269	-
Maintenance expense	308,351	61,378	268,319	184,207	822,255	-
Other purchased services	13,595	7,976	-	195,542	217,113	-
Miscellaneous expense	6,393	2,260	3,390	7,050	19,093	-
Bad debts	21,443	4,719	11,531	2,411	40,104	-
Tax equivalents paid to Gen. Fund	733,157	-	-	-	733,157	-
Depreciation	248,591	313,134	973,030	166,066	1,700,821	-
Administrative services	423,607	120,000	130,833	29,583	704,023	-
Legal services	27,500	25,000	40,217	8,583	101,300	-
Total operating expenses	2,769,592	1,770,583	2,797,017	1,373,748	8,710,940	1,514,936
Operating income (loss)	(95,512)	(95,740)	1,060,956	(99,669)	770,035	147,851
Non-operating revenues (expenses)						
Grant revenue	-	3,643	857,728	-	861,371	-
Interest income	24,595	2,376	10,605	-	37,576	-
Interest (expense)	-	(47,046)	(614,743)	(2,494)	(664,283)	-
Total non-operating revenues (exp)	24,595	(41,027)	253,590	(2,494)	234,664	-
Income/(Loss) before contributions and transfers	(70,917)	(136,767)	1,314,546	(102,163)	1,004,699	147,851
Capital Contributions	66,464	-	-	-	66,464	-
Transfers In	-	-	-	69,000	69,000	-
Transfers Out	-	-	-	-	-	-
Change in Net Position	(4,453)	(136,767)	1,314,546	(33,163)	1,140,163	147,851
Net Position Beginning of Year	6,572,356	5,511,231	19,769,655	1,313,351	33,166,593	348,590
Net Position End of Year	\$ 6,567,903	\$ 5,374,464	\$21,084,201	\$ 1,280,188	\$ 34,306,756	\$ 496,441

See accompanying notes to the financial statements.

CITY OF BURLEY, IDAHO

Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2013

	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	\$ 6,788,555	\$ 1,661,725	\$ 3,806,910	\$ 1,267,898	\$ 13,525,088	\$ 1,662,787
Payments to suppliers	(5,708,327)	(898,814)	(710,699)	(856,021)	(8,173,861)	\$ (1,791,129)
Payments to employees	(465,476)	(297,532)	(403,287)	(315,414)	(1,481,709)	-
Payments for interfund services used	(451,107)	(145,000)	(171,050)	(38,166)	(805,323)	-
Other receipts/(payments)	-	-	-	-	-	-
Net cash provided (used) by operating activities	163,645	320,379	2,521,874	58,297	3,064,195	(128,342)
Cash flows from noncapital and related financing activities:						
Grants received	-	3,643	857,728	-	861,371	-
Transfers from (to) other funds	-	-	-	69,000	69,000	-
Net cash provided (used) by noncapital and related financing activities	-	3,643	857,728	69,000	930,371	-
Cash flows from capital and related financing activities:						
Proceeds from long-term debt	-	2,193,113	18,935,471	-	21,128,584	-
Capital contributions	66,464	-	-	-	66,464	-
Principal and interest paid on long-term debt	-	(2,343,482)	(15,768,893)	(64,307)	(18,176,682)	-
Transfer to restricted assets	-	-	-	-	-	-
Acquisition of capital assets	(392,992)	(253,033)	(4,500,925)	(231,934)	(5,378,884)	-
Net cash used by capital and related financing activities	(326,528)	(403,402)	(1,334,347)	(296,241)	(2,360,518)	-
Cash flows from investing activities:						
Loans to other funds	(184,210)	-	-	-	(184,210)	-
Principal received on loans to other fund	-	-	-	-	-	-
Interest received on Investments	24,595	2,376	10,605	903	38,479	-
Net cash provided by investing activities	(159,615)	2,376	10,605	903	(145,731)	-
Net increase (decrease) in cash	(322,498)	(77,004)	2,055,860	(168,041)	1,488,317	(128,342)
Cash at beginning of year (including restricted)	2,265,653	640,796	1,799,917	301,766	5,008,132	624,783
Cash at end of year (including restricted)	\$ 1,943,155	\$ 563,792	\$ 3,855,777	\$ 133,725	\$ 6,496,449	\$ 496,441
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (95,512)	\$ (95,740)	\$ 1,060,956	\$ (99,669)	\$ 770,035	\$ 147,851
Depreciation & amortization	248,591	313,134	973,030	166,066	1,700,821	-
(Increase) decrease in accounts receivable	(67,234)	(13,118)	(51,063)	(6,181)	(137,596)	-
Increase (decrease) in payables	102,393	106,009	538,951	(1,919)	745,434	(276,193)
(Increase) decrease in inventory	(24,594)	10,094	-	-	(14,500)	-
Net cash provided (used) by operating activities	\$ 163,644	\$ 320,379	\$ 2,521,874	\$ 58,297	\$ 3,064,194	\$ (128,342)

See accompanying notes to the financial statements.

