

**CITY OF TWIN FALLS, IDAHO**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**CITY OF TWIN FALLS, IDAHO  
FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITORS' REPORT

February 5, 2013

City Council  
City of Twin Falls, Idaho

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Twin Falls, Idaho as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Twin Falls, Idaho's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Twin Falls, Idaho, as of September 30, 2012, and the respective changes in financial position, and cash flows, where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2013, on our consideration of the City of Twin Falls, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 54 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Twin Falls, Idaho's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,

*Mahlke Hunsaker & Co.*

MAHLKE HUNSAKER & CO., PLLC



# City of Twin Falls, Idaho

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## **Management's Discussion and Analysis**

As of and for the Year Ended September 30, 2012

The following discussion and analysis of the City of Twin Falls' (City) financial activities for the year ended September 30, 2012 is provided by management of the City. Please read this analysis in conjunction with the City's financial statements that begin on page 13.

### **Overview of the Financial Statements**

The City's basic financial statements are comprised of the following elements:

#### ***Government-wide Financial Statements***

Government-wide financial statements provide both long-term and short-term information about the City's overall financial condition. Changes in the City's financial position may be measured over time by increases and decreases reported in the Statement of Net Assets. Information on how the City's net assets changed during the fiscal year is presented in the Statement of Activities. Financial information for the City's component unit, the Urban Renewal Agency of the City of Twin Falls is also presented.

#### ***Fund Financial Statements***

Fund financial statements for governmental and proprietary funds focus on individual parts of the City, reporting the City's separate operations in more detail than the government-wide financial statements.

#### ***Fiduciary Fund Statements***

The City may act as a fiduciary for the financial activity of others. The Fiduciary Fund Statements are a reporting of that stewardship of monies held by the City in care for others at the end of the fiscal year. The City has had Fiduciary Statements in the past, but there are none this year.

#### ***Notes to the Financial Statements***

Notes to the financial statements provide additional information that is essential to the full understanding of the government-wide and fund financial statements. Note 1 to the financial statements provides more information on the elements of the financial statements.

The table below summarizes the major features of the basic financial statements.

<b>Major Features of the Basic Financial Statements</b>			
	<b>Government-wide Financial Statements</b>	<b>Fund Financial Statements</b>	
		<i>Governmental Funds</i>	<i>Proprietary Funds</i>
<b>Scope</b>	Entire City government and the City's component unit	Activities of the City that are not proprietary	Activities of the City that are operated similar to private business
<b>Required financial statements</b>	- Statement of net assets - Statement of activities	- Balance sheet - Statement of revenues, expenditures, and changes in fund balances	- Statement of net assets - Statement of revenues, expenses, and changes in net assets - Statement of cash flows
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<b>Type of asset / liability information</b>	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<b>Type of inflow / outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	- Revenues for which cash is received during or soon after the end of the year - Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

## Financial Analysis of the City as a Whole

### *Analysis of Condensed Statement of Net Assets*

The table below presents the City's Condensed Statement of Net Assets as of September 30, 2012 and 2011, derived from the government-wide Statement of Net Assets. The assets of the City exceeded its liabilities (net assets) at the close of the year by \$175,555,332 for governmental activities and by \$57,381,036 for business-type activities, for a combined total of \$232,936,368 for the primary government. Governmental activities decreased by \$6,658,498 from 2011 to 2012, while the net assets for business type activities increased \$11,576,984 during the same period.

The three components of net assets include amounts invested in capital assets, net of related debt; restricted; and unrestricted. The largest component of net assets, totaling \$198,104,659 at year end, is the investment in capital assets, net of related debt, which includes all of the sewer and water lines and roads of the City. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these net assets are not available for future spending. Restricted assets totaling \$17,135,005 represent resources that are subject to external restrictions and other provisions on how they can be used. The remaining balance of \$17,696,704 is unrestricted and available to meet the ongoing obligations of the City to its citizens and creditors.

#### Condensed Statement of Net Assets

As of September 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	24,411,262	29,209,696	16,765,072	13,027,641	41,176,334	42,237,337
Capital assets	153,880,017	155,596,113	78,468,832	71,644,927	232,348,849	227,241,040
Total assets	<u>178,291,279</u>	<u>184,805,809</u>	<u>95,233,904</u>	<u>84,672,568</u>	<u>273,525,183</u>	<u>269,478,377</u>
Current liabilities	682,553	842,251	5,537,204	3,754,175	6,219,757	4,596,426
Noncurrent liabilities	2,053,394	2,329,672	32,315,664	34,534,393	34,369,058	36,864,065
Total liabilities	<u>2,735,947</u>	<u>3,171,923</u>	<u>37,852,868</u>	<u>38,288,568</u>	<u>40,588,815</u>	<u>41,460,491</u>
Net assets:						
Invested in capital assets net of related debt	153,880,017	155,596,113	44,224,642	34,747,495	198,104,659	190,343,608
Restricted	15,353,423	13,881,916	1,781,582	688,746	17,135,005	14,570,662
Unrestricted	6,321,892	12,155,857	11,374,812	10,947,759	17,696,704	23,103,616
Total net assets	<u>175,555,332</u>	<u>181,633,886</u>	<u>57,381,036</u>	<u>46,384,000</u>	<u>232,936,368</u>	<u>228,017,886</u>

## Analysis of Condensed Statement of Activities

The following table presents the City's condensed statement of activities for the fiscal year 2010-11 and fiscal year 2011-12, as derived from the government-wide Statement of Activities. Over time, increase and decreases in net assets measure whether the City's financial position is improving or deteriorating. The City's total net assets increased during the fiscal year 2011-12 by \$4,918,486. Of that total, governmental activities decreased by \$6,078,554 and the net assets of business-type activities increased by \$10,997,036. These changes differ from those detailed on the previous page due to the reclassification of the Pool Fund as a governmental type fund in the current year.

<b>Condensed Statement of Activities</b>						
For the Fiscal Year Ended September 30						
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Program revenues</b>						
Charges for services	5,629,074	4,964,450	18,906,147	16,832,890	24,535,221	21,797,340
Grants and contributions						
Operating	5,898,413	5,764,661	-	175,131	5,898,413	5,939,792
Capital	668,580	1,478,780	81,463	58,969	750,043	1,537,749
<b>Total program revenue</b>	<b>12,196,067</b>	<b>12,207,891</b>	<b>18,987,610</b>	<b>17,066,990</b>	<b>31,183,677</b>	<b>29,274,881</b>
<b>General revenues and payments</b>						
Property taxes	16,075,739	15,764,690	-	-	16,075,739	15,764,690
Other taxes	196,323	189,832	-	-	196,323	189,832
Investment earnings	259,959	151,341	111,004	106,459	370,963	257,800
Other revenues	554,904	1,338,416	122,845	75,572	677,749	1,413,988
Total general revenues and payments	<b>17,086,925</b>	<b>17,444,279</b>	<b>233,849</b>	<b>182,031</b>	<b>17,320,774</b>	<b>17,626,310</b>
<b>Total general revenues and payments</b>	<b>29,282,992</b>	<b>29,652,170</b>	<b>19,221,459</b>	<b>17,249,021</b>	<b>48,504,451</b>	<b>46,901,191</b>
<b>Program expenses</b>						
General government	10,564,109	10,102,271	-	-	10,564,109	10,102,271
Public safety	11,326,990	11,145,495	-	-	11,326,990	11,145,495
Public works	4,073,657	3,961,991	-	-	4,073,657	3,961,991
Culture and recreation	3,321,978	3,164,678	-	-	3,321,978	3,164,678
Airport	1,380,459	1,149,725	-	-	1,380,459	1,149,725
Water	-	-	5,398,289	4,805,882	5,398,289	4,805,882
Sewer	-	-	4,560,436	4,928,568	4,560,436	4,928,568
Sanitation	-	-	2,479,909	2,480,848	2,479,909	2,480,848
Recreation enterprises	-	-	368,731	745,518	368,731	745,518
Other	-	-	111,407	91,407	111,407	91,407
<b>Total program expenses</b>	<b>30,667,193</b>	<b>29,524,160</b>	<b>12,918,772</b>	<b>13,052,223</b>	<b>43,585,965</b>	<b>42,576,383</b>
Excess (deficiency) before gain (loss) and transfers	(1,384,201)	128,010	6,302,687	4,196,798	4,918,486	4,324,808
Transfers	(5,274,297)	1,237,773	5,274,297	(1,237,773)	-	-
Change in net assets	(6,658,498)	1,365,783	11,576,984	2,959,025	4,918,486	4,324,808
Beginning net assets	182,213,830	180,358,409	45,804,052	43,424,975	228,017,882	223,783,384
Transfer to URA		(90,306)			-	(90,306)
Ending net assets	<b>175,555,332</b>	<b>181,633,886</b>	<b>57,381,036</b>	<b>46,384,000</b>	<b>232,936,368</b>	<b>228,017,886</b>

## Governmental Revenues

The City is heavily reliant on property taxes and shared state revenues to support governmental operations. Total revenues for 2012, in the governmental funds, are comprised of property taxes (55%), shared state revenues are (21%), charges for services (12%), and federal grants (2%), with all other sources of revenue account for the remaining (10%) governmental revenues.

### *Program Expenses and Revenue for Governmental Activities*

The following table presents the net costs for governmental activities. Net program costs increased as compared to the prior year. Overall program revenues contributed 39.8% to programs expenses, with the balance coming from general revenues, i.e. property taxes and state shared revenues.

Program revenues for 2012 are less than in 2011 by \$11,824 and Program expenses for 2012 are more than in 2011 by \$1,143,033.

The City again renewed an operating agreement for management of the City's pool. The City does not receive any revenue from the pool and has provided support for the pool with an allocation of governmental revenues. Budget expenditures are kept at a level where it can keep the pool operational and provide it as a recreational resource for community members. During the year the activities of the pool were reclassified as governmental activities to better reflect the sources of the activities' support. This year the pool activities are included in the culture and recreation function below.

#### Net cost of Governmental Activities For the Fiscal Year Ended September 30

Functions/Programs	Program Expenses	Less Program Revenues	Net Program Costs		Program Revenues as a Percentage of Program Expenses	
	<u>2012</u>	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General government	10,564,109	4,909,658	5,654,451	5,364,412	46.5%	46.9%
Fire	3,694,364	381,101	3,313,263	3,278,045	10.3%	10.4%
Police	7,632,626	785,820	6,846,806	6,722,036	10.3%	10.2%
Engineering & planning	1,384,368	744,452	639,916	803,435	53.8%	41.8%
Library	1,548,327	116,934	1,431,393	1,494,172	7.6%	8.4%
Culture & recreation	1,773,651	334,456	1,439,195	1,344,769	18.9%	12.3%
Highways & streets	2,689,289	3,240,601	(551,312)	(658,206)	120.5%	125.5%
Airport	1,380,459	1,683,045	(302,586)	(1,032,394)	121.9%	189.8%
<b>Totals</b>	<b>30,667,193</b>	<b>12,196,067</b>	<b>18,471,126</b>	<b>17,316,269</b>	<b>39.8%</b>	<b>41.3%</b>

***Program Expenses and Revenue for Business-type Activities***

The following table presents net income and costs for business-type activities. Program revenues generated from business-type activities were generally sufficient to cover most program expenses. An exception is the City’s golf activities. In the previous year the City entered into a new contract leasing the golf course. The contract reduced the City’s exposure to losses and still allows the City to retain enough input to assure that this asset of the City retains its value and continues to provide recreation services to the community. Even though the program revenues from this activity did not cover program expenditures in the current year, the loss is a significant improvement over historical averages and the golf course financial activities are trending up. The lease allows the City to participate in profits of its lessee/partner at a certain level. The City is cautiously optimistic this level of profitability will be achieved at some point in the future.

In an earlier year the City opted to offer curbside recycling as part of its sanitation services. The City elected to subsidize the additional costs of that service initially. The City has reevaluated that position and adjusted rates to make sanitation services self-funding. This next year will be the first full year that the Sanitation function has had the benefit of those increased rates.

Revenues in the water fund are impacted by weather’s effect on irrigation usage, growth in the city, and rates. During the current year the City finalized a new system for blending a new source of City water from the Pristine Springs area with other City water sources having a higher arsenic content. This process now assures the City’s compliance with new mandated federal arsenic level requirements. Bonds secured to finance the project will be repaid with an \$11.15 monthly charge to all the City water users.

In the Sewer Fund the City implemented an increase in sewer rates for residential and industrial users. The increase was based on historical information. As it relates to the industrial users, that historical usage changed significantly. 2011-2012 saw the second greatest use by industrial users of wastewater services. That increased usage along with the increased rate resulted in better than projected revenues in the Wasterwater Fund.

**Net Income (Costs) of Business-type Activities**

For the Fiscal Year Ended September 30

<u>Functions/Programs</u>	<u>Program Revenues</u>	<u>Less Program Expenses</u>	<u>Net Program Income (Costs)</u>		<u>Program Expenses as a Percentage of Program Revenues</u>	
			<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Water	9,194,488	5,398,289	3,796,199	3,458,825	58.7%	58.1%
Sewer	6,985,841	4,560,436	2,425,405	852,494	65.3%	85.3%
Sanitation	2,496,240	2,498,537	(2,297)	(285,719)	100.1%	113.0%
Golf	18,030	111,044	(93,014)	(84,783)	615.9%	133.0%
Pool				(11,948)		106.8%
Dierkes Lk/Shoshone Fls	219,420	214,236	5,184	86,306	97.6%	71.5%
Parking	46,323	68,129	(21,806)	8,771	147.1%	86.9%
Common Area Maintenance	27,268	24,650	2,618	(9,179)	90.4%	138.3%
<b>Totals</b>	<b>18,987,610</b>	<b>12,875,321</b>	<b>6,112,289</b>	<b>4,014,767</b>	<b>67.8%</b>	<b>77.5%</b>

## **Fund Analysis**

### ***Governmental Funds***

The City's governmental funds reported a combined ending fund balance of \$21,959,056 at September 30, 2012, with \$11,603,770 reported as unassigned; compared to a combined ending fund balance of \$26,324,549 at September 30, 2011. The most dramatic change was in the General Fund itself. The General Fund experienced a decrease in its fund balance of \$4,845,638. That decrease is almost identical to the transfers out of the general fund for the year of \$4,876,082. The City Council made a conscience decision this year to use a portion of the general funds reserve balance to finance and support various construction projects in the Street and Wastewater Funds. In the subsequent year the Wastewater fund has transferred back \$2,900,000 to the General Fund after long-term financing was secured through the bonding process.

