

**CITY OF BURLEY, IDAHO**

**Basic Financial Statements  
With Supplemental Information**

**September 30, 2018**



**CITY OF BURLEY, IDAHO**  
**BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2018  
**TABLE OF CONTENTS**

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<b>INTRODUCTORY SECTION</b>	<b>Page</b>
Title Page	
Table of Contents	2 - 3
 <b>FINANCIAL SECTION</b>	
<b>Independent Auditor's Report</b>	4 - 5
<b>Management's Discussion and Analysis</b>	6-1 - 6-7
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet - Governmental Funds	9
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	10
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
General Fund	13
Statement of Net Position - Proprietary Funds	14
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	15
Statement of Cash Flows - Proprietary Funds	16
Statement of Fiduciary Fund Net Position and Liabilities	17
Statement of Changes in Fiduciary Fund Net Position	18
Notes to the Financial Statements	19 - 39
 <b>Required Supplemental Information:</b>	
Schedule of Employer's Share of Net Pension Liability	40
Schedule of Employer's Contributions	41

**CITY OF BURLEY, IDAHO**  
BASIC FINANCIAL STATEMENTS  
For the Year Ended September 30, 2018  
TABLE OF CONTENTS

---

**Combining Financial Statements and Schedules:**

Combining Statement of Net Position - Internal Service Funds 42

Combining Statement of Revenues, Expenses and Changes in Fund  
Net Position - Internal Service Funds 43

Combining Statement of Cash Flows - Internal Service Funds 44

**Government Auditing Standards Report:**

Independent Auditor's Report on Compliance and Internal Control 45 - 46

**FINANCIAL SECTION**

# *Poulsen VanLeuven & Catmull PA*

**Certified Public Accountants**

*Members of the American Institute of CPA's  
and the Idaho Society of CPA's*

**Jeffrey D. Poulsen, CPA  
Darren B. VanLeuven, CPA  
Jacob H. Catmull, CPA**

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council  
City of Burley, ID

### **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 of City of Burley (the "City"), as of and for the year ended September 30, 2018, 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, 2018, and the respective changes in financial position, and, where applicable,

cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-1 through 6-6 and the schedules of employer's share of net pension liability and employer contributions, as listed in the table of contents, be presented to support 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 internal service fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual internal service fund financial statements, and, where applicable, the cash flows thereof 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 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 internal service fund financial statements 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 February 15, 2019 on our consideration of the City'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.

*Poulsen VanLeuven & Catmull*

Poulsen VanLeuven & Catmull P.A

February 15, 2019

**City of Burley**  
**Management Discussion and Analysis**  
**Fiscal Year Ending - September 30, 2018**

**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, 2018. 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- 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. This year and each ensuing year we will update the reporting on the retirement holdings the City of Burley has with the Public Employees Retirement System of Idaho which is a requirement of GASB 68. GASB 68 is the disclosure of the potential retirement system liability. The City of Burley as the employer and all full time and some part-time employees participate in PERSI. We must report on the financial statements a potential unfunded liability from being in this system.

**Analysis of Net Position**

The City total net position for the fiscal year ended September 30, 2018, is \$69,935,013 compared to \$67,283,521 for September 30, 2017. This is an increase in net position of \$2,652,492 compared to the previous year increase of \$1,855,231. The increase due to changes in cash for all funds in the amount of \$438,350 and reduction in debt liability of \$1,133,345 and other more minor changes.

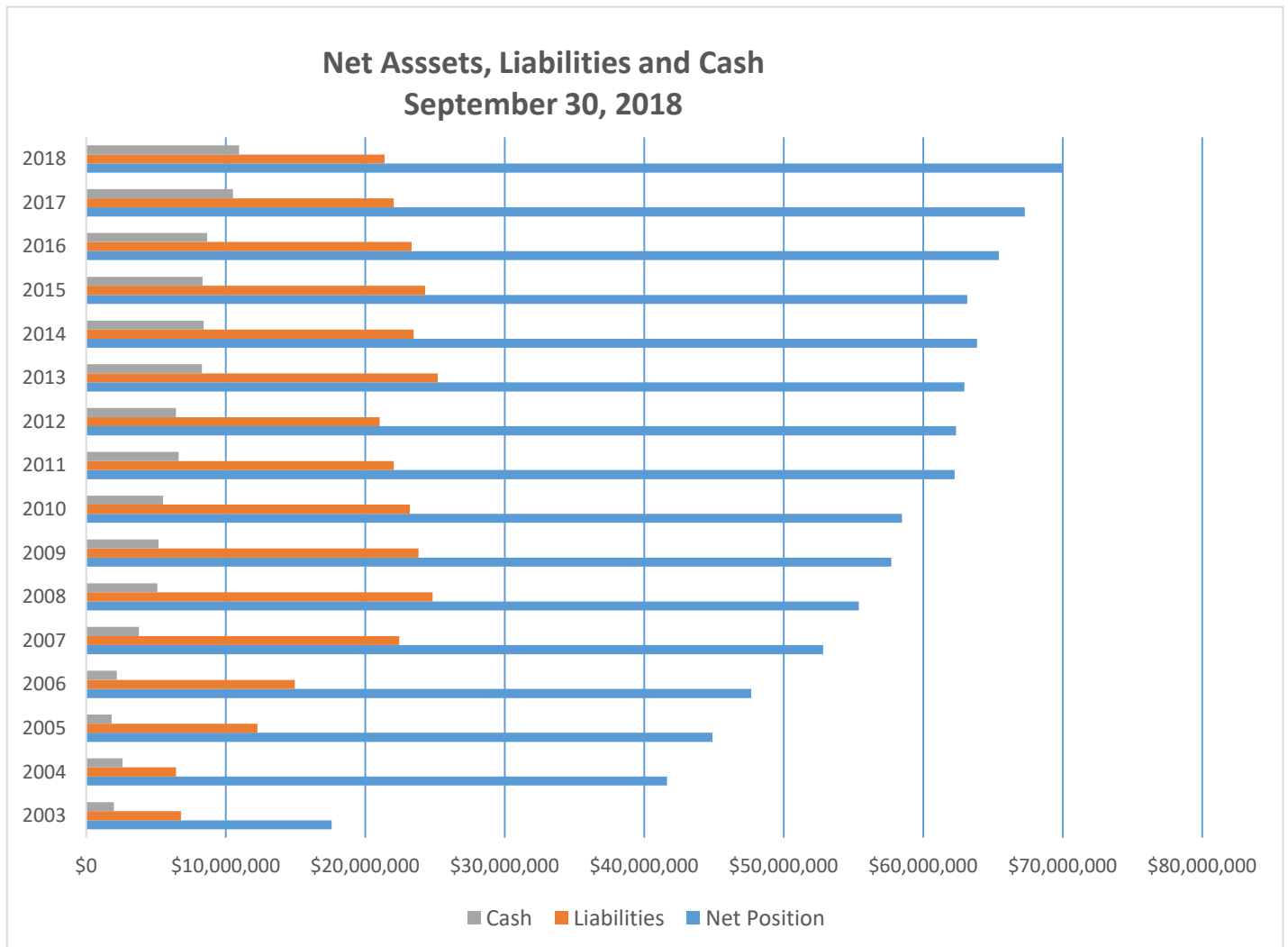
The Governmental Activities Net Position increased by \$1,674,371. This increase was created due to an increase in cash for governmental activities and increase of assets and a reduction of debt (see page 7).

The Enterprise funds increased in net position overall by \$977,121 compared to the prior year increase of \$1,754,302. The Enterprise funds are summarized on page 14 and 15 of the Financial Statements.

Cash and Investments in the Governmental funds increased by \$164,033 compared to \$322,764 for FY 2017. The increase was due to Tennis court construction and an increase on Library cash. The General Fund cash increased by \$30,632. The increase was offset by the purchase of the Cemetery property in 2018. Governmental funds are summarized on pages 9-13.

Cash and investments in the Enterprise funds increased by \$101,580. The increase was primarily due to increase in the Water fund.

Liabilities for the City as a whole decreased from \$22,039,744 for the fiscal year ended 2017 to \$21,378,021 for the fiscal year ended 2018. The largest decreases in liabilities were in Long-Term Bond Debt paid during the year. The long-term bond debt is in the Water Fund, Wastewater Fund and General Obligation Bonds Fund.



### **Funds Analysis**

The following is an analysis of the differences in the Net Position of each of the City's major funds types for the Fiscal Year ending September 30, 2018.

**Governmental Funds** – Total property taxes collected (Current and Delinquent) for FY 2017-2018 for all functions including the General Fund, Street Override levy, Library base levy and the Library Override levy, and General Obligation Bond were \$2,931,880. Property taxes collected for the General Fund were \$2,156,173. Property taxes collected for the Library and the General Obligation Bond were \$439,858 and \$325,849 respectively. Total revenues for the General Fund were \$7,019,421 compared to total revenues of \$6,921,089 for the prior year. State of Idaho collected local tax revenues (Sales Tax/Inventory Replacement Tax and shared Liquor Dispensary revenues) were \$1,040,366 compared to \$985,163 for fiscal year 2017. Highway user taxes (a portion of gas



tax and vehicle registrations) totaled \$486,607 compared to \$486,081 for FY 2017. Another Street funding revenue is the local highway districts tax. This revenue comes from City residents taxed by the local highway districts passed back to the city at a **50% reduction** from the highway districts. The tax returned to City was \$287,033 compared to \$279,632 for the previous fiscal year. The General Fund support for the Street Department over taxes received was \$124,582 compared to \$62,757 for FY 2017. This is over and above the temporary Street override funding of \$140,000.

Expenses for the Streets Department for the year were of \$1,198,120 compared to \$968,470 the previous fiscal year. Increased cost was for a new front-end loader and road damage from severe flooding the prior winter.

Total Public Safety- Sheriff's contract, Fire Department, Animal Control, Building Inspection and prosecution costs were \$3,131,943 compared to \$3,130,357 in 2017 and \$3,032,577 for fiscal year 2018. This is 42.82% of all General Fund expenditures. The General Fund completed the year with 98.2% of expected revenue and 96.4% of budgeted expenditures.