CITY OF BURLEY, IDAHO

Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2013

	Burley Library Building Fund	Community Projects Fund	Total Fiduciary Funds
ASSETS			
Cash & Investments	\$ 179,789	\$ 21,781	\$ 201,570
Prepaid Expenses	-	-	-
Other Assets	-	-	-
Total assets	<u>179,789</u>	<u>21,781</u>	<u>201,570</u>
LIABILITIES			
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>
NET POSITION			
Held in Trust	<u>179,789</u>	<u>21,781</u>	<u>201,570</u>
Total Net Position	<u>\$ 179,789</u>	<u>\$ 21,781</u>	<u>\$ 201,570</u>

See accompanying notes to the financial statements.

CITY OF BURLEY, IDAHO

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2013

	Burley Library Building Fund	Community Projects Fund	Total Fiduciary Funds
ADDITIONS:			
Donations	\$ -	\$ 1,993	\$ 1,993
Investment earnings	1,034	-	1,034
Total additions	<u>1,034</u>	<u>1,993</u>	<u>3,027</u>
DEDUCTIONS:			
Community projects	-	1,842	1,842
Library construction	-	-	-
Other expenses	-	1,890	1,890
Total deductions	<u>-</u>	<u>3,732</u>	<u>3,732</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	17,000	-	17,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION:	18,034	(1,739)	16,295
Net position - beginning of year	161,755	23,520	185,275
Net position - end of year	<u>\$ 179,789</u>	<u>\$ 21,781</u>	<u>\$ 201,570</u>

See accompanying notes to the financial statements.

CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2013

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 position 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 position 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.

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.

CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2013

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.

E. Fund Balance Classifications

Fund Balance Reserves - The City has adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the City to classify and report amounts in the appropriate fund balance classifications. The City's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned or unassigned.

The City reports the following classifications as applicable:

Non-spendable Fund Balance - Non-spendable fund balances are amounts that cannot be spent because they are either: (a) not in spendable form - such as inventory or prepaid insurance, or (b) legally or contractually required to be maintained intact - such as a trust that must be retained in perpetuity.

CITY OF BURLEY, IDAHO
Notes to Financial Statements
September 30, 2013

Restricted Fund Balance - Restricted fund balances are amounts that cannot be spent because they are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the City can be compelled by an external party (e.g. citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the City Council. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the City Council. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by: (a) the secretary/treasurer, or (b) an appointed body (e.g. a budget or finance committee) or an official to which the City Council have delegated the Agency to assign, modify, or rescind amounts to be used for specific purposes. Assigned fund balance includes: (a) all remaining amounts that are reported in governmental funds (other than the general fund) that are not classified as non-spendable, restricted, or committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.

Unassigned Fund Balance - Unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

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, \$8,886,244 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	\$ 633,763	143 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.

CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2013

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.

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.

CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2013

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.
- 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 \$515,675.

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, 2013 was \$401,960, consisting of electrical system replacement parts. Water fund inventory was \$118,845 consisting of water supply parts. Sewer fund inventory is considered immaterial.

CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2013

NOTE 4: CAPITAL ASSETS

A summary of changes in capital assets follows:

Primary Government

	Balance 9/30/12	Additions	Deletions	Balance 9/30/13
<u>Governmental Activities</u>				
Cost / Historical Value				
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	5,870,799	-	-	5,870,799
Equipment	3,031,027	14,580	-	3,045,607
Total	38,834,975	14,580	-	38,849,555
 Accumulated Depreciation:				
Buildings	2,456,251	202,415	-	2,658,666
Improvements other than buildings	2,968,513	279,662	-	3,248,175
Infrastructure assets	732,635	213,399	-	946,034
Equipment	1,677,129	118,719	-	1,795,848
Total	7,834,528	814,195	-	8,648,723
 Net Book Value:				
Land (non-depreciable)	10,756,792	-	-	10,756,792
Buildings	6,272,770	(202,415)	-	6,070,355
Improvements other than buildings	7,478,823	(279,662)	-	7,199,161
Infrastructure assets	5,138,164	(213,399)	-	4,924,765
Equipment	1,353,898	(104,139)	-	1,249,759
Total	\$ 31,000,447	\$ (799,615)	\$ -	\$ 30,200,832

	Balance 9/30/12	Additions	Deletions	Balance 9/30/13
<u>Business-type Activities</u>				
<u>Electric Fund</u>				
Cost / Historical Value				
Land (non-depreciable)	\$ 85,735	\$ -	\$ -	\$ 85,735
Buildings	352,131	-	-	352,131
Improvements other than buildings	7,233,652	216,627	-	7,450,279
Equipment	1,147,406	176,365	-	1,323,771
Total	8,818,924	392,992	-	9,211,916
 Accumulated Depreciation:				
Buildings	211,141	6,423	-	217,564
Improvements other than buildings	4,504,101	141,112	-	4,645,213
Equipment	732,194	101,268	-	833,462
Total	5,447,436	248,803	-	5,696,239

CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2013

Net Book Value:

Land (non-depreciable)	85,735	-	-	85,735
Buildings	140,990	(6,423)	-	134,567
Improvements other than buildings	-	75,515	-	2,805,066
Equipment	415,212	75,097	-	490,309
Total	\$ 3,371,488	\$ 144,189	\$ -	\$ 3,515,677

Water Fund

Cost / Historical Value

Land (non-depreciable)	\$ 242,115	\$ -	\$ -	\$ 242,115
Buildings	528,848	-	-	528,848
Improvements other than buildings	10,748,790	253,033	-	11,001,823
Equipment	529,381	-	-	529,381
Total	12,049,134	253,033	-	12,302,167

Accumulated Depreciation:

Buildings	366,574	20,575	-	387,149
Improvements other than buildings	4,321,393	277,728	-	4,599,121
Equipment	500,215	14,831	-	515,046
Total	5,188,182	313,134	-	5,501,316

Net Book Value:

Land (non-depreciable)	242,115	-	-	242,115
Buildings	162,274	(20,575)	-	141,699
Improvements other than buildings	6,427,397	(24,695)	-	6,402,702
Equipment	29,166	(14,831)	-	14,335
Total	\$ 6,860,952	\$ (60,101)	\$ -	\$ 6,800,851

Balance				Balance
9/30/12	Additions	Deletions		9/30/13

Wastewater Fund

Cost / Historical Value

Land (non-depreciable)	\$ 92,452	\$ -	\$ -	\$ 92,452
Buildings	1,590,416	-	-	1,590,416
Improvements other than buildings	37,641,584	4,150,806	-	41,792,390
Equipment	683,484	350,119	-	1,033,603
Total	40,007,936	4,500,925	-	44,508,861

Accumulated Depreciation:

Buildings	319,110	36,580	-	355,690
Improvements other than buildings	6,922,919	879,760	-	7,802,679
Equipment	588,030	56,690	-	644,720
Total	7,830,059	973,030	-	8,803,089

Net Book Value:

Land (non-depreciable)	92,452	-	-	92,452
Buildings	1,271,306	(36,580)	-	1,234,726
Improvements other than buildings	30,718,665	3,271,046	-	33,989,711
Equipment	95,454	293,429	-	388,883
Total	\$ 32,177,877	\$ 3,527,895	\$ -	\$ 35,705,772

CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2013

Sanitation Fund

Cost / Historical Value

Land (non-depreciable)	\$	12,500	\$	-	\$	-	\$	12,500
Buildings		-		-		-		-
Improvements other than buildings		-		-		-		-
Equipment		2,026,366		231,934		-		2,258,300
Total		2,038,866		231,934		-		2,270,800

Accumulated Depreciation:

Buildings		-		-		-		-
Improvements other than buildings		-		-		-		-
Equipment		1,590,327		99,981		-		1,690,308
Total		1,590,327		99,981		-		1,690,308

Net Book Value:

Land (non-depreciable)		12,500		-		-		12,500
Buildings		-		-		-		-
Improvements other than buildings		-		-		-		-
Equipment		436,039		131,953		-		567,992
Total	\$	448,539	\$	131,953	\$	-	\$	580,492

Balance								
9/30/12		Additions		Deletions			Balance	
							9/30/13	

Golf Fund

Cost / Historical Value

Land (non-depreciable)	\$	-	\$	-	\$	-	\$	-
Buildings		483,556		-		-		483,556
Improvements other than buildings		617,897		-		-		617,897
Equipment		480,800		-		-		480,800
Total		1,582,253		-		-		1,582,253

Accumulated Depreciation:

Buildings		175,277		12,724		-		188,001
Improvements other than buildings		442,624		26,120		-		468,744
Equipment		344,347		27,241		-		371,588
Total		962,248		66,085		-		1,028,333

Net Book Value:

Land (non-depreciable)		-		-		-		-
Buildings		308,279		(12,724)		-		295,555
Improvements other than buildings		175,273		(26,120)		-		149,153
Equipment		136,453		(27,241)		-		109,212
Total	\$	620,005	\$	(66,085)	\$	-	\$	553,920

CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2013

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

General Government	\$ 417,271
Public Safety	44,772
Highways & Streets	236,648
Parks & Recreation	58,318
Public Works	9,058
Airport	41,326
Library	6,802
Total Governmental Activities Depreciation	<u>\$ 814,195</u>

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.