### ***Proprietary Funds***

The City's proprietary funds reported combined ending net assets of \$57,381,038 at September 30, 2012, with \$44,224,642 invested in capital assets (net of debt) and \$11,374,814 reported as unrestricted. On September 30, 2011 the fund net assets were \$46,384,000, of which \$34,747,495 was invested in capital assets (net) and \$10,947,759 was reported as unrestricted.

The most significant change during the year ended September 30, 2012 was in the Wastewater Fund, where the net assets increased by \$8,362,614. The increase related largely to the construction of a new lift station at Rock Creek, construction of a northwest sewer line and improvements to the City's wastewater treatment plant.

### **Capital Asset Activity**

At September 30, 2012 the City reported, on a government wide basis, net capital assets of \$232,348,849, a decrease of \$1,716,106 for governmental activities and an increase of \$6,823,905 for business-type activities from the previous year. Most of the major increases in capital assets for the government activities fell into two groups. Assets between \$20,000 and \$100,000 which related to scheduled asset replacements due to equipment wear and obsolescence or significant improvements infrastructure. In addition to the wastewater projects mentioned above. The City committed resources to improvements at the airport, park improvements, road development on Eastland Drive, final construction costs associated with the arsenic project, purchase of a new public works building, and engineering costs associated with future projects.

During the current year the City also assisted with the preparation needed to locate a new dairy processing facility to the City. Chobani Idaho, Inc. (Chobani) is a private employer which processes milk into Greek yogurt. Most of the financial assistance provided publically was provided by the Urban Renewal Agency of Twin Falls (Agency), a component unit of the City. That assistance will be repaid with increased taxes to be paid by Chobani. The City did enter into a development agreement along with the Agency and Chobani. The City's primary contribution to the agreement was a commitment of \$4,000,000 toward the construction of a new northwest sewer trunk line. That sewer expansion was one that the City had been planning for a number of

years. The City had been experiencing sewer captivity issues in the area and had developed work-around solutions. Chobani is a welcomed business to the area with projected employment levels nearing 600 and the potential for increased expansion.

In its mission to provide citizens of the City the services and protections they require, the City maintains a substantial investment in streets, water systems, waste treatment and disposal structures, a pool of vehicles, and general and heavy equipment. All of those capital assets have a definitive useful life and are subject to depreciation, or a decrease in value, over time. During the current year that depreciation was estimated to be around \$8,500,000 for the government funds and \$1,600,000 for the business type activities. The City needs to maintain a balance in its budgeting efforts to assure that this investment in capital assets is maintained at a level which will allow the City to fulfill its mission and still assure that those needs are met in an affordable way.

**Long-Term Debt Activity**

The City has no outstanding general obligation bonds.

In fiscal year 2011-2012 the city incurred no new long-term debt and has no debt in the governmental funds, except for a liability for compensated absences. Compensated absences have been included as a future obligation of the City in the amount of \$1,298,029. That obligation represents unused vacation pay that employees have earned and not used as well as hours worked that an employee has elected to defer payment for until a future period.

The city made principal payments of \$2,653,242 on existing debt in the enterprise funds leaving a balance due at September 30, 2012 of \$34,244,190; this excludes \$117,472 for future compensation issues outlined above. Of this unpaid balance, \$5,419,791 is for debt incurred on improvements to the sewer plant in 1995 and 1998; \$3,825,529 is for debt incurred on improvements to the water system in 1998; and the balance of \$24,998,870 is loans for the recent purchase of Pristine Springs and construction costs to develop it into a useable water supply for the City. The City elected to take advantage of low interest rates that were available and shortly after year end refinanced some of this existing debt as outlined in Note 15 of the financial statements.

**Economic Factors**

Twin Falls continues to grow but at a very modest pace. Like the rest of the nation, residential construction is not as robust as it has been in the past, but it does show signs of strengthening. Single family building permits issued by the City for the past five years are as follows:

Fiscal Year Ending		Permits Issued
2008		233
2009		158
2010		159
2011		96
2012		151

As measured by the number of permits issued, commercial construction also remained relatively flat increasing from 18 permits issued for the last fiscal year to 21 this year.

Following the national trend of some moderation in high unemployment rates, unemployment levels decreased within the City. A year ago the City’s unemployment level was reported at 8.4%. At the end of the current year, unemployment had dropped to 6.6%. That 6.6% was somewhat lower than the State and National rates. It occurred at a time when the Idaho State unemployment was 7.1% and the National unemployment was 7.8%.

The reduced rate of building growth has impacted the city utilities as well, with water service accounts only increasing from 15,757 to 15,896 between September 30, 2011 and 2012.

Appraised values within the City decreased from \$2,321,326,751 to \$2,314,981,873. This is the second year the City has experienced a slight decrease in property values which is very unusual, but reflective of the local real estate market in general.

Following is a table showing a comparison of the levy rates for 2011 and 2010.

Taxing District	2011 Levy Rates (funded 2011-12 budget)	2010 Levy Rates (funded 2010-11 budget)	Percent Change
City of Twin Falls	0.006922194	0.006800067	1.8%
Twin Falls County	0.004190567	0.004045866	3.6%
Twin Falls County Ambulance District	0.000187362	0.000180899	3.6%
Twin Falls County Abatement District	0.000115022	0.000107959	6.5%
Twin Falls School District 411	0.003706993	0.002726628	36.0%
Twin Falls Highway District	0.001077720	0.001038132	3.8%
College of Southern Idaho	0.000904474	0.000872809	3.6%
Combined	0.017104332	0.015772360	8.4%

## **Future Issues**

Significant maintenance is needed for the waste water treatment system and its collection system. For a number of years the City has been advised by its engineers that the system was reaching capacity limitations on waste water collected in the community and its transfer to the processing plant. City Engineers are currently evaluating the community’s future needs and the best way to meet any increased demand on the water and wastewater system.

The City has been fortunate enough to have built up financial reserves over the years. In the current year some of those reserves were used to acquire needed capital assets as opposed to putting the City further into debt to meet financing needs. Looking forward, additional reserves may be targeted for the same use. However, to the extent that those reserves are used for capital

acquisitions, they will not be available for operations. It may be possible that future budgeting constraints could reach a level where levels of service may be impacted.

Over the years the City's water supply vacillates between drought conditions, which frequently jeopardize existing water supplies and wet water years that impact water revenue. The city has developed a new water source with the purchase and development of the Pristine Springs area. However, a commitment has been made to not use that water source for meeting expanding needs. The City will need to monitor water supply and demand issues going forward.

The City is engaged in the process of finding solutions and the appropriate balance to these issues and is constantly reevaluating the rate structure that is used to charge for these services.

The last several years of economic downturn that is affecting most of the nation is influencing Idaho as well. The State continues to discuss reduced funding in revenue areas that impact the City. In the past the State has discussed reducing revenue sources it shares with the City as one possibility of meeting the State's budget needs in the future. This year the State is also discussing the possibility of eliminating or reducing personal property taxes paid to municipalities. The City has taken a proactive approach to be able to manage any revenue reductions as a result of changes in levels of State funding. Senior staff meets on a regular basis to monitor funding levels and make adjustments as necessary. Items that are capital in nature have been rated into three categories and purchase approval is only given when needs are critical and funding is available. All training and travel is subject to enhanced scrutiny and requires prior senior staff approval even if budgeted previously.

During the year the City engage in a process of strategic planning whereby it analyzed the needs of the community and the role the City may have in meeting those needs. A plan was established and goals were identified along with specific timelines. Those goals will be integrated with the budgeting process and regularly reviewed and reevaluated to determine the best way to move forward.

### **Urban Renewal Agency**

The Urban Renewal Agency of the City of Twin Falls, Idaho was organized under Idaho law in 1965 to redevelop deteriorating areas and to promote economic development. During the year a resolution was adopted by the Agency's Board of Directors which established a new area the Agency could participate in. The area encompasses the site for the new Chobani facility and allows the Agency to partner in their expansion.

Under governmental accounting standards the Agency is considered a component unit of the City so a summary of its financial information is discretely presented in the City's financial statements. The Agency's financial statements are available upon request.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**City of Twin Falls, Idaho**  
Statement of Net Assets  
September 30, 2012

	<u>Primary Government</u>			<b>Component Unit- Urban Renewal</b>
	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>	
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 4,096,425	\$ 3,001,489	\$ 7,097,914	\$ 6,942,471
Restricted Cash	939,382	1,781,582	2,720,964	699,913
Investments	16,387,879	5,830,261	22,218,140	-
Receivables:				
Taxes	464,613	-	464,613	87,917
Fees and Services	28,194	2,227,274	2,255,468	-
Intergovernmental	1,845,290	5,635	1,850,925	9,371
Interest	15,838	5,686	21,524	20
Accounts	396,824	3,746,372	4,143,196	-
Internal Balances	236,817	(236,817)	-	-
Inventory	-	403,590	403,590	-
Deferred Charges	-	-	-	17,000
Land	6,694,877	11,252,387	17,947,264	2,688,889
Land, Buildings and Structures	17,290,672	18,753,067	36,043,739	5,065,264
Infrastructure	255,772,292	879,700	256,651,992	-
Improvements	17,086,256	39,203,660	56,289,916	-
Machinery and Equipment	15,289,231	6,956,283	22,245,514	475,000
Accumulated Depreciation	(164,616,967)	(28,556,653)	(193,173,620)	(406,667)
Construction in Progress	6,363,656	29,980,388	36,344,044	11,553,589
<b>Total Assets</b>	<b><u>\$ 178,291,279</u></b>	<b><u>\$ 95,233,904</u></b>	<b><u>\$ 273,525,183</u></b>	<b><u>\$ 27,132,767</u></b>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 442,294	\$ 3,152,728	\$ 3,595,022	\$ 3,711,689
Accrued Expenses	213,924	-	213,924	-
Accrued Interest	-	155,015	155,015	224,053
Deferred Revenue	624,917	-	624,917	-
Customer Deposits	156,783	183,463	340,246	-
Advances on Construction	-	-	-	13,680,308
Leases, Equipment and Property Notes	-	8,906,309	8,906,309	248,843
Revenue Bond Payable	-	25,337,881	25,337,881	5,295,000
Compensated Absences	1,298,029	117,472	1,415,501	-
<b>Total Liabilities</b>	<b><u>2,735,947</u></b>	<b><u>37,852,868</u></b>	<b><u>40,588,815</u></b>	<b><u>23,159,893</u></b>
<b><u>Net Assets</u></b>				
Invested in Capital Assets, Net of Related Debt	153,880,017	44,224,642	198,104,659	(72,129)
Restricted for:				
Capital Projects	7,699,273	-	7,699,273	-
Debt Service	38,567	1,781,582	1,820,149	699,913
Other Purposes	7,615,583	-	7,615,583	-
Unrestricted	6,321,892	11,374,812	17,696,704	3,345,090
<b>Total Net Assets</b>	<b><u>175,555,332</u></b>	<b><u>57,381,036</u></b>	<b><u>232,936,368</u></b>	<b><u>3,972,874</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$ 178,291,279</u></b>	<b><u>\$ 95,233,904</u></b>	<b><u>\$ 273,525,183</u></b>	<b><u>\$ 27,132,767</u></b>

See accompanying notes and accountants' report.

**City of Twin Falls, Idaho**  
Statement of Activities  
For the Year Ended September 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit - Urban Renewal
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General Government	\$ 10,564,109	\$ 1,405,926	\$ 3,057,753	445,979	\$ (5,654,451)	\$ -	\$ (5,654,451)	
Fire	3,694,364	381,101	-	-	(3,313,263)	-	(3,313,263)	
Police	7,632,626	785,820	-	-	(6,846,806)	-	(6,846,806)	
Engineering/Planning	1,384,368	744,452	-	-	(639,916)	-	(639,916)	
Library	1,548,327	81,634	35,300	-	(1,431,393)	-	(1,431,393)	
Culture and Recreation	1,612,078	207,001	48	-	(1,405,029)	-	(1,405,029)	
Highway and Street	2,689,289	1,003,146	2,237,455	-	551,312	-	551,312	
Pool	161,573	-	127,407	-	(34,166)	-	(34,166)	
Airport	1,380,459	1,019,994	440,450	222,601	302,586	-	302,586	
Total Governmental Activities	30,667,193	5,629,074	5,898,413	668,580	(18,471,126)	-	(18,471,126)	
<b>Business-Type Activities:</b>								
Water	5,398,289	9,194,488	-	-	-	3,796,199	3,796,199	
Sewer	4,560,436	6,904,378	-	81,463	-	2,425,405	2,425,405	
Sanitation	2,498,537	2,496,240	-	-	-	(2,297)	(2,297)	
Golf	111,044	18,030	-	-	-	(93,014)	(93,014)	
Dierkes Lake/Shoshone Falls	214,236	219,420	-	-	-	5,184	5,184	
Parking	68,129	46,323	-	-	-	(21,806)	(21,806)	
Common Area Maintenance	24,650	27,268	-	-	-	2,618	2,618	
Total Business-Type Activities	12,875,321	18,906,147	-	81,463	-	6,112,289	6,112,289	
Total Primary Government	\$ 43,542,514	\$ 24,535,221	\$ 5,898,413	\$ 750,043	\$ (18,471,126)	\$ 6,112,289	\$ (12,358,837)	
<b>Component Unit:</b>								
Urban Renewal Agency								\$ (3,679,833)
<b>General Revenues:</b>								
Taxes:								
Property taxes, Levied for General Purposes					\$ 16,075,739	\$ -	\$ 16,075,739	\$ 2,129,852
Property taxes, Levied for Debt Service					-	-	-	-
Franchise and Public Service Taxes					196,323	-	196,323	-
Interest and Investment Earnings					259,959	111,004	370,963	1,736
Miscellaneous Revenues					554,904	79,394	634,298	1,054
Transfers					(5,274,297)	5,274,297	-	-
					11,812,628	5,464,695	17,277,323	2,132,642
Changes in Net Assets					(6,658,498)	11,576,984	4,918,486	(1,547,191)
<b>Net Assets - October 1, 2011</b>					182,213,830	45,804,052	228,017,882	5,520,065
<b>Net Assets - September 30, 2012</b>					\$ 175,555,332	\$ 57,381,036	\$ 232,936,368	\$ 3,972,874

See accompanying notes and accountants' report.