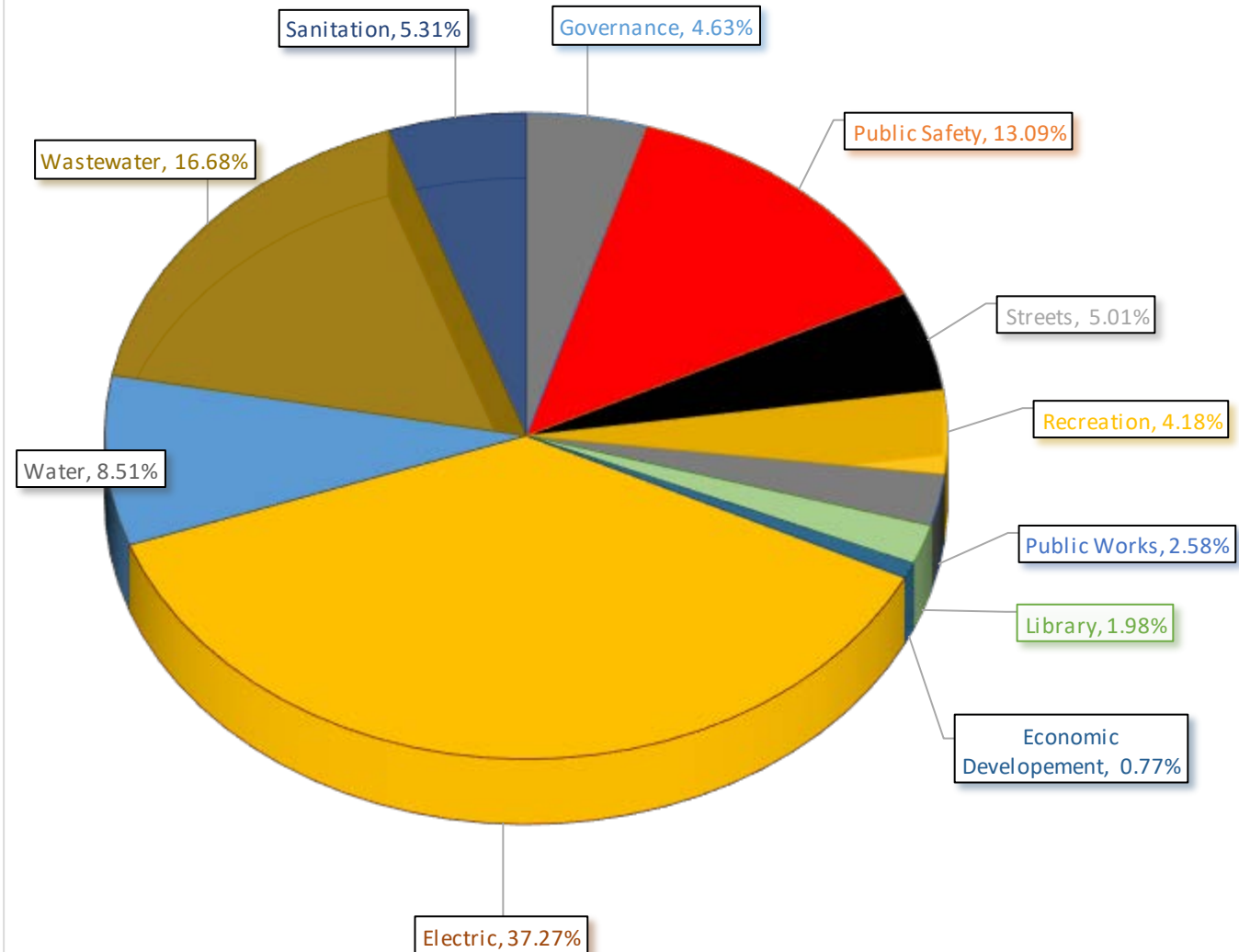
**State and Federal Grants Fund** – Grant reimbursements were received from the Federal Aviation Administration and the State of Idaho-Aeronautics (Planning Grant) for \$139,541 from the State of Idaho in the amount of \$717,000. Economic Development grants were for McCain's and New Cold. The City also received a grant of \$191,000 for the placement of sidewalks on Hiland Avenue.

### **Business Type Funds**

**Electric Fund** – The Electric Fund Net Position increased by \$125,058 compared to \$158,558 for the previous fiscal year. Cash & Investments decreased by \$47,813. There was a rate increase approved in May of 2018 to cover operating expenses and build long-term reserves. The rate increase was an increase in base rates and in energy consumption. Due to the timing of the increase there was no impact on the revenues for the 2017-2018 fiscal year. There is also a pending 2% electrical rate increase for October of 2019 to keep electrical rates equal to the increases by the Bonneville Power Administration.

**Water Fund** – The Water Fund Net Position increased by \$615,098 as of September 30, 2018. There were also ongoing additional expenses for mitigation due to previous water calls. Cash for the Water Department increased by \$192,771 from the prior fiscal year. Water Fund Revenue was \$2,675,993 compared to \$2,679,244 for the previous year. Operating expenses were \$2,034,877. There were no significant differences between budgeted revenue and expenditures and actual revenue and expenditure.

## EXPENDITURES BY FUNCTION

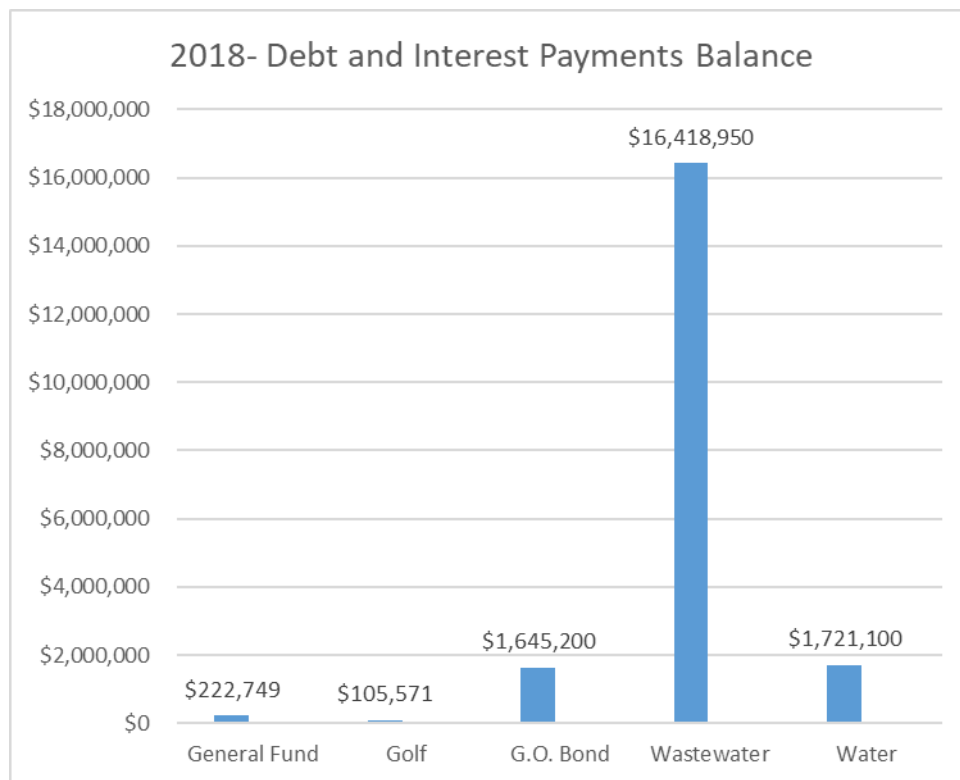


**Wastewater Fund** – The Wastewater Fund Net Position for September 30, 2018, was \$24,869,314 compared to \$24,610,584 for the year end 2017. This is an increase of \$258,730 from October 1, 2017. Cash in the fund decreased by \$90,315. Wastewater fund revenue was 101.8% for the year and total expenses were 104.8% of the budget. Plant upgrades were the reason that cash decreased for the fiscal year. The Industrial Plant budget is operated from the revenue derived from the industrial customers. Planning is currently underway to add additional capacity for the municipal plant. There were no significant differences between budgeted revenue and expenditures and actual revenue and expenditures.

**Golf Fund** – The Golf Fund net position decreased by \$41,304 during the 2017-2018 fiscal year. The operating transfer to the Golf Fund was \$264,230 compared to \$228,662 for the previous fiscal year. Of the transferred, a part of the transfer was to rebuild the kitchen area to comply with Idaho Law for the consumption of alcohol on premises. The estimated cost of the repair was \$55,000. The actual cost was \$66,062. Total operating revenues for the Golf Fund were \$396,385 compared to \$293,851 for the previous fiscal year. Operating expenses were \$698,479.

**Sanitation Fund** – The Sanitation Fund had an increase in net position of \$19,539 from the previous fiscal year. The increase was due to adjusting rates for services that had not been substantially increased for several years. The other factor that changed the net position positive is that there was only one equipment purchase (\$167,805) during the fiscal year. Revenues for the Sanitation Department were 111.4% compared to expenditures at 111.4% for the fiscal year. The fund operating revenue increased \$191,551 over the previous fiscal year. Total operating expenses were \$1,270,024. Maintenance of equipment was the main cause for increased expenditures (\$236,994).

**Burley Development Authority** – The Burley Development Authority (BDA) is listed as a component unit of the City of Burley. This is according to GASB and GAAP requirements. The information on the BDA is shown on pages seven and eight of the financial statements. The Net Assets for the Burley Development Authority are deceiving in that the BDA builds infrastructure and then turns over the operation of the assets to the City of Burley, but retains any debt associated with the assets. Under Idaho law the BDA is a separate and distinct public entity with their own governing board. The BDA maintains a separate bank account and has their own annual audit performed and paid for separately.



## **OUTSTANDING DEBT**

As of September 30, 2018, the City of Burley had \$ 20,113,570 in short and long-term debt and future interest payments compared to \$21,879,934 in debt and interest payments at the end of fiscal year 2017. General Fund debt is \$222,749 of the total amount or 1.11%. Golf Fund debt is \$105,571 or 0.52%. Wastewater debt for the Industrial Plant and the Municipal plant is \$16,418,950 or 81.6% of the total debt. Water Department debt is \$1,645,200 and 8.56% of the total debt. Additional detailed information on long-term obligations is available in note 6 to the financial statements.