Discretely presented component unit - Burley Development Authority

A summary of changes in capital assets follows:

	Balance			Balance
	9/30/12	Additions	Deletions	9/30/13
<u>Governmental Activities</u>				
Cost / Historical Value				
Land (non-depreciable)	\$ -	\$ 1,672,810	\$ -	\$ 1,672,810
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Infrastructure assets	-	-	-	-
Equipment	-	-	-	-
Total	-	1,672,810	-	1,672,810
Accumulated Depreciation:				
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Infrastructure assets	-	-	-	-
Equipment	-	-	-	-
Total	-	-	-	-
Net Book Value:				
Land (non-depreciable)	-	1,672,810	-	1,672,810
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Infrastructure assets	-	-	-	-
Equipment	-	-	-	-
Total	\$ -	\$ 1,672,810	\$ -	\$ 1,672,810

CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2013

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

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, 2013, the required contribution rates, as determined by PERSI are as follows:

	<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 \$429,913, \$414,187 and \$409,474 for the three years ended September 30, 2013, 2012, and 2011 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	\$ 115,857	\$ 2,474	\$ 118,331
Library Fund	8,529	(544)	7,985
Electric Fund	48,094	(4,942)	43,152
Water Fund	14,114	866	14,980
Sewer Fund	30,339	(6,690)	23,649
Sanitation Fund	10,514	(1,693)	8,821
Golf Fund	7,819	2,457	10,276
Totals	<u>\$ 235,266</u>	<u>\$ (8,072)</u>	<u>\$ 227,194</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%	2014	44,216	6,516	50,732
		2015	45,926	4,806	50,732
		2016	57,701	3,030	60,731
		2017	82,844	1,831	84,675
Total - Fire Truck			<u>\$ 230,687</u>	<u>\$ 16,183</u>	<u>\$ 246,870</u>

CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2013

Item	Int. Rate	Due Year	Principal	Interest	Total
		Ending 9/30			
Cem. Mower	3.50%	2014	\$ 12,214	\$ 269	\$ 12,483
		2015	1,038	3	1,041
Total - Cemetery Mower			\$ 13,252	\$ 272	\$ 13,524

Item	Int. Rate	Due Year	Principal	Interest	Total
		Ending 9/30			
Parks Mower	3.50%	2014	\$ 9,169	\$ 200	\$ 9,369
Total - Parks Mower			\$ 9,169	\$ 200	\$ 9,369

Item	Int. Rate	Due Year	Principal	Interest	Total
		Ending 9/30			
Street Sweeper	2.00%	2014	\$ 13,718	\$ 1,006	\$ 14,724
		2015	13,994	730	14,724
		2016	14,277	474	14,751
		2017	14,565	156	14,721
Total - Mowers			\$ 56,554	\$ 2,366	\$ 58,920

Total General Fund	\$ 309,662	\$ 19,021	\$ 328,683
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Golf Fund

Item	Int. Rate	Due Year	Principal	Interest	Total
		Ending 9/30			
Mowers	2.50%	2014	\$ 40,031	\$ 4,251	\$ 44,282
		2015	41,043	3,239	44,282
		2016	42,080	2,209	44,289
		2017	43,145	1,156	44,301
		2018	21,980	161	22,141
Total - Mowers			\$ 188,279	\$ 11,016	\$ 199,295

Total Golf Fund	\$ 188,279	\$ 11,016	\$ 199,295
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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
2014	\$ 245,000	\$ 105,325	\$ 350,325
2015	250,000	98,575	348,575
2016	255,000	91,675	346,675
2017	265,000	85,800	350,800
2018	270,000	76,200	346,200
2019 - 2023	1,530,000	210,200	1,740,200
Totals	\$ 2,815,000	\$ 667,775	\$ 3,482,775

Water Revenue Refunding Bonds, Series 2012

The City issued water revenue refunding bonds on December 20, 2012 in the amount of \$1,870,000, including an amortizable premium of \$330,049, and bearing a coupon rate varying from 2% to 5%. These revenue refunding bonds replaced the State of Idaho DEQ Revolving Water Loan on Well #7, which was paid off. The amortizable premium will be amortized over the life of the bonds as a reduction to interest expense. The annual requirements to amortize the bonds are as follows:

CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2013

Year Ending Sept. 30	Principal	Interest	Total
2014	\$ 85,000	\$ 72,050	\$ 157,050
2015	85,000	70,350	155,350
2016	90,000	68,650	158,650
2017	90,000	65,050	155,050
2018	95,000	61,450	156,450
2019 - 2023	520,000	258,850	778,850
2024 - 2028	655,000	131,250	786,250
2029	150,000	6,000	156,000
Totals	\$ 1,770,000	\$ 733,650	\$ 2,503,650

Sewer Revenue Refunding Bonds, Series 2012

The City issued sewer revenue refunding bonds on December 20, 2012 in the amount of \$16,380,000, including an amortizable premium of \$2,617,009, and bearing a coupon rate varying from 2% to 5%. These revenue refunding bonds replaced the State of Idaho DEQ Revolving Wastewater Loan, which was paid off and resulted in the issuance of \$4,125,000 of new debt. The amortizable premium will be amortized over the life of the bonds as a reduction to interest expense. The annual requirements to amortize the bonds are as follows:

Year Ending Sept. 30	Principal	Interest	Total
2014	\$ 630,000	\$ 622,150	\$ 1,252,150
2015	640,000	609,550	1,249,550
2016	655,000	596,750	1,251,750
2017	680,000	570,550	1,250,550
2018	710,000	543,350	1,253,350
2019 - 2023	3,895,000	2,353,850	6,248,850
2024 - 2028	4,305,000	1,403,750	5,708,750
2029 - 2032	4,125,000	336,350	4,461,350
Totals	\$ 15,640,000	\$ 7,036,300	\$ 22,676,300

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

	Balance at 9/30/2012	Additions	Reductions	Balance at 9/30/2013
Compensated Absences	\$ 235,266	-	\$ (8,072)	\$ 227,194
Capital Leases - Gen Fund	273,680	70,000	(34,018)	309,662
Capital Leases - Golf Fund	41,267	207,922	(60,910)	188,279
General Obligation Bonds - Series 2012B	3,045,000	-	(230,000)	2,815,000
Water Revenue Refunding Bonds, Series 2012	-	1,870,000	(100,000)	1,770,000
Sewer Revenue Refunding Bonds, Series 2012	-	16,380,000	(740,000)	15,640,000
Water(well) DEQ Loan	2,132,084	-	(2,132,084)	-
Wastewater DEQ Loan	14,053,349	-	(14,053,349)	-
Totals	\$ 19,780,646	\$ 18,527,922	\$ (17,358,433)	\$20,950,135

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 & North Burley LID #2 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 \$15,375 from DL Evans Bank for LID #1 & \$200,000 for LID #2 which was loaned by the Electric Fund.

CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2013

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:

Year Ending Sept. 30	Principal	Interest	Total
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	94,360	29,254	123,614
2019-2022	435,412	62,473	497,885
Totals	\$ 860,517	\$ 255,437	\$ 1,115,954

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
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	202,000	155,550	357,550
2019 - 2023	1,299,000	489,090	1,788,090
2024	329,000	27,965	356,965
Totals	\$ 2,491,000	\$ 1,440,920	\$ 3,931,920

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:

CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2013

Year Ending Sept. 30	Principal	Interest	Total
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	245,000	188,870	433,870
2019 - 2023	1,577,000	593,980	2,170,980
2024	400,000	34,000	434,000
Totals	\$ 3,025,000	\$ 1,749,895	\$ 4,774,895

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 Sept. 30	Principal	Interest	Total
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	41,623	198,027	239,650
2019 - 2023	249,375	948,894	1,198,269
2024 - 2028	335,141	863,118	1,198,259
2029 - 2033	450,398	747,859	1,198,257
2034 - 2037	2,234,858	486,696	2,721,554
Totals	\$ 3,454,777	\$ 4,059,817	\$ 7,514,594

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

	<u>9/30/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>9/30/2013</u>
Urban Renewal Bond 2007	\$ 931,096	\$ -	\$ (70,579)	\$ 860,517
Urban Renewal Bond 2009A	2,625,000	-	(134,000)	2,491,000
Urban Renewal Bond 2009B	3,188,000	-	(163,000)	3,025,000
Urban Renewal Bond 2008A	3,485,742	-	(30,965)	3,454,777
Totals	\$ 10,229,838	\$ -	\$ (398,544)	\$ 9,831,294

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 Company.

CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2013

NOTE 8: LITIGATION AND CONTINGENT LIABILITIES

The City is not currently involved in any litigation and is not aware of any pending or threatened litigation against the City. The City does receive various tort claims which are forwarded on to the City's insurance carrier. There are no known material claims outstanding.

NOTE 9: 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 year

NOTE 10: 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: \$720,388.

NOTE 11: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at September 30, 2013, 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
Combined City Pooled Cash:		
Various Funds below:	\$ 211,978	\$ -
Owed by Various Funds:		
General Fund	-	-
General Obligation Bond Fund	-	211,978
Total	\$ 211,978	\$ 211,978

NOTE 12: 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, 2013

	Library Fund	Gen. Oblig. Bond Fund	Grant & Construction Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 235,988	\$ -	\$ 232,860	\$ 468,848
Receivables (net of allowances):				
Property Taxes	-	-	-	-
Accounts	-	-	-	-
Notes	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	27,244	27,244
Total assets	\$ 235,988	\$ -	\$ 260,104	\$ 496,092
LIABILITIES AND FUND EQUITY				
Liabilities:				
Vouchers payable	\$ 19,716	\$ -	\$ -	\$ 19,716
Accrued liabilities	-	-	-	-
Utility customer deposits	-	-	-	-
Due to other funds	-	-	-	-
Due to cash clearing	-	211,978	-	211,978
Deferred revenue	-	-	-	-
Total liabilities	19,716	211,978	-	231,694
Fund Balance:				
Restricted for:				
Capital projects	-	-	-	-
Unrestricted	216,272	(211,978)	260,104	264,398
Total fund balances	216,272	(211,978)	260,104	264,398
Total liabilities and fund balances	\$ 235,988	\$ -	\$ 260,104	\$ 496,092