## **FUND FINANCIAL STATEMENTS**

**City of Twin Falls, Idaho**

Fund Balance Sheets

Governmental Funds

September 30, 2012

	<u>General</u>	<u>Street</u>	<u>Airport</u>	<u>Capital Improvement</u>	<u>Airport Construction</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
<b><u>Assets</u></b>							
Cash and Cash Equivalents	\$ 1,882,774	\$ -	\$ 273,584	\$ 638,822	\$ 181,326	\$ 718,972	\$ 3,695,478
Restricted Cash	164,756	-	-	32,005	363,699	378,922	939,382
Investments	7,609,391	2,806,036	1,114,103	2,993,196	-	1,711,486	16,234,212
Receivables (net of allowance)							
Taxes	340,651	50,434	9,224	15,027	-	44,369	459,705
Fees and Services	-	28,194	-	-	-	-	28,194
Intergovernmental	943,711	382,975	42,961	415,251	-	58,412	1,843,310
Interest	7,347	2,712	1,077	2,899	-	1,654	15,689
Accounts	136,497	2,002	37,114	-	14,833	206,378	396,824
Due from Other Funds	\$ 2,001,623	-	64,458	150,509	42,721	99,779	2,359,090
<b>Total Assets</b>	<b>\$ 13,086,750</b>	<b>\$ 3,272,353</b>	<b>\$ 1,542,521</b>	<b>\$ 4,247,709</b>	<b>\$ 602,579</b>	<b>\$ 3,219,972</b>	<b>\$ 25,971,884</b>
<b><u>Liabilities</u></b>							
Accounts Payable	\$ 135,370	\$ 25,734	\$ 16,811	\$ 232,029	\$ -	\$ 30,573	\$ 440,517
Accrued Expenses	203,106	-	-	-	-	10,818	213,924
Deferred Revenue	266,730	39,490	632,139	11,766	-	34,741	984,866
Customer Deposits Payable	156,683	-	-	-	-	100	156,783
Due to Other Funds	-	1,024,472	-	53,854	295,973	842,439	2,216,738
<b>Total Liabilities</b>	<b>761,889</b>	<b>1,089,696</b>	<b>648,950</b>	<b>297,649</b>	<b>295,973</b>	<b>918,671</b>	<b>4,012,828</b>
<b><u>Fund Balances</u></b>							
Nonspendable Fund Balance	-	-	-	-	-	-	-
Restricted Fund Balance	5,913	-	-	-	363,669	-	369,582
Committed Fund Balance	158,843	-	-	2,782,005	-	2,800,573	5,741,421
Assigned Fund Balance	-	2,182,657	893,571	1,168,055	-	-	4,244,283
Unassigned Fund Balance	12,160,105	-	-	-	(57,063)	(499,272)	11,603,770
<b>Total Fund Balance</b>	<b>12,324,861</b>	<b>2,182,657</b>	<b>893,571</b>	<b>3,950,060</b>	<b>306,606</b>	<b>2,301,301</b>	<b>21,959,056</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 13,086,750</b>	<b>\$ 3,272,353</b>	<b>\$ 1,542,521</b>	<b>\$ 4,247,709</b>	<b>\$ 602,579</b>	<b>\$ 3,219,972</b>	<b>\$ 25,971,884</b>

See accompanying notes and accountants' report.

**City of Twin Falls, Idaho**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year Ended September 30, 2012

	<u>General</u>	<u>Street</u>	<u>Airport</u>	<u>Capital Improvement</u>	<u>Airport Construction</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
<b>Revenues</b>							
Property Taxes, Including Interest	\$ 11,742,238	\$ 1,825,203	\$ 321,916	\$ 570,152	\$ -	\$ 1,546,734	\$ 16,006,243
Other Taxes	600,727	-	-	-	-	196,323	797,050
Special Assessments, Including Interest	-	-	-	-	-	91,567	91,567
Fines and Forfeitures	4,536	-	-	-	-	41,328	45,864
Licenses and Permits	765,285	-	-	-	-	-	765,285
Fees and Services	1,099,629	245,183	719,411	-	101,492	645,180	2,810,895
Intergovernmental	1,970,627	2,237,455	343,464	1,434,886	-	127,409	6,113,841
Federal Grants	91,295	-	-	-	319,587	41,126	452,008
Miscellaneous	696,918	1,038,786	217,266	57,309	158	41,428	2,051,865
<b>Total Revenue</b>	<u>16,971,255</u>	<u>5,346,627</u>	<u>1,602,057</u>	<u>2,062,347</u>	<u>421,237</u>	<u>2,731,095</u>	<u>29,134,618</u>
<b>Expenditures</b>							
Current							
General Government	2,757,684	-	-	396,106	-	-	3,153,790
Public Safety	11,410,936	-	-	490,979	-	67,261	11,969,176
Engineering	1,266,254	-	-	-	-	-	1,266,254
Community Development	118,115	-	-	-	-	113,207	231,322
Culture and Recreation	1,387,822	-	-	414,751	-	1,655,687	3,458,260
Highway and Streets	-	1,271,394	-	-	-	250,225	1,521,619
Airport	-	-	991,876	-	279,035	-	1,270,911
Capital Outlay	-	4,496,363	-	452,988	-	-	4,949,351
<b>Total Expenditures</b>	<u>16,940,811</u>	<u>5,767,757</u>	<u>991,876</u>	<u>1,754,824</u>	<u>279,035</u>	<u>2,086,386</u>	<u>27,820,689</u>
Excess of Revenues Over (Under) Expenditures	30,444	(421,130)	610,181	307,523	142,202	644,709	1,313,929
<b>Interfund Transfers, Donations and Other</b>							
Donation of Assets	-	-	-	741	-	-	741
Transfers In	1,609,817	82,681	-	-	52,650	66,500	1,811,648
Transfers Out	(6,485,899)	(249,534)	(367,692)	(133,247)	-	(835,386)	(8,071,758)
Net Transfers and Donations	<u>(4,876,082)</u>	<u>(166,853)</u>	<u>(367,692)</u>	<u>(132,506)</u>	<u>52,650</u>	<u>(768,886)</u>	<u>(6,259,369)</u>
<b>Net Change in Fund Balance</b>	(4,845,638)	(587,983)	242,489	175,017	194,852	(124,177)	(4,945,440)
<b>Fund Balance October 1, 2011</b>	<u>17,170,499</u>	<u>2,770,640</u>	<u>651,082</u>	<u>3,775,043</u>	<u>111,754</u>	<u>2,425,478</u>	<u>26,904,496</u>
<b>Fund Balance September 30, 2012</b>	<u>\$ 12,324,861</u>	<u>\$ 2,182,657</u>	<u>\$ 893,571</u>	<u>\$ 3,950,060</u>	<u>\$ 306,606</u>	<u>\$ 2,301,301</u>	<u>\$ 21,959,056</u>

See accompanying notes and accountants' report.

**City of Twin Falls, Idaho**  
 Reconciliation of Governmental Fund Statements to Government Wide Statements

**Reconciliation of Governmental Fund Balances to Government Wide Net Assets at September 30, 2012**

Governmental Fund Balances at September 30, 2012	\$ 21,959,056
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	153,548,184
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	363,788
Internal service funds are used by management to charge the costs of certain activities, such as insurance, and vehicle repairs and maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	962,982
Long-term liabilities, including capitalized leases, equipment notes and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(1,278,678)
Net Assets for Governmental Activities-per reconciliation	\$ 175,555,332

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the year ended September 30, 2012**

Net Change in Fund Balances - Total Government Funds	\$ (4,945,440)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Government funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period	(1,711,448)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds.	2,979
Internal service funds are used by management to charge the costs of certain activities, such as insurance and shop repairs and maintenance, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	(6,834)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	2,245
Change in Net Assets of Governmental Activities	\$ (6,658,498)

See accompanying notes and accountants' report.

**City of Twin Falls, Idaho**

Fund Balance Sheets

Proprietary Funds

September 30, 2012

	<b>Business-Type Activities</b>				<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Waterworks</b>	<b>Wastewater</b>	<b>Sanitation</b>	<b>Other Business- Type</b>		
<b>Assets</b>						
Cash and Cash Equivalents	\$ 1,418,551	\$ 1,364,173	\$ 96,899	\$ 121,866	\$ 3,001,489	\$ 400,947
Investments	5,071,995	71,843	430,254	256,169	5,830,261	153,667
Receivables (net of allowance for uncollect.)						
Taxes	-	-	-	-	-	4,908
Fees and Services	1,209,419	783,269	231,631	2,955	2,227,274	-
Intergovernmental	-	5,635	-	-	5,635	1,980
Interest	4,903	69	416	298	5,686	149
Accounts	-	3,726,742	19,274	356	3,746,372	-
Inventories	403,590	-	-	-	403,590	-
Total Current Assets	8,108,458	5,951,731	778,474	381,644	15,220,307	561,651
Restricted Assets	846,810	934,772	-	-	1,781,582	-
Due from Other Funds	334,217	342,199	22,830	28,713	727,959	94,464
Fixed Assets (Net of Accum. Depreciation)	45,875,238	30,975,596	52,106	1,565,892	78,468,832	331,833
<b>Total Assets</b>	<b>\$ 55,164,723</b>	<b>\$ 38,204,298</b>	<b>\$ 853,410</b>	<b>\$ 1,976,249</b>	<b>\$ 96,198,680</b>	<b>\$ 987,948</b>
<b>Liabilities and Equity</b>						
Current Liabilities:						
Accounts Payable	\$ 200,150	\$ 2,741,086	\$ 196,738	\$ 14,754	\$ 3,152,728	\$ 1,777
Accrued Expenses	87,642	67,373	-	-	155,015	-
Due to Other Funds	291,121	-	-	673,656	964,777	-
Deferred Revenue	-	-	-	-	-	3,843
Notes Payable - Current	318,041	422,399	-	-	740,440	-
Compensated Absences	72,706	35,082	3,209	6,475	117,472	19,346
<b>Total Current Liabilities</b>	<b>969,660</b>	<b>3,265,940</b>	<b>199,947</b>	<b>694,885</b>	<b>5,130,432</b>	<b>24,966</b>
Current Liab. Payable from Restricted Assets:						
Revenue Bonds Payable - Current	1,620,000	339,011	-	-	1,959,011	-
Customer Deposits Payable	179,300	2,600	-	1,560	183,460	-
Total Curr. Liab. From Restricted Assets	1,799,300	341,611	-	1,560	2,142,471	-
NonCurrent Liabilities:						
Notes Payable - Equipment	3,507,487	4,658,382	-	-	8,165,869	-
Revenue Bonds Payable (Net of Discounts)	23,378,870	-	-	-	23,378,870	-
<b>Total Non-current Liabilities</b>	<b>26,886,357</b>	<b>4,658,382</b>	<b>-</b>	<b>-</b>	<b>31,544,739</b>	<b>-</b>
<b>Total Liabilities</b>	<b>29,655,317</b>	<b>8,265,933</b>	<b>199,947</b>	<b>696,445</b>	<b>38,817,642</b>	<b>24,966</b>
<b>Net Assets</b>						
Invested In Capital Assets, net of related debt	17,050,840	25,555,804	52,106	1,565,892	44,224,642	331,833
Restricted	846,810	934,772	-	-	1,781,582	-
Unrestricted	7,611,756	3,447,789	601,357	(286,088)	11,374,814	631,149
<b>Total Equity</b>	<b>25,509,406</b>	<b>29,938,365</b>	<b>653,463</b>	<b>1,279,804</b>	<b>57,381,038</b>	<b>962,982</b>
<b>Total Liabilities and Equity</b>	<b>\$ 55,164,723</b>	<b>\$ 38,204,298</b>	<b>\$ 853,410</b>	<b>\$ 1,976,249</b>	<b>\$ 96,198,680</b>	<b>\$ 987,948</b>

See accompanying notes and accountants' report.