### **Future Concerns and Notable Items**

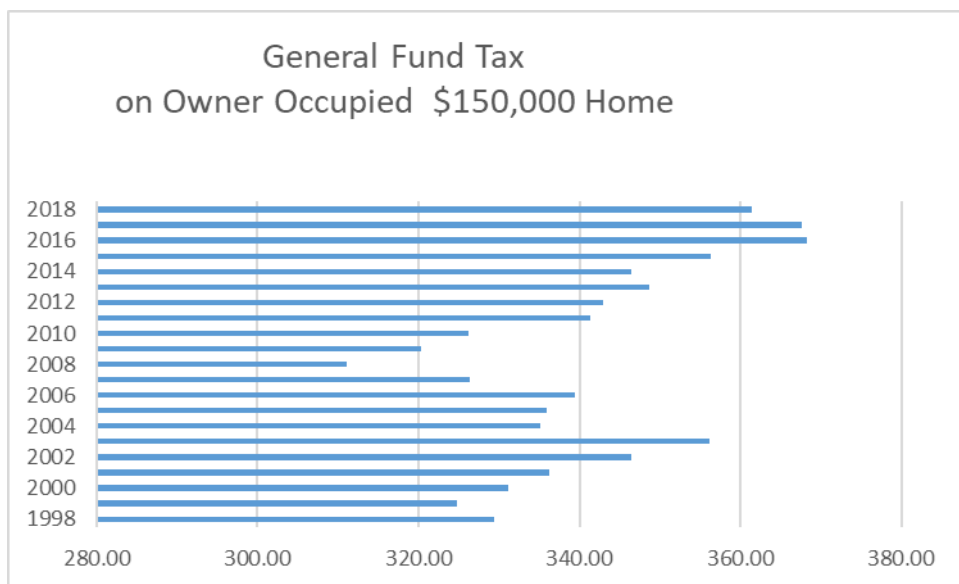
The problem of permanent funding for streets has only been partially addressed by the State of Idaho Legislature. The City of Burley has a temporary two-year override in the amount of \$165,000 that was approved in May 2018 to be collected for fiscal years 2018-2019 and 2019-2020. This will help to improve the level of street maintenance. The Library two-year operating override levy will need to be renewed in May of 2019 to continue Library operations at current levels.

The Idaho legislature is considering the redistribution of sales tax from the current formula which has several components to a per capita distribution. This could mean lost revenue to the City of Burley in amounts of more than \$50,000 per year in the General Fund. This legislation has a definite chance of becoming law in 2019. This would have a direct effect on General Fund services.

As the City of Burley makes future public improvements, it will not only increase the net assets shown on these financial statements but also commits the City to maintaining those improvements.

## **Statistics**

The General Fund Property Tax rate for 2018 was 0.004818647.



The City of Burley estimated population at the end of 2018 is 13,250.

The average City Residential Utility Bill on Burley Electric service is was \$179.

Since 1998, the General Fund Tax Rate has been between 0.004392050 and 0.004909473.

### **Requests for information**

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

**CITY OF BURLEY, IDAHO**

Statement of Net Position  
September 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Totals	Burley Development Authority
<b>ASSETS</b>				
Current assets:				
Cash & investments	\$ 3,831,246	\$ 7,123,122	\$ 10,954,368	\$ 4,425,867
Receivables (net of allowances):				
Taxes	108,266	-	108,266	12,376
Accounts - note 2	36,316	1,187,558	1,223,874	1,500
Notes	-	-	-	-
Prepaid expenses	69,608	-	69,608	-
Inventory - note 3	-	818,518	818,518	-
Due from other governments	286,193	-	286,193	-
Total current assets	<u>4,331,629</u>	<u>9,129,198</u>	<u>13,460,827</u>	<u>4,439,743</u>
Noncurrent assets:				
Notes receivable - other funds	-	646,200	646,200	-
Net pension asset - FRF	901,550	-	901,550	-
Restricted assets:				
Cash -	-	-	-	691,252
Capital assets - note 4:				
Land	10,880,983	473,825	11,354,808	-
Other capital assets, net of depreciation	17,334,585	47,536,648	64,871,233	-
Total noncurrent assets	<u>29,117,118</u>	<u>48,656,673</u>	<u>77,773,791</u>	<u>691,252</u>
Total assets	<u>33,448,747</u>	<u>57,785,871</u>	<u>91,234,618</u>	<u>5,130,995</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension obligations - Base Plan	234,419	207,341	441,760	-
Pension obligations - FRF	43,174	-	43,174	-
Total Deferred Outflows of Resources	<u>277,593</u>	<u>207,341</u>	<u>484,934</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued expenses	500,009	1,811,545	2,311,554	87
Customer deposits payable	195,962	-	195,962	-
Compensated absences payable	187,698	-	187,698	-
Interest payable	2,640	24,051	26,691	129,208
Bonds & notes payable - current maturity	265,000	868,345	1,133,345	628,090
Total current liabilities	<u>1,151,309</u>	<u>2,703,941</u>	<u>3,855,250</u>	<u>757,385</u>
Noncurrent liabilities:				
Notes payable - other funds	214,179	-	214,179	-
Premium on bonds payable	100,000	1,323,416	1,423,416	-
Bonds payable - long term	1,170,000	12,884,786	14,054,786	7,068,360
Net pension liability	969,995	860,395	1,830,390	-
Total noncurrent liabilities	<u>2,454,174</u>	<u>15,068,597</u>	<u>17,522,771</u>	<u>7,068,360</u>
Total liabilities	<u>3,605,483</u>	<u>17,772,538</u>	<u>21,378,021</u>	<u>7,825,745</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Employer pension assumption - Base Plan	209,680	169,424	379,104	-
Employer pension assumption - FRF	27,414	-	27,414	-
Total Deferred Inflows of Resources	<u>237,094</u>	<u>169,424</u>	<u>406,518</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	26,780,568	34,257,342	61,037,910	-
Restricted for:				
Capital projects & debt service	-	-	-	691,252
Unrestricted	3,103,195	5,793,908	8,897,103	(3,386,002)
Total Net Assets	<u>\$ 29,883,763</u>	<u>\$ 40,051,250</u>	<u>\$ 69,935,013</u>	<u>\$ (2,694,750)</u>

See accompanying notes to the financial statements.



**CITY OF BURLEY, IDAHO**

Balance Sheet  
Governmental Funds  
September 30, 2018

	General Fund	Library Fund	Gen. Oblig. Bond Fund	Grant & Construction Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 2,246,055	\$ 428,090	\$ -	\$ 201,325	\$ 2,875,470
Receivables (net of allowances):					
Taxes	108,266	-	-	-	108,266
Accounts	36,316	-	-	-	36,316
Notes	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	286,193	-	-	-	286,193
<b>Total assets</b>	<b>\$ 2,676,830</b>	<b>\$ 428,090</b>	<b>\$ -</b>	<b>\$ 201,325</b>	<b>\$ 3,306,245</b>
<b>LIABILITIES AND FUND EQUITY:</b>					
Liabilities:					
Vouchers payable and accrued liabilities	\$ 174,283	\$ 24,153	\$ -	\$ 301,573	\$ 500,009
Utility customer deposits	195,962	-	-	-	195,962
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>370,245</b>	<b>24,153</b>	<b>-</b>	<b>301,573</b>	<b>695,971</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>					
Unavailable revenue - property taxes	92,117	-	-	-	92,117
<b>FUND BALANCE:</b>					
Restricted for:					
Capital projects	-	-	-	-	-
Committed:					
General Obligation Bond Fund	-	-	-	-	-
Library Fund	-	403,937	-	-	403,937
Grant Fund	-	-	-	(100,248)	(100,248)
Unassigned: General Fund	2,214,468	-	-	-	2,214,468
<b>Total fund balances</b>	<b>2,214,468</b>	<b>403,937</b>	<b>-</b>	<b>(100,248)</b>	<b>2,518,157</b>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<b>\$ 2,676,830</b>	<b>\$ 428,090</b>	<b>\$ -</b>	<b>\$ 201,325</b>	<b>\$ 3,306,245</b>

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, 2018

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Total Governmental Fund Balances	\$ 2,518,157
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.	28,215,568
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	92,117
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.	1,025,384
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	(187,698)
General Obligation Bonds (GOB) payable	(1,535,000)
Notes Payable - other funds	(214,179)
Accrued interest payable	(2,640)
Net pension assets, liabilities, and associated deferred items are not available to pay for current period expenditures and therefore are deferred in the funds:	
Deferred outflows of resources	277,593
Deferred inflows of resources	(237,094)
Net pension asset, FRF	901,550
Net pension liability	<u>(969,995)</u>
Net Position of Governmental Activities	<u>\$ 29,883,763</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, 2018

	<b>General Fund</b>	<b>Library Fund</b>	<b>Gen. Oblig. Bond Fund</b>	<b>Grant &amp; Construction Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>					
Taxes	\$ 2,156,173	\$ 439,858	\$ 325,849	\$ -	\$ 2,921,880
Licenses and permits	271,331	-	-	-	271,331
Intergovernmental	1,861,104	-	-	-	1,861,104
Charges for services	2,387,773	7,872	-	-	2,395,645
Fees and fines	98,971	11,330	-	-	110,301
Grants / Donations	-	4,903	-	856,541	861,444
Miscellaneous	244,069	13,515	-	-	257,584
<b>Total revenues</b>	<b>7,019,421</b>	<b>477,478</b>	<b>325,849</b>	<b>856,541</b>	<b>8,679,289</b>
<b>Expenditures:</b>					
Legislative	528,278	-	-	-	528,278
Executive	29,474	-	-	-	29,474
Administrative	924,190	-	-	-	924,190
Purchasing	34,525	-	-	-	34,525
Legal & Professional	155,155	-	-	149,616	304,771
Buildings	295,058	-	-	-	295,058
Police	1,559,059	-	-	-	1,559,059
Fire	1,172,945	-	-	-	1,172,945
Animal control	80,513	-	-	-	80,513
Streets	1,198,120	-	-	-	1,198,120
Equipment maintenance	299,350	-	-	-	299,350
Airport	54,564	-	-	-	54,564
Parks and recreation	301,136	-	-	-	301,136
Swimming	151,242	-	-	-	151,242
Cemetery	263,874	-	-	-	263,874
Library	-	472,483	-	-	472,483
Debt Service - Principal	-	-	250,000	-	250,000
Debt Service - Interest	-	-	75,849	-	75,849
Capital outlays	262,239	-	-	908,456	1,170,695
<b>Total expenditures</b>	<b>7,309,722</b>	<b>472,483</b>	<b>325,849</b>	<b>1,058,072</b>	<b>9,166,126</b>
Excess of revenues over (under) expenditures	(290,301)	4,995	-	(201,531)	(486,837)
<b>Other financing sources (uses)</b>					
Transfers in	-	23,000	-	-	23,000
Transfers out	-	-	-	-	-
Bond / loan proceeds	309,897	-	-	-	309,897
Proceeds from the sale of capital assets	5,321	-	-	-	5,321
<b>Total other financing sources (uses)</b>	<b>315,218</b>	<b>23,000</b>	<b>-</b>	<b>-</b>	<b>338,218</b>
Net change in fund balances	24,917	27,995	-	(201,531)	(148,619)
Fund balance - beginning	2,189,551	375,942	-	101,283	2,666,776
Fund balance - ending	\$ 2,214,468	\$ 403,937	\$ -	\$ (100,248)	\$ 2,518,157