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, 2013

	Library Fund	Gen. Oblig. Bond Fund	Grant & Construction Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 364,283	\$ 131,437	\$ -	\$ 495,720
Charges for services	7,319	-	-	7,319
Fines	13,456	-	-	13,456
Grants / Donations	2,287	-	43,664	45,951
Interest Income	1,111	-	-	1,111
Miscellaneous	6,640	-	-	6,640
Total revenues	395,096	131,437	43,664	570,197
Expenditures:				
Salaries	180,128	-	-	180,128
FICA taxes	13,358	-	-	13,358
Retirement	13,490	-	-	13,490
Workman's compensation	756	-	-	756
Group insurance	50,677	-	-	50,677
Operating supplies	65,467	-	-	65,467
Minor equipment	3,624	-	-	3,624
Professional services	30,596	-	15,967	46,563
Printing, advertising and public relations	1,394	-	-	1,394
Insurance	6,242	-	-	6,242
Memberships, travel and training	2,733	-	-	2,733
Cleaning	3,678	-	-	3,678
Telephone	2,229	-	-	2,229
Utilities	3,491	-	-	3,491
Computer costs	20,542	-	-	20,542
Maintenance	9,360	-	-	9,360
Miscellaneous	2,493	-	-	2,493
Administrative service	2,000	-	-	2,000
Debt service - principal	-	230,000	-	230,000
Debt service - interest	-	113,415	-	113,415
Capital outlays	-	-	40,022	40,022
Total expenditures	412,258	343,415	55,989	811,662
Excess of revenues over (under) expenditures	(17,162)	(211,978)	(12,325)	(241,465)
Other financing sources (uses)				
Transfers in	42,000	-	-	42,000
Transfers out	(17,000)	-	-	(17,000)
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources (uses)	25,000	-	-	25,000
Net change in fund balances	7,838	(211,978)	(12,325)	(216,465)
Fund balance - beginning	208,434	-	272,429	480,863
Fund balance - ending	\$ 216,272	\$ (211,978)	\$ 260,104	\$ 264,398

See accompanying notes to the financial statements.

CITY OF BURLEY, IDAHO

Combining Statement of Net Position
Nonmajor Proprietary Funds
September 30, 2013

	Business-Type Activities Enterprise Funds		
	Sanitation Fund	Golf Fund	Total Nonmajor Proprietary Funds
ASSETS			
Cash & Investments	\$ 123,778	\$ 9,947	\$ 133,725
Receivables (Net of Allowances):			
Accounts	51,984	-	51,984
Prepaid Expenses	-	-	-
Inventory	-	-	-
Due from other fund	-	-	-
Capital Assets:			
Land	12,500	-	12,500
Other Capital Assets, Net of Depreciation	567,992	761,843	1,329,835
Total assets	756,254	771,790	1,528,044
LIABILITIES			
Accounts Payable and Accrued Expenses	36,527	23,050	59,577
Deferred Revenue	-	-	-
Interest Payable	-	-	-
Due to other fund	-	-	-
Long-Term Liabilities:			
Due Within One Year	-	188,279	188,279
Due in More Than One Year	-	-	-
Total liabilities	36,527	211,329	247,856
NET POSITION			
Net Investment in Capital Assets	580,492	573,564	1,154,056
Restricted for:			
Capital projects	-	-	-
Unrestricted	139,235	(13,103)	126,132
Total Net Assets	\$ 719,727	\$ 560,461	\$ 1,280,188

See accompanying notes to the financial statements.

CITY OF BURLEY, IDAHO

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Proprietary Funds
Year Ended September 30, 2013

	Business-Type Activities Enterprise Funds		
	Sanitation Fund	Golf Fund	Total Nonmajor Proprietary Funds
Operating revenues:			
Charges for utilities/services	\$ 893,323	\$ 380,756	\$ 1,274,079
Less cost of utilities	-	-	-
Gross profit on utilities	893,323	380,756	1,274,079
Other service charges	-	-	-
Total operating revenues	893,323	380,756	1,274,079
Operating expenses:			
Salaries	200,619	114,795	315,414
F.I.C.A. taxes	15,200	8,573	23,773
State retirement	21,053	11,726	32,779
Workman's compensation	21,182	2,707	23,889
Health and accident insurance	129,576	45,772	175,348
Operating supplies	43,085	6,337	49,422
Motor fuels and lubricants	107,604	15,823	123,427
Professional services	2,688	963	3,651
Advertising and printing	1,004	1,479	2,483
Insurance	9,695	2,100	11,795
Memberships, travel and training	-	981	981
Utilities and telephone	1,382	15,704	17,086
Rent - buildings and equipment	12	246	258
Maintenance expense	136,792	47,415	184,207
Other purchased services	97,913	97,629	195,542
Miscellaneous expense	1,051	5,999	7,050
Bad debts	2,411	-	2,411
Depreciation	99,981	66,085	166,066
Administrative services	27,083	2,500	29,583
Legal services	8,583	-	8,583
Total operating expenses	926,914	446,834	1,373,748
Operating income (loss)	(33,591)	(66,078)	(99,669)
Non-operating revenues (expenses)			
Grant revenue (expense)	-	-	-
Gain (Loss) on sale of equipment	-	-	-
Interest income (expense)	903	(3,397)	(2,494)
Total non-operating revenues (expenses)	903	(3,397)	(2,494)
Income/(Loss) before contributions and Transfers	(32,688)	(69,475)	(102,163)
Capital Contributions	-	-	-
Transfers In	-	69,000	69,000
Transfers Out	-	-	-
Change in Net Position	(32,688)	(475)	(33,163)
Net Position Beginning of Year	752,415	560,936	1,313,351
Net Position End of Year	\$ 719,727	\$ 560,461	\$ 1,280,188