**City of Twin Falls, Idaho**  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended September 30, 2012

	<b>Business-Type Activities</b>				<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Waterworks</b>	<b>Wastewater</b>	<b>Sanitation</b>	<b>Other Business- Type</b>		
<b>Operating Revenues:</b>						
Charges for Services	\$ 8,984,545	\$ 6,637,147	\$ 2,460,651	\$ 307,344	\$ 18,389,687	\$ 267,433
Special Assessments, Including Interest	-	-	-	-	-	169,693
Taps, Connection and Other Fees	38,904	335	-	-	39,239	-
Miscellaneous	123,823	166,756	35,590	15,835	342,004	10,844
<b>Total Operating Revenues</b>	<b>9,147,272</b>	<b>6,804,238</b>	<b>2,496,241</b>	<b>323,179</b>	<b>18,770,930</b>	<b>447,970</b>
<b>Operating Expenses:</b>						
Contracted Services	402,599	2,845,488	1,744,639	89,678	5,082,404	1,690
Personnel Expenses	1,437,174	525,145	119,519	171,952	2,253,790	216,074
Depreciation and Amortization	526,111	983,499	7,519	89,553	1,606,682	13,416
Utilities	799,574	29	-	7,889	807,492	5,288
Landfill Expenses	-	-	595,166	-	595,166	-
Supplies	391,098	23,554	731	10,098	425,481	19,687
Insurance	-	-	-	-	-	352,815
Repairs and Maintenance	117,571	16,440	4,858	20,800	159,669	3,957
Vehicle Expenses	134,783	49,978	5,411	4,423	194,595	660
Small Equipment	139,989	(168,322)	-	1,206	(27,127)	11,346
Studies and Projects	193,578	-	1,515	-	195,093	-
Rental Expense	117,567	-	-	-	117,567	-
Miscellaneous Expense	65,235	40,256	18,850	22,708	147,049	431
Testing and Monitoring	54,051	-	-	-	54,051	-
Telephone	-	-	-	35	35	-
Travel and Meetings	2,961	51	330	184	3,526	-
<b>Total Operating Expenses</b>	<b>4,382,291</b>	<b>4,316,118</b>	<b>2,498,538</b>	<b>418,526</b>	<b>11,615,473</b>	<b>625,364</b>
<b>Operating Income (Loss)</b>	<b>4,764,981</b>	<b>2,488,120</b>	<b>(2,297)</b>	<b>(95,347)</b>	<b>7,155,457</b>	<b>(177,394)</b>
<b>Non-Operating Revenues (Expenses):</b>						
Development Fees	-	125,118	-	-	125,118	-
Interest Income	112,256	11,107	7,889	4,238	135,490	-
Rent and Royalties	65,010	-	-	-	65,010	-
Federal Grants	-	81,463	-	-	81,463	-
Intergovernmental	-	-	-	-	-	-
Interest Expense	(1,016,000)	(244,317)	-	467	(1,259,850)	-
<b>Total Non-Operating Revenues (Exp.)</b>	<b>(838,734)</b>	<b>(26,629)</b>	<b>7,889</b>	<b>4,705</b>	<b>(852,769)</b>	<b>-</b>
<b>Income (Loss) Before Interfund Transfers and Contributions</b>	<b>3,926,247</b>	<b>2,461,491</b>	<b>5,592</b>	<b>(90,642)</b>	<b>6,302,688</b>	<b>(177,394)</b>
<b>Interfund Transfers, Contributions and Changes:</b>						
Contribution of Assets	-	-	-	-	-	-
Operating Transfers In	259,423	6,440,899	-	111,747	6,812,069	220,893
Operating Transfers Out	(829,465)	(539,776)	(157,203)	(11,328)	(1,537,772)	(50,333)
Net Transfers and Contributions	<b>(570,042)</b>	<b>5,901,123</b>	<b>(157,203)</b>	<b>100,419</b>	<b>5,274,297</b>	<b>170,560</b>
<b>Net Income</b>	<b>3,356,205</b>	<b>8,362,614</b>	<b>(151,611)</b>	<b>9,777</b>	<b>11,576,985</b>	<b>(6,834)</b>
<b>Total Net Assets, October 1, 2011</b>	<b>22,153,201</b>	<b>21,575,751</b>	<b>805,074</b>	<b>1,270,027</b>	<b>45,804,053</b>	<b>969,816</b>
<b>Total Net Assets, September 30, 2012</b>	<b>\$ 25,509,406</b>	<b>\$ 29,938,365</b>	<b>\$ 653,463</b>	<b>\$ 1,279,804</b>	<b>\$ 57,381,038</b>	<b>\$ 962,982</b>

See accompanying notes and accountants' report.

**City of Twin Falls, Idaho**  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended September 30, 2012

	<b>Business-Type Activities</b>				<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Waterworks</b>	<b>Wastewater</b>	<b>Sanitation</b>	<b>Other Business- Type</b>		
<b>Cash Flows from Operating Activities</b>						
Receipts from Customers	\$ 8,523,316	\$ 2,492,232	\$ 2,402,978	\$ 324,121	\$ 13,742,647	\$ 268,869
Special Assessments	-	-	-	-	-	169,693
Payments to Suppliers	(2,714,448)	(286,513)	(2,371,242)	(158,595)	(5,530,798)	(488,992)
Payments to Employees	(1,433,014)	(521,618)	(146,838)	(170,751)	(2,272,221)	(215,684)
Other Receipts (Payments)	123,823	166,756	35,590	15,835	342,004	10,844
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>4,499,677</b>	<b>1,850,857</b>	<b>(79,512)</b>	<b>10,610</b>	<b>6,281,632</b>	<b>(255,270)</b>
<b>Cash Flows from Non-Capital Financing Activities</b>						
Operating Subsidies and Transfers to Other Funds	(570,042)	5,901,123	(157,201)	(479,528)	4,694,352	170,560
Other Revenue Sources - Non-Operating	65,010	206,581	-	-	271,591	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(505,032)</b>	<b>6,107,704</b>	<b>(157,201)</b>	<b>(479,528)</b>	<b>4,965,943</b>	<b>170,560</b>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Proceeds from Capital Debt	-	-	-	-	-	-
Purchase of Capital Assets	(2,184,147)	(7,106,396)	-	-	(9,290,543)	(8,768)
Disposals, Transfers of Capital Assets	24,886	-	-	815,253	840,139	-
Principal Paid on Capital Debt	(1,865,694)	(740,995)	-	(26,736)	(2,633,425)	-
Increase in Amounts Due to Other Funds	-	-	-	(25,651)	(25,651)	-
Interest Paid on Capital Debt	(1,022,243)	(249,700)	-	-	(1,271,943)	-
Increase in Restricted Assets	(471,138)	(621,698)	-	-	(1,092,836)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(5,518,336)</b>	<b>(8,718,789)</b>	<b>-</b>	<b>762,866</b>	<b>(13,474,259)</b>	<b>(8,768)</b>
<b>Cash Flows from Investing Activities</b>						
(Purchase) or Sale of Securities	(2,703,267)	637,465	(327,123)	(256,169)	(2,649,094)	(38,396)
Interest, Dividends and Changes in Market Value	115,136	14,652	8,506	4,394	142,688	137
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(2,588,131)</b>	<b>652,117</b>	<b>(318,617)</b>	<b>(251,775)</b>	<b>(2,506,406)</b>	<b>(38,259)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents Balances - Beginning of the Year</b>	<b>(4,111,822)</b>	<b>(108,111)</b>	<b>(555,330)</b>	<b>42,173</b>	<b>(4,733,090)</b>	<b>(131,737)</b>
	<b>5,530,373</b>	<b>1,472,284</b>	<b>652,229</b>	<b>79,693</b>	<b>7,734,579</b>	<b>532,684</b>
<b>Balances - End of the Year</b>	<b>\$ 1,418,551</b>	<b>\$ 1,364,173</b>	<b>\$ 96,899</b>	<b>\$ 121,866</b>	<b>\$ 3,001,489</b>	<b>\$ 400,947</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>						
Operating Income	\$ 4,764,981	\$ 2,488,120	\$ (2,297)	\$ (95,347)	\$ 7,155,457	\$ (177,394)
Adjustments to Reconcile Operating Income to net Cash Provided (Used) by Operating Activities:						
Depreciation and Amortization	526,111	983,499	7,518	89,553	1,606,681	13,416
Change in Assets and Liabilities:						
Receivables, Net	(195,049)	(3,824,097)	(34,842)	45,710	(4,008,278)	1,578
Prepaid Expenses	-	-	-	-	-	(94,464)
Inventories	5,303	-	-	-	5,303	-
Due From Other Funds	(334,217)	(321,405)	(22,830)	(28,713)	(707,165)	-
Deferred Revenue	-	-	-	-	-	(142)
Accounts Payable	(300,745)	2,520,963	258	(1,574)	2,218,902	1,346
Customer Deposits	29,133	250	-	(220)	29,163	-
Compensated Absences	4,160	3,527	(27,319)	1,201	(18,431)	390
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 4,499,677</b>	<b>\$ 1,850,857</b>	<b>\$ (79,512)</b>	<b>\$ 10,610</b>	<b>\$ 6,281,632</b>	<b>\$ (255,270)</b>

See accompanying notes and accountants' report.

## **NOTES TO FINANCIAL STATEMENTS**

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES**

The City of Twin Falls, Idaho is a municipal corporation governed by an elected seven-member council.

The financial statements of the City of Twin Falls, Idaho have been prepared in conformity with generally accepted accounting principles, (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**Financial Reporting Entity**

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. Each blended component unit and each discretely presented component unit has a September 30 year end.

**Blended Component Unit-Twin Falls Public Library**

Blended component units are legally separate from the City but are so intertwined with the City that they are, in substance, the same as the City. The component unit is reported as part of the City and blended into the appropriate fund.

The Library is governed by a separate board appointed by the City Council; however, final responsibility relative to budget, taxing and debt remains with the City. The Library is reported as a special revenue fund.

**Discretely Presented Component Units-Urban Renewal Agency**

The Urban Renewal Agency is a directly presented component unit of the City

A discretely presented component unit is legally separate from the City but is financially accountable to the City, or its relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Component units are reported in a separate column to emphasize that they are legally separate from the primary government.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued**

The Urban Renewal Agency is responsible for rehabilitation, conservation and redevelopment of deteriorated properties in areas within the City's jurisdiction. The seven-member board is appointed by the City Council. The City and the Agency have an agreement that the City will make available certain personnel for administrative, legal, engineering, budgeting and accounting services and assistance to the Agency to the extent that the City has appropriated necessary funds to provide such assistance. The Agency has agreed to reimburse the City annually for these costs. The City has no responsibility for debt issuance of the Agency. The Agency is presented as a governmental fund type.

Complete financial statements for the Urban Renewal Agency may be obtained at the entity's administrative offices.

**Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements**

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers.

These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

**Fund Financial Statements**

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued**

**Fund Types and Major Funds**

The City reports the following major governmental funds:

The **general fund** is the City'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 **special revenue funds** account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The **debt service fund** accounts for the servicing of general long-term debt not being financed by proprietary or non-expendable trust funds.

The **capital projects funds** account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or non-expendable trust funds.

**Proprietary funds** are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. Proprietary funds include enterprise funds. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

**Other Fund Types**

The City also reports the following fund types:

**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.

**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.

**Measurement Focus, Basis of Accounting and Basis of Presentation**

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued**

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements and financial statements of City component units also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include property taxes, franchise taxes, licenses, interest and special assessments. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. See Note 4 for information describing restricted assets.

**Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital projects funds.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued**

**Deposits and Investments**

Cash and cash equivalents include amounts of cash on hand, demand deposits and highly liquid short-term investments with an original maturity of three months or less from the date acquired by the government.

State statutes authorize the City and Agency to invest any available funds in obligations issued or guaranteed by the U.S. Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

The City's Investment Policy requires that investments within the portfolio be diversified in order to avoid risks in specific instruments, individual financial institutions or maturities.

Investments are stated at fair market value, as determined by quoted market prices, except for certificates of deposits, which are non-participating contracts, and are therefore carried at amortized cost. Idaho Code provided authorization for the investment of funds as well as to what constitutes an allowable investment. The City policy allows for investment of idle funds consistent with the Idaho State Code 67-1210 and 67-1210A.

The City is a voluntary participant in the State of Idaho Local Government Investment Pool (LPIG). The LPIG is regulated by State of Idaho Code under the oversight of the Treasurer of the State of Idaho. The fair value of the City's investments in the pool is reported in the accompanying financial statements at amounts based on the City's pro-rata share of the fair market value provided by the fund for the entire portfolio. The LGIP is not rated by a nationally recognized statistical rating organization.

**Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund balance sheets. They are eliminated on the government-wide financial statements. Short-term inter-fund loans are classified as "interfund receivables /payables".

All trade and property tax receivables are shown net of an allowance for uncollectibles for the City and the Agency.

**Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of inventory items are recognized as expenditures in governmental financial statements and as expenses in government-wide and proprietary fund financial statements when used (consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued**

**Restricted Assets**

Passenger fees collected at the City's airport are committed for future airport expansion. Restricted assets in the enterprise funds include deposit obligations and resources set aside for repayment of certificates of participation.

Urban Renewal Agency tax increment property tax revenues are restricted first to the ongoing payment of revenue bonds outstanding. When received the revenues are deposited in a separate account controlled by a bank trustee. All use of the funds must be requisitioned for approval by the trustee before payment is made. The amount shown as restricted cash for the Urban Renewal Agency in these financial statements is based on the largest principal and interest payment due. The payment is the required payment on August 1, 2013.

**Capital Assets, Depreciation, and Amortization**

The City's property, plant equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund and combining component unit's financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Land	Not depreciated
Buildings and Structures	20-50
Infrastructure	40
Improvements	30
Machinery and equipment	3-20

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment are depreciated in the proprietary funds using the straight-line method over the following estimated useful lives:

Land	Not depreciated
Buildings and improvements	50 years
Machinery and equipment	5-20 years

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued**

The Urban Renewal Agency has acquired certain properties and made improvements such as streets, parking lots and parks in its effort to rehabilitate many areas of the City of Twin Falls. Many of these parcels acquired and constructed have been contributed to the City of Twin Falls but certain real estate acquisitions are held by the Agency for future rehabilitation, conservation, redevelopment, and sale in accordance with its purpose.

No depreciation has been computed or recorded in these statements for any existing buildings on these properties for the Agency.

**Fund Overdrafts**

The City uses a pooled cash system of cash management. All city obligations are paid through the general fund. Cash is then allocated to the other funds based on amounts received and spent. Some funds have investments that cover the fund overdrafts. Also, some funds are involved in federal grants that the City must fund and then request reimbursement from the federal government.

**Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation, comp hours in lieu of overtime hours, and sick pay benefits. Vacation pay and comp hours are accrued when incurred in proprietary funds and reported as a fund liability. Vacation pay and comp hours for governmental funds are reported as expenditures of the related fund when paid. Accrued vacation pay and comp hours of governmental funds are further recorded as liabilities in the Government Wide Financial Statements.

No liability is reported for unpaid accumulated sick leave. However, once employees reach a maximum sick leave accrual amount, any excess hours are accumulated in a "Retirement Account" and at retirement they may be converted to their dollar equivalent and used exclusively for the purchase of health insurance. Retirement hour accruals and expenditures are treated the same as unused vacation and comp hours.

**Long-Term Obligations**

In the government-wide, proprietary, and component unit financial statements, outstanding debts are reported as liabilities. Bond issuance costs, bond discounts or premiums, are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued**

**Fund Equity**

**Net Assets and Fund Balances**

In the government-wide financial statements, the difference between the City's total assets and total liabilities represents net assets. Net assets displays three components – invested in capital assets, net of related debt; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net assets represent the net assets available for future operations.

The City has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government 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 nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted Fund Balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed Fund Balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the City's highest level of decision-making authority, the City Council.

Assigned Fund Balance – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City manager through the budgetary process.

Unassigned Fund Balance – This classification includes amounts that are available for any purpose. Positive amounts are reported only in the general fund.

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
September 30, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued**

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. It is at least reasonably possible that the significant estimates used will change within the next year.