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, 2018

Net Change in Fund Balances - Total Governmental Funds \$ (148,619)

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	\$ 1,216,167	
Fixed asset additions - contributed	-	
Depreciation expense	<u>(667,537)</u>	
Excess of capital outlay over depreciation		548,630

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 unavailable revenue. (20,069)

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		270,000
Repayment (borrowing) of loan principal - Other Loans		(77,105)

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		(18,639)
Decrease (inc) in accrued interest on long-term debt		518
Basis in assets sold		(5,505)

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 242,345

Changes in net pension liability and related pension obligations deferred outflow and employer pension assumption deferred inflow of resources do not provide required current financial resources and therefore are not reflected in the funds. 882,815

Change in Net Position of Governmental Activities \$ 1,674,371

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget: Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 2,224,181	\$ 2,224,181	\$ 2,156,173	\$ (68,008)
Licenses and permits	162,100	162,100	271,331	109,231
Intergovernmental	1,738,000	1,738,000	1,861,104	123,104
Charges for services	2,520,097	2,520,097	2,387,773	(132,324)
Fines	88,000	88,000	98,971	10,971
Miscellaneous	309,100	309,100	244,069	(65,031)
<b>Total revenues</b>	<b>7,041,478</b>	<b>7,041,478</b>	<b>7,019,421</b>	<b>(22,057)</b>
<b>Expenditures:</b>				
Legislative	538,596	538,596	528,278	10,318
Executive	36,045	36,045	29,474	6,571
Administrative	929,728	929,728	924,190	5,538
Purchasing	175,000	175,000	34,525	140,475
Legal	185,098	185,098	155,155	29,943
Buildings	316,898	316,898	295,058	21,840
Police	1,559,059	1,559,059	1,559,059	-
Fire	1,111,333	1,111,333	1,172,945	(61,612)
Animal control	92,980	92,980	80,513	12,467
Streets	1,030,200	1,030,200	1,198,120	(167,920)
Equipment maintenance	298,277	298,277	299,350	(1,073)
Airport	51,400	51,400	54,564	(3,164)
Parks and recreation	360,480	360,480	301,136	59,344
Swimming	128,431	128,431	151,242	(22,811)
Cemetery	289,953	289,953	263,874	26,079
Construction	353,000	353,000	262,239	90,761
<b>Total expenditures</b>	<b>7,456,478</b>	<b>7,456,478</b>	<b>7,309,722</b>	<b>146,756</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(415,000)</b>	<b>(415,000)</b>	<b>(290,301)</b>	<b>124,699</b>
<b>Other financing sources (uses)</b>				
Transfers in	100,000	100,000	-	100,000
Transfers out	-	-	-	-
Bond / loan proceeds	300,000	300,000	309,897	9,897
Proceeds from the sale of capital assets	15,000	15,000	5,321	(9,679)
<b>Excess (deficiency) of revenues over expenditures and other sources (uses)</b>	<b>-</b>	<b>-</b>	<b>24,917</b>	<b>24,917</b>
<b>Fund balance - beginning</b>	<b>2,189,551</b>	<b>2,189,551</b>	<b>2,189,551</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 2,189,551</b>	<b>\$ 2,189,551</b>	<b>\$ 2,214,468</b>	<b>\$ 24,917</b>

See accompanying notes to the financial statements.

**CITY OF BURLEY, IDAHO**

Statement of Net Position  
Proprietary Funds  
September 30, 2018

	Business-Type Activities Enterprise Funds					Totals	Governmental Activities-
	Electric Fund	Water Fund	Wastewater Fund	Sanitation Fund	Golf Fund		Internal Service Funds
<b>ASSETS</b>							
Current assets:							
Cash & investments	\$ 1,289,195	\$ 981,664	\$ 4,797,492	\$ 15,452	\$ 39,319	\$ 7,123,122	\$ 955,776
Receivables (net of allowances):							
Accounts	583,766	180,619	332,917	88,273	1,983	1,187,558	-
Prepaid expenses	-	-	-	-	-	-	69,608
Inventory	579,064	239,454	-	-	-	818,518	-
Total current assets	<u>2,452,025</u>	<u>1,401,737</u>	<u>5,130,409</u>	<u>103,725</u>	<u>41,302</u>	<u>9,129,198</u>	<u>1,025,384</u>
Noncurrent assets:							
Notes receivable - other funds	354,214	-	291,986	-	-	646,200	-
Restricted assets	-	-	-	-	-	-	-
Capital Assets:							
Land	170,235	242,114	48,976	12,500	-	473,825	-
Other capital assets, net of depr	4,200,723	8,684,399	33,483,954	668,475	499,097	47,536,648	-
Total noncurrent assets	<u>4,725,172</u>	<u>8,926,513</u>	<u>33,824,916</u>	<u>680,975</u>	<u>499,097</u>	<u>48,656,673</u>	<u>-</u>
Total assets	<u>7,177,197</u>	<u>10,328,250</u>	<u>38,955,325</u>	<u>784,700</u>	<u>540,399</u>	<u>57,785,871</u>	<u>1,025,384</u>
<b>DEFERED OUTFLOWS OF RESOURCES</b>							
Pension Obligations	56,189	40,349	61,860	32,632	16,311	207,341	-
Total deferred inflows of resources	<u>56,189</u>	<u>40,349</u>	<u>61,860</u>	<u>32,632</u>	<u>16,311</u>	<u>207,341</u>	<u>-</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable & accrued exp	1,091,256	280,784	306,596	77,424	55,485	1,811,545	-
Deferred revenue	-	-	-	-	-	-	-
Interest payable	-	2,178	21,873	-	-	24,051	-
Due to other funds	-	-	-	-	-	-	-
Bonds & notes payable - current	-	95,000	720,000	-	53,345	868,345	-
Total current liabilities	<u>1,091,256</u>	<u>377,962</u>	<u>1,048,469</u>	<u>77,424</u>	<u>108,830</u>	<u>2,703,941</u>	<u>-</u>
Noncurrent liabilities:							
Premium on bonds payable	-	136,260	1,187,156	-	-	1,323,416	-
Bonds & notes payable	-	1,230,000	11,605,000	-	49,786	12,884,786	-
Net pension liability	233,166	167,433	256,699	135,411	67,686	860,395	-
Total liabilities	<u>233,166</u>	<u>1,533,693</u>	<u>13,048,855</u>	<u>135,411</u>	<u>117,472</u>	<u>15,068,597</u>	<u>-</u>
<b>DEFERED INFLOWS OF RESOURCES</b>							
Employer Pension Assumption	45,914	32,970	50,547	26,664	13,329	169,424	-
Total deferred inflows of resources	<u>45,914</u>	<u>32,970</u>	<u>50,547</u>	<u>26,664</u>	<u>13,329</u>	<u>169,424</u>	<u>-</u>
<b>NET POSITION</b>							
Net Investment in capital assets	4,370,958	7,601,513	21,207,930	680,975	395,966	34,257,342	-
Restricted for:							
Capital projects	-	-	-	-	-	-	-
Unrestricted	1,492,092	822,461	3,661,384	(103,142)	(78,887)	5,793,908	1,025,384
Total net position	<u>\$ 5,863,050</u>	<u>\$ 8,423,974</u>	<u>\$ 24,869,314</u>	<u>\$ 577,833</u>	<u>\$ 317,079</u>	<u>\$ 40,051,250</u>	<u>\$ 1,025,384</u>

See accompanying notes to the financial statements.