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, 2013

	Business-Type Activities Enterprise Funds		
	Sanitation Fund	Golf Fund	Total Nonmajor Proprietary Funds
Cash flows provided by operating activities:			
Receipts from customers and users	\$ 887,142	\$ 380,756	\$ 1,267,898
Payments to suppliers	(597,814)	(258,207)	(856,021)
Payments to employees	(200,619)	(114,795)	(315,414)
Payments for interfund services used	(35,666)	(2,500)	(38,166)
Other receipts/(payments)	-	-	-
Net cash provided (used) by operating activities	<u>53,043</u>	<u>5,254</u>	<u>58,297</u>
Cash flows from noncapital and related financing activities:			
Transfers to other funds	-	-	-
Transfers from other funds	-	69,000	69,000
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>69,000</u>	<u>69,000</u>
Cash flows from capital and related financing activities:			
Principal and interest paid on long-term debt	-	(64,307)	(64,307)
Proceeds from debt	-	-	-
Capital contributions	-	-	-
Disposal of capital assets	-	-	-
Acquisition of capital assets	(231,934)	-	(231,934)
Net cash used by capital and related financing activities	<u>(231,934)</u>	<u>(64,307)</u>	<u>(296,241)</u>
Cash flows from investing activities:			
Principal received on loans	-	-	-
Interest received on investments	903	-	903
Net cash provided by investing activities	<u>903</u>	<u>-</u>	<u>903</u>
Net increase (decrease) in cash	(177,988)	9,947	(168,041)
Cash at beginning of year	301,766	-	301,766
Cash at end of year	<u>\$ 123,778</u>	<u>\$ 9,947</u>	<u>\$ 133,725</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (33,591)	\$ (66,078)	\$ (99,669)
Depreciation & amortization	99,981	66,085	166,066
(Increase) decrease in accounts receivable	(6,181)	-	(6,181)
Increase (decrease) in accounts payable	(7,166)	5,247	(1,919)
Net cash provided (used) by operating activities	<u>\$ 53,043</u>	<u>\$ 5,254</u>	<u>\$ 58,297</u>

See accompanying notes to the financial statements.

CITY OF BURLEY, IDAHO

Combining Statement of Net Position
Internal Service Funds
September 30, 2013

	Internal Service Funds			
	Health Insurance	Liability Insurance	Workman's Comp. Ins.	Total Internal Service Funds
ASSETS				
Cash & Investments	\$ 227,314	\$ 70,002	\$ 199,125	\$ 496,441
Receivables (Net of Allowances):				
Claims	-	-	-	-
Prepaid Expenses	-	-	-	-
Due from other fund	-	-	-	-
Capital Assets:				
Land	-	-	-	-
Other Capital Assets, Net of Depreciation	-	-	-	-
Total assets	227,314	70,002	199,125	496,441
LIABILITIES				
Accounts Payable and Accrued Expenses	-	-	-	-
Customer Deposits Payable	-	-	-	-
Deferred Revenue	-	-	-	-
Interest Payable	-	-	-	-
Due to other fund	-	-	-	-
Long-Term Liabilities:				
Due Within One Year	-	-	-	-
Due in More Than One Year	-	-	-	-
Total liabilities	-	-	-	-
NET POSITION				
Net Investment in Capital Assets	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Unrestricted	227,314	70,002	199,125	496,441
Total Net Assets	\$ 227,314	\$ 70,002	\$ 199,125	\$ 496,441