**1. LEGAL COMPLIANCE - BUDGETS**

On or before June 1<sup>st</sup> of each year, all agencies of the City submit requests for appropriation to the City's manager so that a budget may be prepared. The Budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. The budget includes amounts for capital expenditures but does not include allowances for depreciation.

Before August 31, the proposed budget is presented to the City's Council for review. The City Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City's manager or the revenue estimates must be changed by an affirmative vote of a majority of the City's Council. The City's department heads may make transfers of appropriations within a department.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, some supplementary appropriations were necessary.

**Excess of Expenditures over Appropriations**

For the fund year ended September 30, 2012, expenditures exceeded appropriation in the Sanitation Fund by \$151,611, the Parking Fund by \$9,724 and the Insurance Fund by \$11,146. Expenditures also exceed appropriations in the General Fund by \$4,845,638. This was anticipated by City Council, and they authorized the use of reserves to cover this.

**2. DEPOSITS AND INVESTMENTS**

**Cash and Cash Equivalents –**

A reconciliation of cash and cash equivalents at September 30, 2012 is as follows:

Reconciled Bank Accounts	\$ 1,468,536
State Investment Pool	1,533,278
Certificates of Deposit	948,657
Money Market Mutual Funds	5,840,524
Library Operating Fund	25,931
Petty Cash	1,952
Total	<u>9,818,878</u>
Reported as Restricted	<u>(2,720,964)</u>
Total Net Cash	<u>\$ 7,097,914</u>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**2. DEPOSITS AND INVESTMENTS-Continued**

At September 30, 2012, the Urban Renewal Agency's reconciliation of cash and cash equivalents is as follows:

Cash in Bank	\$ 5,243,002
Money-Market Bond Funds	<u>2,399,382</u>
Total	7,642,384
Reported as Restricted	<u>(699,913)</u>
Total Net Cash	<u>\$ 6,942,471</u>

The City's reconciled bank balance is covered by \$1,310,850 federal depository insurance with the remainder covered by collateral held by the City's agent in the City's name. The reconciled bank balance for Urban Renewal Agency a discretely presented component unit, is covered by FDIC insurance of \$ 250,000.

**Investments** – The City held the following investments at September 30, 2012.

Federal National Mortgage Association (FNMA)	\$ 595,169
Federal Home Loan Mortgage Corporation (FHLM)	539,979
Federal Home Loan Bank (FHLB)	909,200
Government National Mortgage Association (GNMA)	1,440,266
Federal Farm Credit Bank (FFCB)	300,633
Corporate Obligations	<u>18,432,893</u>
Total	<u>\$ 22,218,140</u>

All investments are guaranteed by the U.S. Government except for the corporate obligations. All investments were held in trust for the City in the Agents name. The City or Agency has no investments in foreign currency and no exposure to foreign currency risk.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the City's debt type investments to this risk, using the segmented time distribution model is as follows:

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**2. DEPOSITS AND INVESTMENTS-Continued**

Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
FNMA	\$ 595,169	\$ -	\$ 526,815	\$ 68,354	\$ -
FHLM	539,979	18	-	41,366	498,595
FFCB	300,633	-	300,633	-	-
GNMA	1,440,266	-	1,028	102,890	1,336,348
FHLB	909,200	-	-	-	909,200
Corporate	18,432,893	4,563,630	13,869,263	-	-
<b>Total</b>	<b>\$ 22,218,140</b>	<b>\$ 4,563,648</b>	<b>\$ 14,697,739</b>	<b>\$ 212,610</b>	<b>\$ 2,744,143</b>

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy requires a rating of A- or its equivalent by two or more public rating agencies at the time of purchase. Short term credit ratings for commercial paper must be top tier A1/P1/F1 by two of the three credit rating agencies at the time of purchase. The ratings of investments subject to credit risk are as follows:

<b>Investments subject to credit risk:</b>	<u>Fair Value</u>	<u>Rating</u>
Idaho Local Government Investment Pool	\$ 1,533,278	Not rated
Money Market Funds	5,840,524	Not rated
Corporate Bonds	1,980,785	AA+
Corporate Bonds	4,122,915	A+
Corporate Bonds	2,991,090	A
Corporate Bonds	8,832,093	A-
Corporate Bonds	506,010	BBB+
FNMA	595,169	AAA-
FHLM	539,979	AA+
FHLB	909,220	AA+
GNMA	1,440,266	AA+
FFCB	300,633	AA+

**Concentration of Credit Risk**

The City's investment policy has limits on the amount that can be invested in any one issuer. The City did not have investments in any one issuer (other than State investment pools) that represented 5% or more of total City investments.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**3. DEPOSITS AND INVESTMENTS-Continued**

**Custodial Credit Risk**

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. The City only conducts investment purchases on a delivery versus payment basis with all securities held by a safe keeper, in the City's name, to eliminate custodial credit risk.

**4. RESTRICTED ASSETS**

Restriction on cash and cash equivalents were due to the following:

	<u>2012</u>
<b>General Fund</b>	
Customer or Developer Deposits	\$ 106,861
Custody/Evidence Account	51,982
Other	5,913
Trail Fund	40
Park Development Fund	293,882
<b>Capital Projects Funds</b>	
Public Art Fund	32,005
Passenger Facility Charges Held for Lease Payments	363,699
<b>Enterprise Funds</b>	
Cash within Fund to Pay Obligation of Certificates of Deposit	1,719,042
Refundable Customer Utility Deposits	<u>147,540</u>
<b>Total Restricted Assets</b>	<u><u>\$ 2,720,964</u></u>

Restriction on cash and cash equivalents for the Urban Renewal Agency were due to the following:

Cash reserved to pay interest and principal on the revenue bonds	Total
	<u><u>\$ 699,913</u></u>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**5. TAXES RECEIVABLE, DEFERRED REVENUE, AND DUE FROM OTHER GOVERNMENTS**

The City of Twin Falls and its component unit, the Urban Renewal Agency, are located in Twin Falls County.

Taxes on property are due on the 20<sup>th</sup> of December; however, they may be paid in two installments with the second installment due June 20. Penalties and interest are assessed if a taxpayer fails to pay an installment within ten days of the installment due date.

Taxes on real property are a lien on the property and attach on July 1, of the year for which taxes are levied. After a three-year waiting period, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by owner and such persons as described by statute by paying all back taxes and accumulated penalties, interest and costs before sale.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually and the tax is computed using percentages of taxable values established by the Department of Taxation.

Property taxes uncollected by November 30, 2012, are considered to be deferred revenue.

Taxes receivable and deferred revenue as of September 30, 2012, consist of the following for the City:

<u>Fund</u>	<u>Taxes Receivable</u>	<u>Deferred Revenue</u>
General	\$ 340,651	\$ 266,730
Street	50,434	39,490
Street Lighting	2,934	2,297
Airport	9,224	632,139
Library	41,435	32,444
Capital Improvement	15,027	11,766
Insurance	4,908	3,843
Total	<u>\$ 464,613</u>	<u>\$ 988,709</u>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**5. TAXES RECEIVABLE, DEFERRED REVENUE, AND DUE FROM OTHER GOVERNMENTS**  
**- Continued**

Deferred revenue, per the fund balance sheets fund types and account groups, consists of the following:

Property Taxes	\$ 363,792
Prepaid Rent & Parking	<u>624,917</u>
Total	<u><u>\$ 988,709</u></u>

Urban Renewal Agency taxes receivable and deferred revenue at September 30, 2012 consist of 2010 property tax revenue to be collected after November 30, 2012.

Amounts due from other governments at September 30, 2012, are presented as follows for the City:

Fund	Federal	State	County	Local	Total
General	\$ 157,149	\$ 518,888	\$ 147,877	\$ 119,797	\$ 943,711
Street	-	360,074	22,901	-	382,975
Street Light	-	-	1,183	-	1,183
Library	-	-	16,599	-	16,599
Airport	39,263	-	3,698	-	42,961
Capital Improvement	-	408,973	6,278	-	415,251
Liability Insurance	-	-	1,980	-	1,980
Pool	-	34,804	-	-	34,804
Historic Preservation	5,826	-	-	-	5,826
Wastewater	5,635	-	-	-	5,635
	<u>\$ 207,873</u>	<u>\$ 1,322,739</u>	<u>\$ 200,516</u>	<u>\$ 119,797</u>	<u>\$ 1,850,925</u>

Urban Renewal Agency receivable from other governments consists of property taxes collected by the County prior to December 1, 2012.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**6. CAPITAL LEASE RECEIVABLE – URBAN RENEWAL**

On December 13, 2004, the Agency purchased the building at 621 Washington Street South in Twin Falls, to lease to Jayco, Inc., a major national manufacturer of recreational vehicles.

The building was purchased for \$2,400,000 plus expenses of \$53,101. The agency paid \$82,320, applied the funds of a Development Block Grant of \$500,000 received from the State of Idaho, and entered into a promissory note with D.L. Evans Bank of Twin Falls for the balance of \$1,870,781. The note has a term of 10 years, bears interest at 4.26% per annum and monthly payments are \$19,173.

The rent due under the lease agreement is the same as monthly debt service, the term is the same as the note, title transfers at the end of the lease, and rents are assigned to the bank for debt service on the note. These terms require the lease to be treated as a capital lease under generally accepted accounting principles, which give it the same characteristics as a contract of sale.

Accordingly, the principal balance on this lease was paid in full in the current year.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**7. FIXED ASSETS**

Changes in the fixed asset groups for the City for the year ended September 30, 2012, are as follows:

	Balance October 1, 2011	Additions/ Transfers In	Disposals/ Transfers Out	Balance September 30, 2012
<b>Government-wide Assets</b>				
Land	\$ 6,694,877	\$ -	\$ -	\$ 6,694,877
Buildings and Structures	16,854,540	440,627	(4,495)	17,290,672
Infrastructure	243,628,137	12,238,429	(94,274)	255,772,292
Improvements	15,679,685	1,406,571	-	17,086,256
Machinery and Equipment	14,304,381	1,502,713	(517,863)	15,289,231
Construction in Progress	14,375,922	4,730,758	(12,743,024)	6,363,656
Total	<u>\$ 311,537,542</u>	<u>\$ 20,319,098</u>	<u>\$ (13,359,656)</u>	<u>\$ 318,496,984</u>
<b>Accum. Deprec. For Govt. Wide</b>				
Buildings and Structures	\$ 5,041,645	\$ 437,897	\$ (21)	\$ 5,479,521
Infrastructure	136,320,872	6,693,710	-	143,014,582
Improvements	6,669,252	1,124,915	(1,665)	7,792,502
Machinery and Equipment	7,909,660	838,066	(417,364)	8,330,362
Total Accum. Deprec.	<u>\$ 155,941,429</u>	<u>\$ 9,094,588</u>	<u>\$ (419,050)</u>	<u>\$ 164,616,967</u>
<b>Business Type Activity Assets:</b>				
Land	\$ 11,252,387	\$ -	\$ -	\$ 11,252,387
Buildings and Structures	18,925,371	-	(172,304)	18,753,067
Infrastructure	879,700	-	-	879,700
Improvements	40,419,560	-	(1,215,900)	39,203,660
Machinery and Equipment	6,589,553	449,858	(83,128)	6,956,283
Construction in Progress	20,905,260	9,118,832	(43,704)	29,980,388
Total	<u>\$ 98,971,831</u>	<u>\$ 9,568,690</u>	<u>\$ (1,515,036)</u>	<u>\$ 107,025,485</u>
<b>Accum. Deprec. For Business Type Activities</b>				
Buildings and Structures	\$ 11,475,793	\$ 456,950	\$ (57,304)	\$ 11,875,439
Infrastructure	106,812	54,785	-	161,597
Improvements	12,155,892	864,445	(565,010)	12,455,327
Machinery and Equipment	3,588,407	508,144	(32,261)	4,064,290
Total Accum. Deprec.	<u>\$ 27,326,904</u>	<u>\$ 1,884,324</u>	<u>\$ (654,575)</u>	<u>\$ 28,556,653</u>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**7. FIXED ASSETS - Continued**

Changes in the fixed asset group for the Urban Renewal Agency for the year ended September 30, 2012, is as follows:

	Balance October 1, 2011	Additions	Disposals	Balance September 30, 2012
<b>Government-wide Assets</b>				
Construction in Progress	\$ -	\$ 11,553,589	\$ -	\$ 11,553,589
Land and Buildings	2,631,089	57,800	-	2,688,889
<b>Total</b>	<b>\$ 2,631,089</b>	<b>\$ 11,611,389</b>	<b>\$ -</b>	<b>\$ 14,242,478</b>
<b>Business Type Activities:</b>				
Land	\$ 1,350,000	\$ -	\$ -	\$ 1,350,000
Buildings & Improvements	3,500,000	-	-	3,500,000
Equipment	475,000	215,264	-	690,264
<b>Total</b>	<b>\$ 5,325,000</b>	<b>\$ 215,264</b>	<b>\$ -</b>	<b>\$ 5,540,264</b>
<b>Accumulated Depreciation for Business-Type Activities</b>				
Building & Improvements	\$ 116,667	\$ 70,000	\$ -	\$ 186,667
Equipment	137,500	82,500	-	220,000
<b>Total</b>	<b>\$ 254,167</b>	<b>\$ 152,500</b>	<b>\$ -</b>	<b>\$ 406,667</b>

Investments in real estate have not been allocated between land and buildings. Depreciation expense was charged to the governmental functions for the City as follows:

General Government	\$ 6,651,463
Fire	84,052
Police	203,665
Library	84,693
Culture and Recreation	216,256
Highway and Street	378,999
Pool	37,398
Airport	807,470
	<u>8,463,996</u>
Depreciation on Capital Assets held by the City's Internal Service Fund.	<u>13,416</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b><u>\$ 8,477,412</u></b>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**8. LONG-TERM LIABILITIES**

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

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

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, government fund types recognize bond premiums and discounts as well as bond issuance cost, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

A summary of Long-term liabilities for the City for the year ended is as follows. Additional detailed information is available on the following pages.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One year
<b>PRIMARY GOVERNMENT</b>					
<b>Governmental Activities:</b>					
Compensated absences	\$ 1,300,616	\$ -	\$ (2,587)	\$ 1,298,029	\$ -
Total	\$ 1,300,616	\$ -	\$ (2,587)	\$ 1,298,029	\$ -
<b>Business-type Activities:</b>					
Certificate of Participation and Revenue Bonds	\$ 27,252,699	\$ -	\$ (1,914,818)	\$ 25,337,881	\$ 1,930,159
State Revolving Fund Loan	9,617,997	-	(711,688)	8,906,309	740,440
Other Long-Term Liabilities	26,736	-	(26,736)	-	-
Compensated Absences	135,905	-	(18,433)	117,472	-
Total	37,033,337	-	(2,671,675)	34,361,662	2,670,599
Total Long-Term Liabilities	\$ 38,333,953	\$ -	\$ (2,674,262)	\$ 35,659,691	\$ 2,670,599

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**8. LONG-TERM LIABILITIES - Continued**

**Business-Type Activities - Revenue Obligations**

In 2004, the City issued refunding certificates of participation to refund and refinance, the Water Revenue Certificates of Participation, Series 1993 that were originally used to upgrade the City's water system.