**CITY OF BURLEY, IDAHO**

Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended September 30, 2018

	Business-Type Activities Enterprise Funds					Totals	Governmental Activities-
	Electric Fund	Water Fund	Wastewater Fund	Sanitation Fund	Golf Fund		Internal Service Funds
Operating revenues:							
Charges for utilities	\$ 8,021,790	\$ 2,663,655	\$ 4,528,017	\$ 1,225,817	\$ 396,385	\$ 16,835,664	\$ 1,806,485
Less cost of utilities	(5,550,858)	-	-	-	-	(5,550,858)	-
Gross profit on utilities	2,470,932	2,663,655	4,528,017	1,225,817	396,385	11,284,806	1,806,485
Other service charges	16,718	12,338	34,374	28,725	-	92,155	-
Total operating revenues	2,487,650	2,675,993	4,562,391	1,254,542	396,385	11,376,961	1,806,485
Operating expenses:							
Salaries & temp services	522,534	385,508	591,508	320,954	199,973	2,020,477	-
F.I.C.A. taxes	39,157	28,260	42,830	22,429	13,115	145,791	-
State retirement	58,471	42,760	100,926	49,658	28,416	280,231	-
Workman's compensation	8,236	11,940	16,737	18,118	4,088	59,119	-
Health and accident insurance	152,991	132,444	216,431	124,478	45,844	672,188	1,564,140
Operating supplies	20,893	186,615	290,382	5,109	53,468	556,467	-
Motor fuels and lubricants	11,890	10,956	21,522	95,805	14,628	154,801	-
Professional services	46,471	85,778	122,153	8,294	6,731	269,427	-
Advertising and printing	2,401	1,455	2,241	552	3,125	9,774	-
Insurance	13,166	12,414	37,352	18,507	4,262	85,701	-
Memberships, travel and training	74,913	8,141	13,726	17	2,065	98,862	-
Utilities and telephone	76,769	294,892	480,671	3,874	18,028	874,234	-
Rent - buildings and equipment	45,600	26,400	18,134	20,000	-	110,134	-
Maintenance expense	475,522	192,923	679,244	343,017	159,188	1,849,894	-
Other purchased services	14,922	19,469	17,643	70,887	300	123,221	-
Miscellaneous expense	7,381	28,238	3,412	5,452	9,572	54,055	-
Bad debts	4,283	943	2,576	594	-	8,396	-
Tax equivalents paid to Gen. Fund	347,400	-	-	-	-	347,400	-
Depreciation expense	308,155	413,866	1,133,820	128,279	133,176	2,117,296	-
Administrative services	804,966	120,000	135,000	25,000	2,500	1,087,466	-
Legal services	27,500	31,875	64,000	9,000	-	132,375	-
Total operating expenses	3,063,621	2,034,877	3,990,308	1,270,024	698,479	11,057,309	1,564,140
Operating income (loss)	(575,971)	641,116	572,083	(15,482)	(302,094)	319,652	242,345
Non-operating revenues (expenses)							
Grant revenue	353,400	-	-	-	-	353,400	-
Capital Contributions	297,528	-	-	-	-	297,528	-
Sale of fixed assets	-	-	-	-	-	-	-
Interest income	54,702	11,789	66,121	5,021	28	137,661	-
Interest (expense)	(4,601)	(37,807)	(379,474)	-	(3,468)	(425,350)	-
Total non-operating revenues (exp)	701,029	(26,018)	(313,353)	5,021	(3,440)	363,239	-
Income(Loss) before transfers	125,058	615,098	258,730	(10,461)	(305,534)	682,891	242,345
Transfers In	-	-	-	30,000	264,230	294,230	-
Transfers Out	-	-	-	-	-	-	-
Change in Net Position	125,058	615,098	258,730	19,539	(41,304)	977,121	242,345
Net Position Beginning of Year	5,737,992	7,808,876	24,610,584	558,294	358,383	39,074,129	783,039
Net Position End of Year	\$ 5,863,050	\$ 8,423,974	\$ 24,869,314	\$ 577,833	\$ 317,079	\$ 40,051,250	\$ 1,025,384

See accompanying notes to the financial statements.

**CITY OF BURLEY, IDAHO**

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended September 30, 2018

	Business-Type Activities Enterprise Funds					Totals	Governmental Activities- Internal Service Funds
	Electric Fund	Water Fund	Wastewater Fund	Sanitation Fund	Golf Fund		
Cash flows provided by operating activities:							
Receipts from customers and users	\$ 8,033,800	\$ 2,674,064	\$ 4,549,126	\$ 1,249,938	\$ 394,402	\$ 16,901,330	\$ 1,806,485
Payments to suppliers	(6,573,466)	(1,083,628)	(1,954,143)	(764,318)	(341,921)	(10,717,476)	\$ (1,633,748)
Payments to employees	(522,629)	(380,852)	(555,059)	(305,309)	(187,441)	(1,951,290)	-
Payments for interfund services used	(832,466)	23,533	(199,000)	(34,000)	(2,500)	(1,044,433)	-
Other receipts/(payments)	(347,400)	-	-	-	-	(347,400)	-
Net cash provided (used) by operating activities	(242,161)	1,233,117	1,840,924	146,311	(137,460)	2,840,731	172,737
Cash flows from noncapital and related financing activities:							
Grants received	353,400	-	-	-	-	353,400	-
Transfers from (to) other funds	-	-	-	30,000	264,230	294,230	-
Net cash provided (used) by noncapital and related financing activities	353,400	-	-	30,000	264,230	647,630	-
Cash flows from capital and related financing activities:							
Proceeds from long-term debt	-	-	-	-	-	-	-
Capital contributions	297,528	-	-	-	-	297,528	-
Principal and interest paid on long-term debt	(4,601)	(156,760)	(1,252,770)	-	-	(1,414,131)	-
Transfer to restricted assets	-	-	-	-	(93,439)	(93,439)	-
Acquisition of capital assets	(423,783)	(895,375)	(684,801)	(167,754)	-	(2,171,713)	-
Net cash used by capital and related financing activities	(130,856)	(1,052,135)	(1,937,571)	(167,754)	(93,439)	(3,381,755)	-
Cash flows from investing activities:							
Loans to other funds	(150,000)	-	(159,897)	-	-	(309,897)	-
Principal received on loans to other funds	67,102	-	100,108	-	-	167,210	-
Interest received on Investments	54,702	11,789	66,121	5,021	28	137,661	-
Net cash provided by investing activities	(28,196)	11,789	6,332	5,021	28	(5,026)	-
Net increase (decrease) in cash	(47,813)	192,771	(90,315)	13,578	33,359	101,580	172,737
Cash at beginning of year (including restricted)	1,337,008	788,893	4,887,807	1,874	5,960	7,021,542	783,039
Cash at end of year (including restricted)	\$ 1,289,195	\$ 981,664	\$ 4,797,492	\$ 15,452	\$ 39,319	\$ 7,123,122	\$ 955,776
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>							
Operating income (loss)	\$ (575,971)	\$ 641,116	\$ 572,083	\$ (15,482)	\$ (302,094)	\$ 319,652	\$ 242,345
Depreciation & amortization	308,155	413,866	1,133,820	128,279	133,176	2,117,296	-
(Increase) decrease in accounts receivable	(4,708)	(1,929)	(13,265)	(4,604)	(1,983)	(26,489)	(69,608)
(Increase) decrease in inventory	(67,307)	(6,036)	-	-	-	(73,343)	-
Increase (decrease) in payables	97,765	181,444	111,837	22,473	20,909	434,428	-
Net non-cash pension (revenue) expense	(95)	4,656	36,449	15,645	12,532	69,187	-
Net cash provided (used) by operating activities	\$ (242,161)	\$ 1,233,117	\$ 1,840,924	\$ 146,311	\$ (137,460)	\$ 2,840,731	\$ 172,737

See accompanying notes to the financial statements.

**CITY OF BURLEY, IDAHO**

Statement of Fiduciary Net Position  
Fiduciary Funds  
September 30, 2018

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	<b>Burley Library Building Fund</b>	<b>Community Projects Fund</b>	<b>Total Fiduciary Funds</b>
<b>ASSETS</b>			
Cash & Investments	\$ 227,144	\$ 90,335	\$ 317,479
Prepaid Expenses	-	-	-
Other Assets	-	-	-
Total assets	<u>227,144</u>	<u>90,335</u>	<u>317,479</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	-	-	-
Deferred Revenue	-	-	-
Interest Payable	-	-	-
Long-Term Liabilities - Note 6:			
Due Within One Year	-	-	-
Due in More Than One Year	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Held in Trust	<u>227,144</u>	<u>90,335</u>	<u>317,479</u>
Total Net Position	<u>\$ 227,144</u>	<u>\$ 90,335</u>	<u>\$ 317,479</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, 2018

	<b>Burley Library Building Fund</b>	<b>Community Projects Fund</b>	<b>Total Fiduciary Funds</b>
<b>ADDITIONS:</b>			
Donations	\$ 595	\$ 68,023	\$ 68,618
Investment earnings (losses)	1,975	-	1,975
Total additions	<u>2,570</u>	<u>68,023</u>	<u>70,593</u>
<b>DEDUCTIONS:</b>			
Community projects	-	5,957	5,957
Library construction	-	-	-
Other expenses	-	-	-
Total deductions	<u>-</u>	<u>5,957</u>	<u>5,957</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>CHANGE IN NET POSITION:</b>	2,570	62,066	64,636
Net position - beginning of year	224,574	28,269	252,843
Net position - end of year	<u>\$ 227,144</u>	<u>\$ 90,335</u>	<u>\$ 317,479</u>

See accompanying notes to the financial statements.

## CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2018

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Burley have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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, 2018

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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 Library Fund is a special revenue fund and accounts for and reports the operational activity of the City's library.

The General Obligation Bond Fund is a special revenue fund and reports the receipt of property taxes and principal and interest payments on the City's general obligation bonds.

The Grand and Construction Fund is used to account for the construction of major capital projects. activity of the City's library.

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.

The Sanitation Fund accounts for the operations of providing collection and disposal of all municipal solid waste within the City.

The Golf Fund accounts for the operations of the City's municipal golf course.

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

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

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

## CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2018

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### Fiduciary Funds

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the City under the terms of a formal trust agreement.

### Internal Service Funds

Internal service funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

### 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.

**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.

# CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2018

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## E. Deposits and Investments

*Deposits:* Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial credit risk. At year end, \$10,155,163 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	\$ 733,016	106 days	Maturity

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

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

### *Fair Value of Investments*

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1:* Quoted prices for identical investments in active markets;
- Level 2:* Observable inputs other than quoted market prices; and,
- Level 3:* Unobservable inputs.

The investments held with the State of Idaho are stated at fair value as of year end.

## F. Inventory

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

# CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2018

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## 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 position. 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 position.

## I. Budgets and Budgetary Accounting

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

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

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

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

## CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2018

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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

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 position is available.

N. Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and the Firefighters' Retirement Fund Plan (FRF) and additions to/deductions from Base Plan and FRF's fiduciary net position have been determined on the same basis as they are reported by the Base Plan and the FRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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 \$577,620.

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, 2018 was \$579,064, consisting of electrical system replacement parts. Water fund inventory was \$239,454 consisting of water supply parts. Sewer fund inventory is considered immaterial.