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, 2013

	Internal Service Funds			Total Internal Service Funds
	Health Insurance	Liability Insurance	Workman's Comp. Ins.	
Operating revenues:				
Insurance charges to other funds	\$ 1,419,192	\$ 114,966	\$ 128,629	\$ 1,662,787
Premium dividend (refunds)	-	-	-	-
Miscellaneous revenue	-	-	-	-
Total operating revenues	1,419,192	114,966	128,629	1,662,787
Operating expenses:				
Administrative services	8,944	-	-	8,944
Claims and premium costs	1,256,404	1,000	2,342	1,259,746
Other Insurance premiums	3,798	112,545	122,955	239,298
Wellness benefit program	3,613	-	-	3,613
Other expenses	-	1,956	1,379	3,335
Total operating expenses	1,272,759	115,501	126,676	1,514,936
Operating income (loss)	146,433	(535)	1,953	147,851
Non-operating revenues (expenses)				
Grant revenue	-	-	-	-
Grant (expense)	-	-	-	-
Gain (Loss) on sale of equipment	-	-	-	-
Interest income	-	-	-	-
Interest (expense)	-	-	-	-
Total non-operating revenues (expenses)	-	-	-	-
Income/(Loss) before contributions and transfers	146,433	(535)	1,953	147,851
Capital Contributions	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Change in Net Position	146,433	(535)	1,953	147,851
Net Position Beginning of Year	80,881	70,537	197,172	348,590
Net Position End of Year	\$ 227,314	\$ 70,002	\$ 199,125	\$ 496,441

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, 2013

	Internal Service Funds			
	Health Insurance	Liability Insurance	Workman's Comp. Ins.	Total Internal Service Funds
Cash flows provided by operating activities:				
Receipts from customers and users	\$ 1,419,192	\$ 114,966	\$ 128,629	\$ 1,662,787
Payments to suppliers	(1,548,952)	(115,501)	(126,676)	(1,791,129)
Payments to employees	-	-	-	-
Payments for interfund services used	-	-	-	-
Other receipts/(payments)	-	-	-	-
Net cash provided (used) by operating activities	<u>(129,760)</u>	<u>(535)</u>	<u>1,953</u>	<u>(128,342)</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	(129,760)	(535)	1,953	(128,342)
Cash at beginning of year	357,074	70,537	197,172	624,783
Cash at end of year	<u>\$ 227,314</u>	<u>\$ 70,002</u>	<u>\$ 199,125</u>	<u>\$ 496,441</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 146,433	\$ (535)	\$ 1,953	\$ 147,851
Depreciation & amortization	-	-	-	-
(Increase) decrease in accounts receivable	-	-	-	-
Increase (decrease) in accounts payable	(276,193)	-	-	(276,193)
Net cash provided (used) by operating activities	<u>\$ (129,760)</u>	<u>\$ (535)</u>	<u>\$ 1,953</u>	<u>\$ (128,342)</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

INDEPENDENT AUDITOR'S 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

To the Mayor and City Council
City of Burley, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of the City of Burley, Idaho (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 16, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with

Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Evans & Poulsen

Evans & Poulsen, PA

January 16, 2014

SINGLE AUDIT



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 ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Mayor and City Council
City of Burley, Idaho

Report on Compliance for Each Major Federal Program

We have audited the City of Burley, Idaho's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Burley's major federal programs for the year ended September 30, 2013. The City of Burley's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Burley's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Burley's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Burley's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Burley complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of the City of Burley is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Burley's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on

the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Burley's internal control over compliance.

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

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

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

Evans & Poulsen

Evans & Poulsen, PA

January 16, 2014

CITY OF BURLEY

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

<u>Federal Grantor/Pass Through Grantor:</u> <u>Program Title:</u>	<u>Federal CFDA</u> <u>Number</u>	<u>Expenditures</u>
Federal Aviation Administration- Department of Transportation <hr/> Airport Improvement Program	20.106	\$ 15,170
Environmental Protection Agency- Office of the Chief Financial Officer <hr/> Congressionally Mandated Projects	66.202	857,729
Idaho Department of Commerce Community Development Block Grant	14.228	346,346
Idaho Commission for Libraries State Library Program	45.31	900
Total Expenditure of Federal Awards		<hr/> <u>\$ 1,220,145</u>

CITY OF BURLEY

Schedule of Findings and Questioned Costs-Federal Awards For the Year Ended September 30, 2013

I. SUMMARY OF AUDITOR'S RESULTS:

- 1 The accounting records for grant programs are maintained on 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.
- 2 The auditor's report expresses an unqualified opinion on the basic financial statements of City of Burley.
- 3 There were no material weaknesses disclosed during the audit of the basic financial statements of City of Burley.
- 4 No instances of noncompliance material to the basic financial statements of City of Burley were disclosed during the audit.
- 5 The auditor's report on compliance for the major federal award programs for the City of Burley expresses an unqualified opinion on all major federal programs.
- 6 The program tested as a major program was:

Environmental Protection Agency-
Congressionally Mandated Projects CFDA # 66.202
- 7 The threshold for distinguishing Types A and B programs was \$300,000.
- 8 City of Burley was not determined to be a low-risk auditee.
- 9 The audit did not disclose any material weaknesses in internal control over major programs.
- 10 There were no audit findings that are required to be reported in accordance with OMB Circular A-133 in this schedule.

II. FINANCIAL STATEMENT FINDINGS:

There were no findings or questioned costs in the financial statements.

III. FEDERAL AWARD FINDINGS:

There were no findings or questioned costs in any of the federal award programs.