Following are the outstanding certificates of participation and other obligations that the City has pledged income derived from the acquired or constructed assets to pay debt service.

*Certificates of participation-\$3,910,000 issued August 1, 1999, for improvements to the sewer treatment system, interest at 4.00% to 5.00%, payable semi-annually, subject to prior redemption after October 1, 2007 through August 2013.*

\$350,000

Less: Unamortized discount  
Total

(10,989)

\$ 339,011

*Idaho Bond Bank Authority Loan Payable, Payable in semi-annual installments over 15 years with interest rates that vary from 2 to 5.1%.*

\$ 8,560,000

Less: Unamortized discount  
Total

(140,130)

8,419,870

*Idaho Bond Bank Authority Loan Payable, Payable in semi-annual installments over 15 years with interest rates that vary from 3 to 5.06%.*

\$ 16,655,000

Less: Unamortized discount  
Total

(76,000)

16,579,000

Total

\$ 25,337,881

*State Revolving Fund Loan Payable*

Division of Environmental Quality State Water Quality Programs, payable in semi-annual installments over 20 years at 4%, upon project completion-Wastewater Treatment.

\$ 5,080,780

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
September 30, 2012

**8. LONG-TERM LIABILITIES-Continued**

*State Revolving Fund Loan Payable*

Division of Environmental Quality State Water Quality Programs, payable in semi-annual installments over 20 years at 4%, upon project completion-Water System Improvements.

3,825,529

Total

\$ 8,906,309

Debt service requirements to maturity are as follows:

	2013	2014	2015	2016	2017	2018-2022	2023-2027
<b>Governmental Activities:</b>							
Other long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Governmental Activities	-	-	-	-	-	-	-
<b>Business-type activities:</b>							
Certificate of Participation	350,000	-	-	-	-	-	-
Unamortized discount	(10,989)	-	-	-	-	-	-
Total COP	339,011	-	-	-	-	-	-
Revenue Bonds	1,620,000	1,655,000	1,710,000	1,760,000	1,805,000	9,870,000	6,795,000
Unamortized discount	(28,852)	(28,852)	(28,852)	(28,852)	(28,852)	(26,784)	(45,086)
Total Revenue Bonds	1,591,148	1,626,148	1,681,148	1,731,148	1,776,148	9,843,216	6,749,914
State revolving fund loans	740,440	770,354	801,476	833,856	867,543	4,892,640	-
Other long-term liabilities	-	-	-	-	-	-	-
Total Other	740,440	770,354	801,476	833,856	867,543	4,892,640	-
Total Business Type	2,670,599	2,396,502	2,482,624	2,565,004	2,643,691	14,735,856	6,749,914
Total Amounts Due	<u>\$ 2,670,599</u>	<u>\$ 2,396,502</u>	<u>\$ 2,482,624</u>	<u>\$ 2,565,004</u>	<u>\$ 2,643,691</u>	<u>\$ 14,735,856</u>	<u>\$ 6,749,914</u>

**Additional Disclosure Required by SEC Rule 15c2-12(b) (5)**

*Sewer Revenue Certificates of Participation, Series 1999*

On August 4, 1999, the city issued \$3,910,000 Sewer Revenue Certificates of Participation, Series 1999, for the purpose of advance refunding Series 1995 Certificates to achieve a change in certain covenants. (See earlier portion of Note 8 for details.)

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**8. LONG-TERM LIABILITIES-Continued**

*Item 2 (a), Status of Certificates*

<u>Maturity-October 1</u>	<u>Interest Rate</u>	<u>Original Principal</u>	<u>Outstanding Principal</u>
1999	4.00%	\$ 230,000	\$ -
2000	4.25%	195,000	-
2001	4.50%	200,000	-
2002	4.50%	210,000	-
2003	4.50%	220,000	-
2004	4.50%	230,000	-
2005	4.50%	240,000	-
2006	4.55%	250,000	-
2007	4.70%	260,000	-
2008	4.70%	275,000	-
2009	4.75%	290,000	-
2010	4.90%	305,000	-
2011	5.00%	320,000	-
2012	5.00%	335,000	0
2013	5.00%	350,000	350,000
<b>Total</b>		<b>\$ 3,910,000</b>	<b>\$ 350,000</b>

*Item 2 (b), Proceeds Account Activity*

<u>Description</u>	<u>Amount</u>
Proceeds from issuance of certificates	\$ 3,910,000
Premium	107
Accrued Interest	1,521
Issuance Costs	(223,809)
Deposit to Escrow Fund	(3,687,819)
Balance, September 30, 1999	\$ -

*Item 2 (c), Amounts on Deposit*

There are no amounts on deposit

*Item 2 (d), Revenue and Expenditures of the System*

**Year Ended September 30, 2012**

<u>Revenues</u>	
Sewer Service	\$ 6,637,147
Connection Fees	335
Development Fees	125,118
Investment Income	11,107
Grant Revenues	81,463
Miscellaneous Fees	166,756
<b>Total</b>	<b>7,021,926</b>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**8. LONG-TERM LIABILITIES-Continued**

<u>Expenditures</u>	
Personnel	525,145
Administration	(38,014)
Operation & Maintenance	<u>2,845,488</u>
Total	<u>3,332,619</u>
Net Available for Debt Service	<u>\$ 3,689,307</u>
State Revolving Fund	\$ 621,448
Certificates of Participation Services 1999	<u>367,500</u>
Total Debt Service	<u>\$ 988,948</u>
Coverage Ratio	<u>3.73</u>

There are no Continuing Disclosure Significant Events to report.

**Urban Renewal Agency**

***Continuing Disclosure***

The 2005 bonds are subject to the requirements of Continuing Disclosure under S.E.C Rule 15c2-12(b)(5). The following information is provided in compliance with this requirement. Additionally, these financial statements have been submitted to Wells Fargo Bank, Trustee and Dissemination Agent for the bonds, for placement in a nationally recognized repository.

Continuing Disclosure Bond Information

<u>Maturity</u>	<u>Interest Rate</u>	<u>Original Principal</u>	<u>Outstanding Principal</u>
August 1, 2008	4.35%	\$ 955,000	\$ -
August 1, 2010	4.60%	705,000	-
August 1, 2014	4.95%	1,640,000	1,260,000
August 1, 2017	5.15%	1,455,000	1,455,000
August 1, 2022	5.45%	<u>2,980,000</u>	<u>2,980,000</u>
<b>Total</b>		<u>\$ 7,735,000</u>	<u>\$ 5,695,000</u>

Amounts on deposit

Revenue Allocation Fund	\$ 1,699,478
Bond Fund	12
Reserve Fund	<u>699,913</u>
Total on deposit	<u>\$ 2,399,403</u>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**8. LONG-TERM LIABILITIES-Continued**

Revenue Allocation Revenues	
Property Taxes – 2011 (2012 budget & reporting period)	\$ 2,079,868
Property Taxes for prior periods	<u>49,981</u>
Total reported in Governmental Funds	<u>\$ 2,129,849</u>

Assessed values of property within Revenue Allocation Area Total assessed value for 2011	<u>\$ 228,142,374</u>
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Tax increment value for 2011	<u>\$ 153,034,638</u>
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There are no Continuing Disclosure Significant Events to report.

Long term debt of the Urban Renewal Agency outstanding at September 30, 2012, is as follows:

*Revenue Allocation Refunding Bonds, Series 2005A*, dated August 1, 2005 and maturing August 1, 2022. These are revenue allocation (tax-increment) bonds payable, both principal and interest, solely from the income, proceeds, revenues and funds the Agency derives from and in connection with the increased property taxes generated from the revenue allocation area as described in the bond ordinance and instrument. The proceeds of the bonds provided funds to advance refund prior obligations issued, and establish a reserve fund required by terms of the issue. The bonds are term bonds that require annual sinking fund deposits on August 1 each year. Bonds maturing August 1, 2016 and later are subject to prior redemption on August 1, 2015. The bonds bear interest at rates ranging from 4.35% to 5.45%

\$ 5,295,000

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**8. LONG-TERM LIABILITIES-Continued**

*Promissory Note due Larry and Karen Tucker*, dated June 8, 2009, for the purchase of real estate. This note is payable in monthly installments of \$3,663.68, beginning August 1, 2009, including interest of 6.00% and matures August 1, 2019.

245,965

*Promissory Note due Larry McElliott*, dated November 20, 2007, for the purchase of land. This note is payable in monthly installments of \$1,449.96, beginning December 1, 2007, including interest of 6.00% and matures November 1, 2012.

2,878

Total

\$ 5,543,843

Expected annual maturities of the obligations, are as follows:

Year Ending September	Total	Interest	Principal
2013	739,982	287,073	452,909
2014	749,715	277,840	471,875
2015	741,480	247,639	493,841
2016	742,616	221,688	520,928
2017	1,215,249	667,105	548,144
2018-2022	3,092,116	35,970	3,056,146
<b>Total</b>	<u>\$ 7,281,158</u>	<u>\$ 1,737,315</u>	<u>\$ 5,543,843</u>

Changes in Long-Term Debt of the Agency for the year ended September 30, 2012 is as follows:

	09/30/11	Additions	Repayments	09/30/12
Promissory note payable to Larry McElliot	\$ 19,558	\$ -	\$ 16,680	\$ 2,878
Promissory note payable to Larry Tucker	676,350	-	676,350	-
Promissory note payable to D.L. Evans Bank	274,238	-	28,273	245,965
Revenue Allocation Bond, Series 2005A	5,695,000	-	400,000	5,295,000
Total	<u>\$ 6,665,146</u>	-	\$ 1,121,303	<u>\$ 5,543,843</u>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**9. INTERFUND TRANSACTIONS**

During the course of normal operations, the City has numerous transactions among funds, including expenditures and transfers of resources primarily to provide services. The Governmental Fund Type and Proprietary Fund Types financial statements generally reflect such transactions as transfers.

All City funds record payments to the Internal Service Funds as operating expenses. The Proprietary Funds Types record operating subsidies as other revenue whereas the fund paying the subsidy records it as either an expenditure or transfer.

Individual fund interfund receivable/payable balances at September 30, 2012:

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ 1,965,860	\$ -
Airport	64,458	-
Airport Construction	42,721	295,973
Capital Improvement	150,509	53,854
CDBG	-	61
Common Area Maintenance	3,159	-
Dierkes Lake/Shoshone Falls	14,026	-
Drug Seizure	14,378	-
Fireworks	-	10,437
Golf	-	673,655
Historic	3,105	9,011
Impact Fee	62,185	-
Industrial Development	-	236,783
Insurance	12,704	-
LID Guarantee	3,504	-
Parking	11,528	-
Payroll Clearing	35,763	-
Pool	-	352,227
Sanitation	22,830	-
Shop Revolving	81,760	-
Street	-	1,024,472
Street Light	16,512	233,920
Trail Fund	95	-
Waste Water	342,199	-
Waterworks	334,217	291,120
	<hr/>	<hr/>
Total	<u>\$ 3,181,513</u>	<u>\$ 3,181,513</u>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**10. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There are a few lawsuits and claims pending against the City. The City currently is defending its position through its legal staff, other law firms or its insurance company if the insurance company acknowledges coverage.

The fund is budgeted through property tax assessments and transfers from the general fund. The City is insured for all risk through ICRMP (Idaho County Risk Management Program). The annual deductible is \$20,000.

The City participates in a number of federal and state assisted grant programs, the principal of which are the Community Development Block Grants, FAA Airport Improvement Program and Local Public Works Programs which have been subjected to financial and compliance audit under Circular A-133. All audits are subject to review by the granting agencies but the City does not expect any questioned costs as a result of review.

**11. PUBLIC EMPLOYEES RETIREMENT SYSTEM OF IDAHO**

The Public Employee Retirement System of Idaho (PERSI) – The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible member or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of average monthly salary for the highest consecutive 42 months.

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

The actuarially determined contribution requirements of the City and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended September 30, 2012, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.65% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. The City employer contributions required and paid were \$1,709,167, \$1,668,948 and \$1,708,061 for the three years ended September 30, 2012, 2011 and 2010, respectively.

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
September 30, 2012

**12. FUND BALANCE AND NET ASSET DEFICITS**

Fund deficits as of September 30, 2012, which are significant, are as follows:

Golf Fund- The deficit of \$188,808 is due to accumulated costs exceeding revenues over a number of years. The City has entered into a new lease agreement where the lessor will be responsible for golf course costs in the future.

Street Light- The deficit of \$168,414 is being reduced through excess revenues.

Pool Fund – The deficit of \$232,075 will be taken care of through the budget process over a period of years.

**13. CHANGE IN PRESENTATION**

The Pool Fund is presented in the current financial statements as a governmental fund. That represents a reclassification from prior years when the fund was categorized as a proprietary fund. The funds source of support has shifted from swimming user fees; to governmental support through a budgeted allocation of State Shared Revenues. The beginning balances of the financial statements have been restated with the effects of the change.