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements

September 30, 2018

**NOTE 4: CAPITAL ASSETS**

A summary of changes in capital assets follows:

<b>Primary Government</b>	Balance		Balance	
	9/30/2017	Additions	Deletions	9/30/2018
<u>Governmental Activities</u>				
<b>Cost / Historical Value</b>				
Land (non-depreciable)	\$ 10,723,744	\$ 157,239	\$ -	\$ 10,880,983
Buildings	8,267,634	-	-	8,267,634
Improvements other than buildings	10,447,336	873,932	-	11,321,268
Infrastructure assets	6,702,349	-	-	6,702,349
Equipment	2,955,747	184,996	(171,600)	2,969,143
<b>Total</b>	<b>39,096,810</b>	<b>1,216,167</b>	<b>(171,600)</b>	<b>40,141,377</b>
<b>Accumulated Depreciation:</b>				
Buildings	3,274,790	190,881	-	3,465,671
Improvements other than buildings	4,320,583	235,158	-	4,555,741
Infrastructure assets	1,753,405	154,973	-	1,908,378
Equipment	2,075,589	86,525	(166,095)	1,996,019
<b>Total</b>	<b>11,424,367</b>	<b>667,537</b>	<b>(166,095)</b>	<b>11,925,809</b>
<b>Net Book Value:</b>				
Land (non-depreciable)	10,723,744	157,239	-	10,880,983
Buildings	4,992,844	(190,881)	-	4,801,963
Improvements other than buildings	6,126,753	638,774	-	6,765,527
Infrastructure assets	4,948,944	(154,973)	-	4,793,971
Equipment	880,158	98,471	(5,505)	973,124
<b>Total</b>	<b>\$ 27,672,443</b>	<b>\$ 548,630</b>	<b>\$ (5,505)</b>	<b>\$ 28,215,568</b>
<u>Business-type Activities</u>				
<u>Electric Fund</u>				
<b>Cost / Historical Value</b>				
Land (non-depreciable)	\$ 170,235	\$ -	\$ -	\$ 170,235
Buildings	352,131	-	-	352,131
Improvements other than buildings	9,266,387	253,321	-	9,519,708
Equipment	1,419,826	170,462	-	1,590,288
<b>Total</b>	<b>11,208,579</b>	<b>423,783</b>	<b>-</b>	<b>11,632,362</b>
<b>Accumulated Depreciation:</b>				
Buildings	241,664	5,363	-	247,027
Improvements other than buildings	5,477,473	237,660	-	5,715,133
Equipment	1,234,111	65,133	-	1,299,244
<b>Total</b>	<b>6,953,248</b>	<b>308,156</b>	<b>-</b>	<b>7,261,404</b>
<b>Net Book Value:</b>				
Land (non-depreciable)	170,235	-	-	170,235
Buildings	110,467	(5,363)	-	105,104
Improvements other than buildings	3,788,914	15,661	-	3,804,575
Equipment	185,715	105,329	-	291,044
<b>Total</b>	<b>\$ 4,255,331</b>	<b>\$ 115,627</b>	<b>\$ -</b>	<b>\$ 4,370,958</b>



**CITY OF BURLEY, IDAHO**

Notes to Financial Statements

September 30, 2018

	Balance 9/30/2017	Additions	Deletions	Balance 9/30/2018
<u>Water Fund</u>				
<b>Cost / Historical Value</b>				
Land (non-depreciable)	\$ 242,114	\$ -	\$ -	\$ 242,114
Buildings	687,985		-	687,985
Improvements other than buildings	13,780,884	642,860	-	14,423,744
Equipment	696,793	252,515	(17,952)	931,356
<b>Total</b>	<b>15,407,776</b>	<b>895,375</b>	<b>(17,952)</b>	<b>16,285,199</b>
<b>Accumulated Depreciation:</b>				
Buildings	465,757	13,823	-	479,580
Improvements other than buildings	5,949,118	378,453	-	6,327,571
Equipment	547,900	21,587	(17,952)	551,535
<b>Total</b>	<b>6,962,775</b>	<b>413,863</b>	<b>(17,952)</b>	<b>7,358,686</b>
<b>Net Book Value:</b>				
Land (non-depreciable)	242,114	-	-	242,114
Buildings	222,228	(13,823)	-	208,405
Improvements other than buildings	7,831,766	264,407	-	8,096,173
Equipment	148,893	230,928	-	379,821
<b>Total</b>	<b>\$ 8,445,001</b>	<b>\$ 481,512</b>	<b>\$ -</b>	<b>\$ 8,926,513</b>

<u>Wastewater Fund</u>				
<b>Cost / Historical Value</b>				
Land (non-depreciable)	\$ 48,976	\$ -	\$ -	\$ 48,976
Buildings	1,590,416		-	1,590,416
Improvements other than buildings	44,213,075	602,113	-	44,815,188
Equipment	1,360,566	82,688	(11,210)	1,432,044
<b>Total</b>	<b>47,213,033</b>	<b>684,801</b>	<b>(11,210)</b>	<b>47,886,624</b>
<b>Accumulated Depreciation:</b>				
Buildings	502,009	36,579	-	538,588
Improvements other than buildings	11,753,877	1,000,116	-	12,753,993
Equipment	975,197	97,126	(11,210)	1,061,113
<b>Total</b>	<b>13,231,083</b>	<b>1,133,821</b>	<b>(11,210)</b>	<b>14,353,694</b>
<b>Net Book Value:</b>				
Land (non-depreciable)	48,976	-	-	48,976
Buildings	1,088,407	(36,579)	-	1,051,828
Improvements other than buildings	32,459,198	(398,003)	-	32,061,195
Equipment	385,369	(14,438)	-	370,931
<b>Total</b>	<b>\$ 33,981,950</b>	<b>\$ (449,020)</b>	<b>\$ -</b>	<b>\$ 33,532,930</b>

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements

September 30, 2018

	Balance 9/30/2017	Additions	Deletions	Balance 9/30/2018
<u>Sanitation Fund</u>				
<b>Cost / Historical Value</b>				
Land (non-depreciable)	\$ 12,500	\$ -	\$ -	\$ 12,500
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Equipment	2,771,202	167,754	-	2,938,956
Total	2,783,702	167,754	-	2,951,456
<b>Accumulated Depreciation:</b>				
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Equipment	2,142,202	128,279	-	2,270,481
Total	2,142,202	128,279	-	2,270,481
<b>Net Book Value:</b>				
Land (non-depreciable)	12,500	-	-	12,500
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Equipment	629,000	39,475	-	668,475
Total	\$ 641,500	\$ 39,475	\$ -	\$ 680,975

<u>Golf Fund</u>				
<b>Cost / Historical Value</b>				
Land (non-depreciable)	\$ -	\$ -	\$ -	\$ -
Buildings	483,556	-	-	483,556
Improvements other than buildings	609,042	-	-	609,042
Equipment	979,877	-	-	979,877
Total	2,072,475	-	-	2,072,475
<b>Accumulated Depreciation:</b>				
Buildings	234,448	11,454	-	245,902
Improvements other than buildings	558,168	24,570	-	582,738
Equipment	647,586	97,152	-	744,738
Total	1,440,202	133,176	-	1,573,378
<b>Net Book Value:</b>				
Land (non-depreciable)	-	-	-	-
Buildings	249,108	(11,454)	-	237,654
Improvements other than buildings	50,874	(24,570)	-	26,304
Equipment	332,291	(97,152)	-	235,139
Total	\$ 632,273	\$ (133,176)	\$ -	\$ 499,097

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements

September 30, 2018

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

General Government	\$ 402,519
Public Safety	34,242
Highways & Streets	184,952
Parks & Recreation	34,070
Public Works	6,339
Airport	3,216
Library	2,199
Total Governmental Activities Depreciation	<u>\$ 667,537</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 9/30/2017	Additions	Deletions	Balance 9/30/2018
<u>Governmental Activities</u>				
<b>Cost / Historical Value</b>				
Land (non-depreciable)	\$ -	\$ -	\$ -	\$ -
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Infrastructure assets	-	-	-	-
Equipment	-	-	-	-
Total	-	-	-	-
<b>Accumulated Depreciation:</b>				
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Infrastructure assets	-	-	-	-
Equipment	-	-	-	-
Total	-	-	-	-
<b>Net Book Value:</b>				
Land (non-depreciable)	-	-	-	-
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Infrastructure assets	-	-	-	-
Equipment	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2018

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### NOTE 5: PENSION PLAN

Plan Description - The City contributes to the Base Plan and the Firefighter's Retirement Fund (FRF) plans which are cost-sharing multiple-employer defined benefit pension plans administered by Public Employee Retirement System of Idaho (PERSI or System). The Base Plan covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The FRF plan covers a closed group of firefighters who were hired before October 1, 1980, and who received benefits in addition to those provided under the PERSI Base Plan. The costs to administer the plans are financed through the contributions and investment earnings of the plans. Additional FRF funding is obtained from receipts from a state fire insurance premium tax. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

Responsibility for administration of the Base Plan and FRF plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members for the Base Plan and System members for the FRF Plan with at least ten years of service and three members who are Idaho citizens not members of the Base Plan or System for the FRF plan except by reason of having served on the Board.

Pension Benefits - The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

The FRF provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service as well as the final average salary. A firefighter must have 5 years of service to be eligible for a lifetime retirement allowance at age 60. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance is based on Idaho Code Title 72 Chapter 14.

The benefit payments for the FRF are calculated using a benefit formula adopted by the Idaho Legislature. The FRF cost of living increase is based on the increase in the statewide average firefighter's wage.

Member and Employer Contributions - Member and employer contributions paid to the Base Plan and FRF are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

For the Base Plan, the contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2018 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% general employees and 11.66% for police and firefighters. The City's contributions were \$451,953 for the year ended June 30, 2018.

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements

September 30, 2018

For the FRF Plan, as of June 30, 2018, the total employer rate was 25.31% which includes the employer excess rate of 13.65% plus the PERSI class 2 firefighters rate of 11.66%. The FRF member rate for the year for class B is 11.45% which is 3.09% above the class 2 rate of 8.36%. The City's contributions were \$29,821 for the year ended June 30, 2018.

*Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the Base Plan at September 30, 2018, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2018, the City's proportion was .001240928 percent.

For the FRF at September 30, 2018, the City reported a liability for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on the City's share of contributions in the FRF pension plan relative to the total contributions of all participating FRF employers. At June 30, 2018, the City's proportion was .007966319 percent.

For the year ended September 30, 2018, the City recognized pension expense (revenue) of \$103,683 for the Base Plan and (\$176,058) for the FRF Plan. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>Base Plan</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 200,926	\$ 138,238
Changes in assumptions or other inputs	119,104	-
Net difference between projected and actual earnings on pension plan investments		203,368
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions		37,498
City contributions subsequent to the measurement date	121,730	
<b>Total</b>	<b>\$ 441,760</b>	<b>\$ 379,104</b>
<i>FRF</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments		27,414
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	35,081	-
City contributions subsequent to the measurement date	8,093	-
<b>Total</b>	<b>\$ 43,174</b>	<b>\$ 27,414</b>

# CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2018

For the Base Plan, \$121,730 was reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the year ending September 30, 2019.

For the FRF Plan, \$8,093 was reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension asset in the year ending September 30, 2019.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2017 the beginning of the measurement period ended June 30, 2018 is 4.9 and 5.5 for the measurement period June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year ended Sept 30	Base Plan	FRF
2019	\$ (106,038)	\$ 20,125
2020	183,253	(4,319)
2021	51,997	(35,446)
2022	(115,523)	(7,774)

Actuarial Assumptions Base Plan - Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

For the Base Plan, the total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.5 - 10%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

Actuarial Assumptions FRF Plan - For the FRF Plan, valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. Unfunded actuarial accrued liability for FRF is the difference between the actuarial present value of the FRF benefits not provided by the Base Plan and the FRF assets. Currently FRF assets exceed this actuarial present value; therefore there is not an unfunded liability to amortize at this time. The maximum amortization period for the FRF permitted under Section 59-1394, Idaho Code, is 50 years.

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements

September 30, 2018

For the FRF, The total pension asset in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.75
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	3.75%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

For the Base Plan, An experience study was performed for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2018 is based on the results of an actuarial valuation date July 1, 2018.

For the FRF Plan, an experience study was performed for the period July 1, 2011 through June 30, 2015 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Asset as of June 30, 2018 is based on the results of an actuarial valuation date of July 1, 2018.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.

**Capital Market Assumptions**

<b>Asset Class</b>	<b>Expected Return</b>	<b>Expected Risk</b>	<b>Strategic Normal</b>	<b>Strategic Ranges</b>
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements

September 30, 2018

<b>Total Fund</b>	<b>Expected Return</b>	<b>Expected Inflation</b>	<b>Expected Real Return</b>	<b>Expected Risk</b>
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%
Actuarial Assumptions				
Assumed Inflation - Mean				3.25%
Assumed Inflation - Standard Deviation				2.00%
Portfolio Arithmetic Mean Return				8.42%
Portfolio Long-Term Expected Rate of Return				7.50%
Assumed Investment Expenses				0.40%
<b>Long-Term Expected Rate of Return, Net of Investment Expenses</b>				<b>7.10%</b>

Discount Rate - The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate - The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.1%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset) - Base Plan	\$ 4,581,881	\$ 1,830,390	\$ (447,957)
Employer's proportionate share of the net pension liability (asset) - FRF	\$ (668,800)	\$ (901,550)	\$ (1,099,630)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

Payables to the pension plan - At year end the City reported no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.



**CITY OF BURLEY, IDAHO**

Notes to Financial Statements

September 30, 2018

**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:

	Beginning Balance	Increase/ (Decrease)	Ending Balance
General Fund	\$ 162,241	\$ 15,404	\$ 177,645
Library Fund	6,818	3,235	10,053
Electric Fund	41,273	5,162	46,435
Water Fund	16,949	11,285	28,234
Sewer Fund	32,993	2,250	35,243
Sanitation Fund	16,648	5,925	22,573
Golf Fund	8,807	10,165	18,972
<b>Totals</b>	<b>\$ 285,729</b>	<b>\$ 53,426</b>	<b>\$ 339,155</b>

Operating Leases:

The City leases equipment under a noncancelable operating lease. Total cost of the lease was \$4,009.20 for the year ended September 30, 2018. The future minimum lease payments for the lease are as follows:

Due Year Ending 9/30	Amount
2019	4,009
2020	4,009
2021	4,009
	<u>\$ 12,027</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

Item	Int. Rate	Due Year Ending 9/30	Principal	Interest	Total
Fire Truck	3.80%	2019	4,214	13	4,227
		Total - Fire Truck	<u>\$ 4,214</u>	<u>\$ 13</u>	<u>\$ 4,227</u>

Item	Int. Rate	Due Year Ending 9/30	Principal	Interest	Total
Dump Truck	2.00%	2019	20,112	1,048	21,160
		2020	20,518	642	21,160
		2021	20,932	227	21,159
		Total - Street	<u>\$ 61,562</u>	<u>\$ 1,917</u>	<u>\$ 63,479</u>

Item	Int. Rate	Due Year Ending 9/30	Principal	Interest	Total
Loader	2.00%	2019	31,334	2,297	33,631
		2020	31,967	1,665	33,632
		2021	32,612	1,020	33,632
		2022	33,271	362	33,633
		Total - Street	<u>\$ 129,184</u>	<u>\$ 5,344</u>	<u>\$ 134,528</u>

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements

September 30, 2018

Item	Int. Rate	Due Year	Principal	Interest	Total
		Ending 9/30			
Cemet. Mower	5.665%	2019	8,241	877	9,118
		2020	8,720	398	9,118
		2021	2,258	21	2,279
Total - Street			\$ 19,219	\$ 1,296	\$ 20,515
Total General Fund			\$ 214,179	\$ 8,570	\$ 222,749

Golf Fund

Item	Int. Rate	Due Year	Principal	Interest	Total
		Ending 9/30			
Golf Carts	2.00%	2019	22,368	243	22,611
Total - Mowers			\$ 22,368	\$ 243	\$ 22,611

Item	Int. Rate	Due Year	Principal	Interest	Total
		Ending 9/30			
Golf Carts	6.00%	2019	1,891	9	1,900
Total - Mowers			\$ 1,891	\$ 9	\$ 1,900

Item	Int. Rate	Due Year	Principal	Interest	Total
		Ending 9/30			
Golf Carts	2.00%	2019	29,086	1,312	30,398
		2020	29,673	725	30,398
		2021	20,113	151	20,264
Total - Mowers			\$ 78,872	\$ 2,188	\$ 81,060
Total Golf Fund			\$ 103,131	\$ 2,440	\$ 105,571

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
2019	265,000	63,700	328,700
2020	275,000	55,750	330,750
2021	285,000	44,750	329,750
2022	300,000	30,500	330,500
2023	310,000	15,500	325,500
Totals	\$ 1,435,000	\$ 210,200	\$ 1,645,200

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, 2018

Year Ending Sept. 30	Principal	Interest	Total
2019	95,000	59,550	154,550
2020	100,000	55,750	155,750
2021	105,000	51,750	156,750
2022	110,000	47,550	157,550
2023	110,000	44,250	154,250
2024 - 2028	655,000	131,250	786,250
2029	150,000	6,000	156,000
Totals	<u>\$ 1,325,000</u>	<u>\$ 396,100</u>	<u>\$ 1,721,100</u>

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
2019	720,000	529,150	1,249,150
2020	750,000	500,350	1,250,350
2021	780,000	470,350	1,250,350
2022	810,000	439,150	1,249,150
2023	835,000	414,850	1,249,850
2024 - 2028	4,635,000	1,403,750	6,038,750
2029 - 2032	3,795,000	336,350	4,131,350
Totals	<u>\$ 12,325,000</u>	<u>\$ 4,093,950</u>	<u>\$ 16,418,950</u>

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

	Balance at 9/30/2017	Additions	Reductions	Balance at 9/30/2018
Compensated Absences	\$ 285,729	\$ 53,426	\$ -	\$ 339,155
Capital Leases - Gen Fund	137,074	77,105	-	214,179
Capital Leases - Golf Fund	17,555	-	(17,555)	-
Capital Leases - Golf Fund	44,293	-	(21,925)	22,368
Capital Leases - Golf Fund	23,872	-	(21,981)	1,891
Capital Leases - Golf Fund	107,382	-	(28,510)	78,872
General Oblig. Bonds-S2012B	1,685,000	-	(250,000)	1,435,000
Water Rev. Refunding S2012	1,420,000	-	(95,000)	1,325,000
Sewer Rev. Refunding S2012	13,035,000	-	(710,000)	12,325,000
Totals	<u>\$ 16,755,905</u>	<u>\$ 130,531</u>	<u>\$ (1,144,971)</u>	<u>\$ 15,741,465</u>

## CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2018

**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, & Burley Sidewalk LID's #3 & #4 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 \$200,000 for LID #2 which was loaned by the Electric Fund and \$49,716 from DL Evans Bank for LID #3.

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 3 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
2019	99,550	24,064	123,614
2020	105,025	18,589	123,614
2021	110,801	12,813	123,614
2022	116,895	6,718	123,613
2023	2,058	289	2,347
Totals	<u>\$ 434,329</u>	<u>\$ 62,473</u>	<u>\$ 496,802</u>

**BDA Revenue Allocation Refunding Bond - Series 2013**

The Burley Development Authority issued an urban renewal bond on October 16, 2013 in the amount of \$5,516,000, bearing an interest rate of 5.75%. The bond proceeds were used to refund its Series 2009A revenue bonds originally issued June 16, 2009 in the amount of \$2,997,000 bearing an interest rate of 8.50% and its 2009B revenue bonds originally issued June 16, 2009, in the amount of \$3,639,000 bearing an interest rate of 8.5%. The original bond proceeds were used to pay for infrastructure improvements in the urban renewal area 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
2019	479,381	207,065	686,446
2020	507,266	179,180	686,446
2021	537,740	148,706	686,446
2022	569,546	116,899	686,445
2023	603,244	83,212	686,456
2024 - 2025	975,218	57,384	1,032,602
Totals	<u>\$ 3,672,395</u>	<u>\$ 792,446</u>	<u>\$ 4,464,841</u>

**CITY OF BURLEY, IDAHO**

Notes to Financial Statements

September 30, 2018

**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
2019	44,159	195,493	239,652
2020	46,848	192,804	239,652
2021	49,701	189,951	239,652
2022	52,728	186,924	239,652
2023	55,939	183,713	239,652
2024 - 2028	335,138	863,119	1,198,257
2029 - 2033	450,398	747,860	1,198,258
2034 - 2037	2,255,466	489,087	2,744,553
<b>Totals</b>	<b>\$ 3,290,377</b>	<b>\$ 3,048,951</b>	<b>\$ 6,339,328</b>

**BDA Urban Renewal Bond - Series 2016**

The Burley Development Authority issued an urban renewal bond on February 19, 2016 in the amount of \$300,000, bearing an interest rate of 6.5%. The bond was issued to Rivergate Properties for infrastructure and paving 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
2019	\$ 5,000	\$ 19,771	\$ 24,771
2020	10,278	19,330	29,608
2021	11,019	18,589	29,608
2022	11,757	17,851	29,608
2023	12,545	17,064	29,609
2024 - 2026	248,750	38,964	287,714
<b>Totals</b>	<b>\$ 299,349</b>	<b>\$ 131,569</b>	<b>\$ 430,918</b>

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

	Balance at 9/30/2017	Additions	Reductions	Balance at 9/30/2018
Urban Renewal Bond 2007	\$ 528,931	\$ -	\$ (94,602)	\$ 434,329
Urban Renewal Bond 2008A	3,310,877	-	(20,500)	3,290,377
Urban Revenue Bond 2013	4,122,921	-	(450,526)	3,672,395
Urban Renewal Bond 2016	299,783	-	(434)	299,349
<b>Totals</b>	<b>\$ 8,262,512</b>	<b>\$ -</b>	<b>\$ (566,062)</b>	<b>\$ 7,696,450</b>

**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.

# CITY OF BURLEY, IDAHO

Notes to Financial Statements

September 30, 2018

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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.