**14. URBAN RENEWAL SUMMARIZED INFORMATION**

	<b>Year Ended September 30, 2012</b>
<b>Assets</b>	<u>\$ 27,132,767</u>
<b>Total Assets</b>	<u>\$ 27,132,767</u>
 <b>Liabilities &amp; Net Assets</b>	
Liabilities	\$ 23,159,893
Net Assets:	
Invested in Capital Assets	(72,129)
Restricted	699,913
Unrestricted	<u>3,345,090</u>
<b>Total Liabilities &amp; Net Assets</b>	<u>\$ 27,132,767</u>
 <b>Revenues</b>	\$ 3,009,390
<b>Expenditures</b>	<u>4,556,581</u>
<b>Excess (Deficiency) Revenues over Expenditures</b>	(1,547,191)
 <b>Fund Balance - Beginning of Year</b>	<u>5,520,065</u>
 <b>Fund Balance - End of Year</b>	<u>\$ 3,972,874</u>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**15. COMMITMENTS AND SUBSEQUENT EVENTS**

***City of Twin Falls***

On October 11, 2012, the City closed on three bond issues with the Idaho Bond Bank Authority. The first, with a par amount of \$7,570,000, was targeted for use in the Wastewater Fund. The bond proceeds will be used to finance current and recently completed construction projects for the collection and treatment of wastewater.

The other two bonds issued with the Idaho Bond Bank Authority as the purchaser will be used to take advantage of interest rates that are currently lower than existing debt instruments of the City. Bonds with a par value of \$4,030,000 and \$3,070,000 were issued to refinance debt obligations to the Idaho Department of Environmental Quality in the Wastewater Fund and Water Fund respectively. The new money bonds mature in September 15, 2027 and the refinancing bonds mature on September 15, 2022. All bonds carry coupons with varying rates of interest ranging from 2% to 5%.

The City has evaluated subsequent events through February 5, 2013, the date which the financial statements were available to be issued.

***Urban Renewal Agency***

Subsequent to year end the Agency closed on an interim warrant with Zion's Bank. The warrant in the amount of \$28,051,000 is callable at any time and has an interest rate of 5%. The majority of the proceeds were used to repay Chobani, a private Idaho corporation, funds it had advanced for construction projects undertaken by the Agency. The balance of the warrant is also available for further construction of these same projects. The warrant is an interim step that was designed to lead to long- term financing. The Agency has passed a resolution authorizing the creation of both bonds and a contract to sell those long-term bonds to Zion's Bank. Proceeds from the bonds will repay the warrant.

The Agency has evaluated subsequent events through February 5, 2013, the date which the financial statements were available to be issued.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2012

**16. BOND COVENANT COMPLIANCE**

The City is subject to various covenants as a result of the various bonds and certificates of participation issued by the City. During the year ended September 30, 2012, the City did not comply with the following covenants:

*1999 Sewer Certificates of Participation*

One covenant requires that the City provide no free service, including usage by the City departments. During 2012, the Wastewater Fund did not bill other City departments for sewer service provided during the year.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF TWIN FALLS, IDAHO**

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended September 30, 2012

With Comparative Actual Amounts from the Previous Year

	2012			Variance	2011
	Proposed Budget	Final Budget	Actual	Favorable (Unfavorable)	Actual
<b>Revenues:</b>					
Property Taxes, Including Penalty and Interest	\$11,671,966	\$11,671,966	\$11,742,238	\$ 70,272	\$ 12,028,814
Non-property Taxes	653,000	653,000	600,727	(52,273)	574,162
Fines and Forfeitures	4,500	4,500	4,536	36	5,499
Licenses and Permits	521,000	521,000	765,285	244,285	579,772
Fees and Services	1,118,500	1,118,500	1,099,629	(18,871)	1,112,196
Intergovernmental	1,794,343	1,794,343	1,970,627	176,284	1,859,432
Federal Grants	73,000	73,000	91,295	18,295	86,099
Miscellaneous	621,331	621,331	696,918	75,587	610,827
<b>Total Revenues</b>	<b>16,457,640</b>	<b>16,457,640</b>	<b>16,971,255</b>	<b>513,615</b>	<b>16,856,801</b>
<b>Expenditures:</b>					
Current					
General Government	2,979,710	2,979,710	2,757,684	222,026	2,662,276
Public Safety	11,998,692	11,998,692	11,410,936	587,756	11,255,102
Engineering	1,465,304	1,465,304	1,266,254	199,050	1,260,708
Economic Development	153,057	153,057	118,115	34,942	120,194
Culture and Recreation	1,470,694	1,470,694	1,387,822	82,872	1,305,154
Total Expenditures	18,067,457	18,067,457	16,940,811	1,126,646	16,603,434
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>(1,609,817)</b>	<b>(1,609,817)</b>	<b>30,444</b>	<b>1,640,261</b>	<b>253,367</b>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	1,609,817	8,095,716	1,609,817	(6,485,899)	1,548,375
Operating Transfers Out	-	(6,485,899)	(6,485,899)	-	-
Total Other Financing Sources (Uses)	1,609,817	1,609,817	(4,876,082)	(6,485,899)	1,548,375
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$(4,845,638)</b>	<b>\$(4,845,638)</b>	<b>\$ 1,801,742</b>
<b>Fund Balance, October 1st</b>			17,170,499		15,368,757
<b>Fund Balance, September 30th</b>			<b>\$12,324,861</b>		<b>\$ 17,170,499</b>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
 General Fund  
 Statement of Expenditures - Budget and Actual  
 For the Fiscal Year Ended September 30, 2012  
 With Comparative Actual Amounts from the Previous Year

	2012				2011 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Expenditures:</b>					
Data Processing	\$ 1,237,016	\$ 1,237,016	\$ 1,056,911	\$ 180,105	\$ 1,099,852
Council	145,698	145,698	147,270	(1,572)	145,353
Manager	452,556	452,556	452,913	(357)	361,475
Finance	633,377	633,377	619,108	14,269	585,321
Attorney	179,050	179,050	173,618	5,432	176,150
Personnel	332,013	332,013	307,864	24,149	294,125
Total General Government	<u>2,979,710</u>	<u>2,979,710</u>	<u>2,757,684</u>	<u>222,026</u>	<u>2,662,276</u>
Police	7,615,154	7,615,154	7,088,411	526,743	6,913,324
Fire	3,717,588	3,717,588	3,610,312	107,276	3,572,650
Inspection	325,950	325,950	371,663	(45,713)	428,856
Animal Control	340,000	340,000	340,550	(550)	340,272
Total Public Safety	<u>11,998,692</u>	<u>11,998,692</u>	<u>11,410,936</u>	<u>587,756</u>	<u>11,255,102</u>
Engineering	1,098,222	1,098,222	922,857	175,365	906,144
Planning and Zoning	367,082	367,082	343,397	23,685	354,564
Total Engineering and Planning	<u>1,465,304</u>	<u>1,465,304</u>	<u>1,266,254</u>	<u>199,050</u>	<u>1,260,708</u>
Economic Development	153,057	153,057	118,115	34,942	120,194
Parks	1,037,020	1,037,020	962,133	74,887	913,967
Recreation	433,674	433,674	425,689	7,985	391,187
Total Culture and Recreation	<u>1,470,694</u>	<u>1,470,694</u>	<u>1,387,822</u>	<u>82,872</u>	<u>1,305,154</u>
<b>Total Expenditures</b>	<u><u>\$18,067,457</u></u>	<u><u>\$18,067,457</u></u>	<u><u>\$16,940,811</u></u>	<u><u>\$ 1,126,646</u></u>	<u><u>\$ 16,603,434</u></u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**

Special Revenue - Street Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended September 30, 2012

With Comparative Actual Amounts from the Previous Year

	2012			Variance Favorable (Unfavorable)	2011 Actual
	Proposed Budget	Final Budget	Actual		
<b>Revenues:</b>					
Property Taxes	\$ 1,791,128	\$ 1,791,128	\$ 1,825,203	\$ 34,075	\$ 1,611,936
Fees and Services	250,000	250,000	245,183	(4,817)	290,442
Intergovernmental Grants	2,161,000	2,161,000	2,237,455	76,455	2,182,595
Miscellaneous	807,374	807,374	1,038,786	231,412	791,656
<b>Total Revenues</b>	<u>5,009,502</u>	<u>5,009,502</u>	<u>5,346,627</u>	<u>337,125</u>	<u>4,876,629</u>
<b>Expenditures:</b>					
Current					
Highways and Streets	1,399,548	1,399,548	1,271,394	128,154	1,206,595
Capital Outlay	3,443,101	4,193,101	4,496,363	(303,262)	3,363,350
Debt Service					
Principal Retirement	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<u>4,842,649</u>	<u>5,592,649</u>	<u>5,767,757</u>	<u>(175,108)</u>	<u>4,569,945</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	166,853	(583,147)	(421,130)	162,017	306,684
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	82,681	82,681	82,681	-	78,744
Operating Transfers Out	(249,534)	(249,534)	(249,534)	-	(238,605)
<b>Total Other Sources (Uses)</b>	<u>(166,853)</u>	<u>(166,853)</u>	<u>(166,853)</u>	<u>-</u>	<u>(159,861)</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ (750,000)</u>	<u>(587,983)</u>	<u>\$ 162,017</u>	<u>\$ 146,823</u>
<b>Fund Balances, October 1st</b>			<u>2,770,640</u>		<u>2,623,817</u>
<b>Fund Balances, September 30th</b>			<u><u>\$ 2,182,657</u></u>		<u><u>\$ 2,770,640</u></u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
Special Revenue - Airport Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended September 30, 2012  
With Comparative Actual Amounts from the Previous Year

	2012			Variance Favorable (Unfavorable)	2011 Actual
	Proposed Budget	Final Budget	Actual		
<b>Revenues:</b>					
Property Taxes	\$ 323,464	\$ 323,464	\$ 321,916	\$ (1,548)	\$ 314,855
Fees and Services	486,538	679,055	719,411	40,356	580,655
Intergovernmental	323,464	323,464	343,464	20,000	268,072
Federal Grants	-	-	-	-	-
Farm Income	26,300	26,300	33,555	7,255	30,688
Miscellaneous	7,000	109,045	183,711	74,666	77,481
<b>Total Revenues</b>	<u>1,166,766</u>	<u>1,461,328</u>	<u>1,602,057</u>	<u>140,729</u>	<u>1,271,751</u>
<b>Expenditures:</b>					
Current					
Airport	799,074	1,049,074	991,876	57,198	712,731
<b>Total Expenditures</b>	<u>799,074</u>	<u>1,049,074</u>	<u>991,876</u>	<u>57,198</u>	<u>712,731</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	367,692	412,254	610,181	197,927	559,020
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(367,692)	(367,692)	(367,692)	-	(353,643)
<b>Total Other Sources (Uses)</b>	<u>(367,692)</u>	<u>(367,692)</u>	<u>(367,692)</u>	<u>-</u>	<u>(353,643)</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ 44,562</u>	242,489	<u>\$ 197,927</u>	205,377
<b>Fund Balances, October 1st</b>			<u>651,082</u>		<u>445,705</u>
<b>Fund Balances, September 30th</b>			<u>\$ 893,571</u>		<u>\$ 651,082</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**

Special Revenue - Capital Improvement Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended September 30, 2012

With Comparative Actual Amounts from the Previous Year

	2012				
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2011 Actual
<b>Revenues:</b>					
Property Taxes	\$ 554,216	\$ 554,216	\$ 570,152	\$ 15,936	\$ 405,317
Intergovernmental	1,285,287	1,285,287	1,434,886	149,599	1,244,218
Federal Grants	-	-	-	-	102,306
Miscellaneous or Reserves	26,500	185,240	57,309	(127,931)	26,917
<b>Total Revenues</b>	1,866,003	2,024,743	2,062,347	37,604	1,778,758
<b>Expenditures:</b>					
Current					
General Government	574,230	574,230	396,106	178,124	60,614
Public Safety	519,377	519,377	490,979	28,398	252,769
Culture and Recreation	318,500	443,500	414,751	28,749	201,151
Highways and Streets	12,500	12,500	-	12,500	14,445
Capital Outlay	401,889	401,889	452,988	(51,099)	316,383
<b>Total Expenditures</b>	1,826,496	1,951,496	1,754,824	196,672	845,362
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,507	73,247	307,523	234,276	933,396
<b>Other Financing Sources (Uses)</b>					
Contribution of Assets			741	741	60,938
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(39,507)	(73,247)	(133,247)	(60,000)	(205,169)
<b>Total Other Sources (Uses)</b>	(39,507)	(73,247)	(132,506)	(59,259)	(144,231)
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	\$ -	\$ -	175,017	\$ 175,017	789,165
<b>Fund Balances, October 1st</b>			3,775,043		2,985,878
<b>Fund Balances, September 30th</b>			\$ 3,950,060		\$ 3,775,043

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
 Capital Projects - Airport Construction Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended September 30, 2012  
 With Comparative Actual Amounts from the Previous Year

	2012				2011 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Revenues:</b>					
Fees and Services	\$ 95,075	\$ 95,075	\$ 101,492	\$ 6,417	\$ 163,516
Intergovernmental	-	-	-	-	20,000
Federal Grants	1,000,000	1,000,000	319,587	(680,413)	1,011,752
Miscellaneous	75	75	158	83	89
<b>Total Revenues</b>	<u>1,095,150</u>	<u>1,095,150</u>	<u>421,237</u>	<u>(673,913)</u>	<u>1,195,357</u>
<b>Expenditures:</b>					
Current					
Airport	1,147,800	1,147,800	279,035	868,765	1,056,427
<b>Total Expenditures</b>	<u>1,147,800</u>	<u>1,147,800</u>	<u>279,035</u>	<u>868,765</u>	<u>1,056,427</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,650)	(52,650)	142,202	194,852	138,930
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	52,650	52,650	52,650	-	52,650
Operating Transfers Out	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	<u>52,650</u>	<u>52,650</u>	<u>52,650</u>	<u>-</u>	<u>52,650</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ -</u>	194,852	<u>\$ 194,852</u>	191,580
<b>Fund Balances, October 1st</b>			<u>111,754</u>		<u>(79,826)</u>
<b>Fund Balances, September 30th</b>			<u>\$ 306,606</u>		<u>\$ 111,754</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
Enterprise - Waterworks Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended September 30, 2012  
With Comparative Actual Amounts from the Previous Year