## 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 other than is being handled by the City's insurer. 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:  
\$692,005

## NOTE 11: INTERFUND RECEIVABLES, PAYABLES & TRANSFERS

Interfund balances consist of individual fund receivables and payables which are presented in the financial statements as negative cash balances (pooled cash). Amounts due to and due from other funds do not include loans formalized by a note and specific repayment terms. These notes between funds are disclosed in Note 6 above. There were no interfund balances to report as of year end.

The following transfers were made during the year:

<u>From:</u>	<u>To:</u>	<u>Amount:</u>	<u>Purpose:</u>
General Fund	Golf Fund	\$ 264,230	Operating transfer
General Fund	Library Fund	\$ 23,000	Operating transfer

## 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.

## NOTE 13: SUBSEQUENT EVENTS

Subsequent events were evaluated through the audit report date, February 15, 2019, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

**CITY OF BURLEY**

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY  
For the Year Ended September 30, 2018

Schedule of Employer's Share of Net Pension Liability  
PERSI - Base Plan  
Last 10 Fiscal Years \*

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
City's portion of the net pension liability	0.1142279%	0.1106128%	0.1264952%	0.1240928%
City's proportionate share of the net pension liability	\$ 1,504,195	\$ 2,242,292	\$ 1,988,287	\$ 1,830,390
City's covered-employee payroll	\$ 3,368,857	\$ 3,623,740	\$ 3,880,874	\$ 4,059,172
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	44.65%	61.88%	51.23%	45.09%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	87.26%	90.68%	91.69%

Schedule of Employer's Share of Net Pension Liability  
PERSI - FRF  
Last 10 Fiscal Years \*

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
City's portion of the net pension asset	0.7575796%	0.7921922%	0.8384520%	0.7966319%
City's proportionate share of the net pension asset	\$ 409,174	\$ 425,791	\$ 719,355	\$ 901,550
City's covered-employee payroll	\$ 575,185	\$ 625,098	\$ 599,801	\$ 670,720
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	71.14%	68.12%	119.93%	134.42%
Plan fiduciary net position as a percentage of the total pension liability	118.08%	118.42%	129.65%	140.15%

Data reported is measured as of June 30 (measurement date)

*\*GASB Statement No. 68 requires ten years of information to be presented in this table however, until a full 10-year trend is compiled, the City will present information for years which information is available.*



**CITY OF BURLEY**

**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS**  
For the Year Ended September 30, 2018

Schedule of Employer Contributions  
PERSI - Base Plan  
Last 10 Fiscal Years \*

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Statutorily required contribution	\$ 373,642	\$ 410,207	\$ 444,746	\$ 481,774
Contributions in relation to the statutorily required contribution	\$ 380,481	\$ 410,448	\$ 444,746	\$ 481,774
Contribution (deficiency) excess	6,839	241	-	-
Employer's covered-employee payroll	\$ 3,368,857	\$ 3,623,740	\$ 3,880,874	\$ 4,059,172
Contributions as a percentage of covered-employee payroll	11.29%	11.33%	11.46%	11.87%

Schedule of Employer Contributions  
PERSI - FRF  
Last 10 Fiscal Years \*

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Statutorily required contribution	\$ 26,998	\$ 27,082	\$ 30,608	\$ 29,821
Contributions in relation to the statutorily required contribution	\$ 26,998	\$ 27,082	\$ 30,608	\$ 29,821
Contribution (deficiency) excess	-	-	-	-
Employer's covered-employee payroll	\$ 575,185	\$ 625,098	\$ 599,801	\$ 670,720
Contributions as a percentage of covered-employee payroll	4.69%	4.33%	5.10%	4.45%

Data reported is measured as of September 30.

*\*GASB Statement No. 68 requires ten years of information to be presented in this table however, until a full 10-year trend is compiled, the City will present information for years which information is available.*

**CITY OF BURLEY, IDAHO**

Combining Statement of Net Position  
Internal Service Funds  
September 30, 2018

	Internal Service Funds			Total Internal Service Funds
	Health Insurance	Liability Insurance	Workman's Comp. Ins.	
<b>ASSETS</b>				
Cash & Investments	\$ 695,221	\$ 66,883	\$ 193,672	\$ 955,776
Receivables (Net of Allowances):				
Claims	-	-	-	-
Prepaid Expenses	-	69,608	-	69,608
Due from other fund	-	-	-	-
Capital Assets:				
Land	-	-	-	-
Other Capital Assets, Net of Depreciation	-	-	-	-
<b>Total assets</b>	<b>695,221</b>	<b>136,491</b>	<b>193,672</b>	<b>1,025,384</b>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	-	-	-	-
Customer Deposits Payable	-	-	-	-
Interest Payable	-	-	-	-
Due to other fund	-	-	-	-
Long-Term Liabilities:				
Due Within One Year	-	-	-	-
Due in More Than One Year	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Unrestricted	695,221	136,491	193,672	1,025,384
<b>Total Net Position</b>	<b>\$ 695,221</b>	<b>\$ 136,491</b>	<b>\$ 193,672</b>	<b>\$ 1,025,384</b>

See accompanying notes to the financial statements.

**CITY OF BURLEY, IDAHO**

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Internal Service Funds  
Year Ended September 30, 2018

	Internal Service Funds			Total Internal Service Funds
	Health Insurance	Liability Insurance	Workman's Comp. Ins.	
Operating revenues:				
Insurance charges to other funds	\$ 1,515,758	\$ 153,577	\$ 136,041	\$ 1,805,376
Premium dividend (refunds)	-	-	-	-
Miscellaneous revenue	1,109	-	-	1,109
<b>Total operating revenues</b>	<b>1,516,867</b>	<b>153,577</b>	<b>136,041</b>	<b>1,806,485</b>
Operating expenses:				
Administrative services	-	-	-	-
Claims and premium costs	1,264,979	130,930	156,622	1,552,531
Other Insurance premiums	3,428	-	-	3,428
Wellness benefit program	8,181	-	-	8,181
Other expenses	-	-	-	-
<b>Total operating expenses</b>	<b>1,276,588</b>	<b>130,930</b>	<b>156,622</b>	<b>1,564,140</b>
<b>Operating income (loss)</b>	<b>240,279</b>	<b>22,647</b>	<b>(20,581)</b>	<b>242,345</b>
Non-operating revenues (expenses)				
Grant revenue	-	-	-	-
Grant (expense)	-	-	-	-
Gain (Loss) on sale of equipment	-	-	-	-
Interest income	-	-	-	-
Interest (expense)	-	-	-	-
<b>Total non-operating revenues (expenses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income/(Loss) before contributions and transfers</b>	<b>240,279</b>	<b>22,647</b>	<b>(20,581)</b>	<b>242,345</b>
Capital Contributions	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Change in Net Position</b>	<b>240,279</b>	<b>22,647</b>	<b>(20,581)</b>	<b>242,345</b>
<b>Net Position Beginning of Year</b>	<b>454,942</b>	<b>113,844</b>	<b>214,253</b>	<b>783,039</b>
<b>Net Position End of Year</b>	<b>\$ 695,221</b>	<b>\$ 136,491</b>	<b>\$ 193,672</b>	<b>\$ 1,025,384</b>

See accompanying notes to the financial statements.

**CITY OF BURLEY, IDAHO**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended September 30, 2018

	<b>Internal Service Funds</b>			
	<b>Health Insurance</b>	<b>Liability Insurance</b>	<b>Workman's Comp. Ins.</b>	<b>Total Internal Service Funds</b>
Cash flows provided by operating activities:				
Receipts from customers and users	\$ 1,516,867	\$ 153,577	\$ 136,041	\$ 1,806,485
Payments to suppliers	(1,276,588)	(200,538)	(156,622)	(1,633,748)
Payments to employees	-	-	-	-
Payments for interfund services used	-	-	-	-
Other receipts/(payments)	-	-	-	-
Net cash provided (used) by operating activities	<u>240,279</u>	<u>(46,961)</u>	<u>(20,581)</u>	<u>172,737</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	240,279	(46,961)	(20,581)	172,737
Cash at beginning of year	454,942	113,844	214,253	783,039
Cash at end of year	<u>\$ 695,221</u>	<u>\$ 66,883</u>	<u>\$ 193,672</u>	<u>\$ 955,776</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 240,279	\$ 22,647	\$ (20,581)	\$ 242,345
Depreciation & amortization	-	-	-	-
(Increase) decrease in accounts receivable	-	-	-	-
(Increase) decrease in prepaid expenses	-	(69,608)	-	(69,608)
Increase (decrease) in accounts payable	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ 240,279</u>	<u>\$ (46,961)</u>	<u>\$ (20,581)</u>	<u>\$ 172,737</u>

See accompanying notes to the financial statements.

**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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 15, 2019.

**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.

*Poulsen VanLeuven & Catmull*

Poulsen VanLeuven & Catmull PA  
February 15, 2019