	2012				2011 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Operating Revenues:</b>					
Charges for Services	\$ 8,186,511	\$ 8,485,486	\$ 8,984,545	\$ 499,059	\$ 8,081,699
Taps, Connection and Other Fees	39,982	39,982	38,904	(1,078)	28,770
Miscellaneous	92,412	92,412	123,823	31,411	100,617
<b>Total Operating Revenues</b>	<u>8,318,905</u>	<u>8,617,880</u>	<u>9,147,272</u>	<u>529,392</u>	<u>8,211,086</u>
<b>Operating Expenses:</b>					
Contracted Expenses	341,865	409,311	402,599	6,712	189,718
Personnel Expenses	1,631,196	1,631,196	1,437,174	194,022	1,414,114
Depreciation and Amortization	-	-	526,111	(526,111)	572,054
Utilities	778,467	778,467	799,574	(21,107)	668,998
Supplies	489,993	489,993	391,098	98,895	388,339
Repairs and Maintenance	160,609	160,609	117,571	43,038	108,085
Vehicle Expense	142,859	142,859	134,783	8,076	127,397
Capital & Equipment	986,598	2,547,698	139,989	2,407,709	(909,331)
Studies and Projects	32,600	218,011	193,578	24,433	983,873
Rental Expense	122,900	122,900	117,567	5,333	117,946
Miscellaneous Expenses	20,194	20,194	65,235	(45,041)	34,249
Testing and Monitoring	55,000	55,000	54,051	949	44,029
Telephone	-	-	-	-	-
Travel and Meetings	5,500	5,500	2,961	2,539	2,001
<b>Total Operating Expenses</b>	<u>4,767,781</u>	<u>6,581,738</u>	<u>4,382,291</u>	<u>2,199,447</u>	<u>3,741,472</u>
Operating Income (Loss)	3,551,124	2,036,142	4,764,981	2,728,839	4,469,614
<b>Non-operating Revenues (Expenses):</b>					
Interest Income	62,000	62,000	112,256	50,256	89,972
Rent and Royalties	65,000	65,000	65,010	10	65,010
Federal Grants	-	-	-	-	-
Interest Expense	(1,242,393)	(1,242,393)	(1,016,000)	226,393	(1,064,409)
<b>Total Non-operating Revenues (Exp)</b>	<u>(1,115,393)</u>	<u>(1,115,393)</u>	<u>(838,734)</u>	<u>276,659</u>	<u>(909,427)</u>
Income (Loss) before operating transfers	2,435,731	920,749	3,926,247	3,005,498	3,560,187
<b>Interfund Transfers and Donations:</b>					
Donation of Assets	-	-	-	-	-
Operating Transfers In	259,426	259,426	259,423	(3)	247,072
Operating Transfers Out	(829,465)	(829,465)	(829,465)	-	(792,082)
Net Transfers and Donations	<u>(570,039)</u>	<u>(570,039)</u>	<u>(570,042)</u>	<u>(3)</u>	<u>(545,010)</u>
Net Income (Loss)	<u>\$ 1,865,692</u>	<u>\$ 350,710</u>	3,356,205	<u>\$ 3,005,495</u>	3,015,177
<b>Net Assets, October 1st</b>			<u>22,153,201</u>		<u>19,138,024</u>
<b>Net Assets, September 30th</b>			<u>\$ 25,509,406</u>		<u>\$ 22,153,201</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**

Enterprise - Wastewater Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended September 30, 2012

With Comparative Actual Amounts from the Previous Year

	2012			Variance Favorable (Unfavorable)	2011 Actual
	Proposed Budget	Final Budget	Actual		
<b>Operating Revenues:</b>					
Charges for Services	\$ 6,026,580	\$ 6,394,080	\$ 6,637,147	\$ 243,067	\$ 5,611,424
Taps, Connection and Other Fees	1,500	1,500	335	(1,165)	1,455
Miscellaneous	22,500	39,999	166,756	126,757	53,502
<b>Total Operating Revenues</b>	<u>6,050,580</u>	<u>6,435,579</u>	<u>6,804,238</u>	<u>368,659</u>	<u>5,666,381</u>
<b>Operating Expenses:</b>					
Contracted Expenses	2,990,273	2,990,273	2,845,488	144,785	2,862,021
Personnel Expenses	489,211	489,211	525,145	(35,934)	493,763
Depreciation and Amortization	-	-	983,499	(983,499)	981,530
Utilities	-	-	29	(29)	-
Supplies	20,900	20,900	23,554	(2,654)	10,709
Repairs & Maintenance	118,300	118,300	16,440	101,860	94,041
Vehicle Expense	48,771	48,771	49,978	(1,207)	45,747
Capital & Equipment	987,472	7,445,870	(168,322)	7,614,192	125,788
Studies and Projects	-	-	-	-	-
Rental Expense	-	-	-	-	-
Miscellaneous Expenses	2,300	2,300	40,256	(37,956)	38,677
Telephone	-	-	-	-	-
Travel and Meetings	1,000	1,000	51	949	-
<b>Total Operating Expenses</b>	<u>4,658,227</u>	<u>11,116,625</u>	<u>4,316,118</u>	<u>6,800,507</u>	<u>4,652,276</u>
Operating Income (Loss)	1,392,353	(4,681,046)	2,488,120	7,169,166	1,014,105
<b>Non-operating Revenues (Expenses):</b>					
Development Fees	111,000	111,000	125,118	14,118	106,048
Interest Income	20,120	20,120	11,107	(9,013)	15,481
Interest Expense	(257,701)	(275,201)	(244,317)	30,884	(276,292)
Federal Grant	-	-	81,463	81,463	58,969
<b>Total Non-operating Revenues (Exp)</b>	<u>(126,581)</u>	<u>(144,081)</u>	<u>(26,629)</u>	<u>117,452</u>	<u>(95,794)</u>
Income (Loss) before operating transfers	1,265,772	(4,825,127)	2,461,491	7,286,618	918,311
<b>Interfund Transfers and Donations:</b>					
Donation of Assets	-	-	-	-	-
Operating Transfers In	-	6,440,899	6,440,899	-	-
Operating Transfers Out	(539,776)	(539,776)	(539,776)	-	(519,908)
Net Transfers and Donations	<u>(539,776)</u>	<u>5,901,123</u>	<u>5,901,123</u>	<u>-</u>	<u>(519,908)</u>
Net Income (Loss)	<u>\$ 725,996</u>	<u>\$ 1,075,996</u>	8,362,614	<u>\$ 7,286,618</u>	398,403
<b>Net Assets, October 1st</b>			<u>21,575,751</u>		<u>21,177,348</u>
<b>Net Assets, September 30th</b>			<u>\$ 29,938,365</u>		<u>\$ 21,575,751</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**

Enterprise - Sanitation Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended September 30, 2012

With Comparative Actual Amounts from the Previous Year

	2012			Variance Favorable (Unfavorable)	2011 Actual
	Proposed Budget	Final Budget	Actual		
<b>Operating Revenues:</b>					
Charges for Services	\$ 2,769,239	\$ 2,769,239	\$ 2,460,651	\$ (308,588)	\$ 2,179,515
Miscellaneous	8,000	8,000	35,590	27,590	15,614
<b>Total Operating Revenues</b>	<u>2,777,239</u>	<u>2,777,239</u>	<u>2,496,241</u>	<u>(280,998)</u>	<u>2,195,129</u>
<b>Operating Expenses:</b>					
Contracted Expenses	1,707,067	1,707,067	1,744,639	(37,572)	1,699,377
Personnel Expenses	204,528	204,528	119,519	85,009	173,497
Depreciation and Amortization	-	-	7,519	(7,519)	8,907
Landfill Expenses	695,000	695,000	595,166	99,834	586,317
Supplies	2,700	2,700	731	1,969	1,977
Repairs and Maintenance	6,300	6,300	4,858	1,442	4,144
Vehicle Expense	6,800	6,800	5,411	1,389	5,289
Small Equipment	-	-	-	-	99
Studies and Projects	2,990	2,990	1,515	1,475	1,115
Miscellaneous Expenses	1,650	1,650	18,850	(17,200)	11,660
Telephone	-	-	-	-	-
Travel and Meetings	1,000	1,000	330	670	-
<b>Total Operating Expenses</b>	<u>2,628,035</u>	<u>2,628,035</u>	<u>2,498,538</u>	<u>129,497</u>	<u>2,492,382</u>
Operating Income (Loss)	149,204	149,204	(2,297)	(151,501)	(297,253)
<b>Non-operating Revenues (Expenses):</b>					
Interest Income	8,000	8,000	7,889	(111)	6,526
Interest Expense	-	-	-	-	-
<b>Total Non-operating Revenues (Exp)</b>	<u>8,000</u>	<u>8,000</u>	<u>7,889</u>	<u>(111)</u>	<u>6,526</u>
Income (Loss) before operating transfers	157,204	157,204	5,592	(151,612)	(290,727)
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(157,204)	(157,204)	(157,203)	1	(149,957)
Net Transfers	<u>(157,204)</u>	<u>(157,204)</u>	<u>(157,203)</u>	<u>1</u>	<u>(149,957)</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	(151,611)	<u>\$ (151,611)</u>	(440,684)
<b>Net Assets, October 1st</b>			<u>805,074</u>		<u>1,245,758</u>
<b>Net Assets, September 30th</b>			<u>\$ 653,463</u>		<u>\$ 805,074</u>

See accountants' report.

## **SUPPLEMENTARY INFORMATION**

**City of Twin Falls, Idaho**  
Combining Statement - Other Governmental Funds  
Fund Balance Sheets  
September 30, 2012

	<b>Special Revenue Funds</b>				<b>Debt Service Fund</b>		
	<b>Street Light</b>	<b>Library</b>	<b>Pool</b>	<b>Total</b>	<b>LID Guarantee Bond</b>	<b>Library Bond</b>	<b>Total</b>
<b>Assets</b>							
Cash and Cash Equivalents	\$ 70,083	\$ 275,280	\$ -	\$ 345,363	\$ 14,872	\$ 20,191	\$ 35,063
Restricted Cash	-	-	85,000	85,000	-	-	-
Investments	-	837,050	-	837,050	-	-	-
Receivables (net of allowance)	-	-	-	-	-	-	-
Taxes	2,934	41,435	-	44,369	-	-	-
Fees and Services	-	-	-	-	-	-	-
Intergovernmental	1,183	16,599	34,804	52,586	-	-	-
Interest	-	809	-	809	-	-	-
Accounts	-	-	-	-	-	-	-
Due from Other Funds	16,512	-	-	16,512	3,504	-	3,504
Deferred Charges	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 90,712</b>	<b>\$ 1,171,173</b>	<b>\$ 119,804</b>	<b>\$ 1,381,689</b>	<b>\$ 18,376</b>	<b>\$ 20,191</b>	<b>\$ 38,567</b>
<b>Liabilities</b>							
Accounts Payable	\$ 22,909	\$ 5,518	\$ (348)	\$ 28,079	\$ -	\$ -	\$ -
Accrued Expenses	-	10,818	-	10,818	-	-	-
Deferred Revenue	2,297	32,444	-	34,741	-	-	-
Customer Deposits Payable	-	-	-	-	-	-	-
Due to Other Funds	233,920	-	352,227	586,147	-	-	-
<b>Total Liabilities</b>	<b>259,126</b>	<b>48,780</b>	<b>351,879</b>	<b>659,785</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance</b>							
Nonspendable Fund Balance	-	-	-	-	-	-	-
Restricted Fund Balance	-	-	-	-	-	-	-
Committed Fund Balance	-	1,122,393	85,000	1,207,393	18,376	20,191	38,567
Assigned Fund Balance	-	-	-	-	-	-	-
Unassigned Fund Balance	(168,414)	-	(317,075)	(485,489)	-	-	-
<b>Total Fund Balance</b>	<b>(168,414)</b>	<b>1,122,393</b>	<b>(232,075)</b>	<b>721,904</b>	<b>18,376</b>	<b>20,191</b>	<b>38,567</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 90,712</b>	<b>\$ 1,171,173</b>	<b>\$ 119,804</b>	<b>\$ 1,381,689</b>	<b>\$ 18,376</b>	<b>\$ 20,191</b>	<b>\$ 38,567</b>

See accountants' report.

**City of Twin Falls, Idaho**  
 Combining Statement - Other Governmental Funds  
 Fund Balance Sheets  
 September 30, 2012

Capital Projects Fund						Other Permanent Funds				Total Other Government Funds
Historic Preservation	Park Develop.	Trail Fund	Impact Fee	CDBG	Total	Drug Seizure	Historic Downtown	Fireworks	Total	
\$ -	\$ -	\$ 405	\$ 263,938	\$ -	\$ 264,343	\$ 61,024	\$ 13,179	\$ -	\$ 74,203	\$ 718,972
-	293,882	40	-	-	293,922	-	-	-	-	378,922
-	137,428	-	737,008	-	874,436	-	-	-	-	1,711,486
-	-	-	-	-	-	-	-	-	-	44,369
-	-	-	-	-	-	-	-	-	-	-
5,826	-	-	-	-	5,826	-	-	-	-	58,412
-	133	-	712	-	845	-	-	-	-	1,654
-	-	-	-	-	-	206,378	-	-	206,378	206,378
-	-	95	62,185	-	62,280	14,378	3,105	-	17,483	99,779
-	-	-	-	-	-	-	-	-	-	-
<u>\$ 5,826</u>	<u>\$ 431,443</u>	<u>\$ 540</u>	<u>\$ 1,063,843</u>	<u>\$ -</u>	<u>\$ 1,501,652</u>	<u>\$ 281,780</u>	<u>\$ 16,284</u>	<u>\$ -</u>	<u>\$ 298,064</u>	<u>\$ 3,219,972</u>
\$ -	\$ 2,178	\$ -	\$ -	\$ -	\$ 2,178	\$ 316	\$ -	\$ -	\$ 316	\$ 30,573
-	-	-	-	-	-	-	-	-	-	10,818
-	-	-	-	-	-	-	-	-	-	34,741
-	-	-	-	-	-	-	-	100	100	100
9,011	236,783	-	-	61	245,855	-	-	10,437	10,437	842,439
9,011	238,961	-	-	61	248,033	316	-	10,537	10,853	918,671
-	-	-	-	-	-	-	-	-	-	-
-	192,482	540	1,063,843	-	1,256,865	281,464	16,284	-	297,748	2,800,573
-	-	-	-	-	-	-	-	-	-	-
(3,185)	-	-	-	(61)	(3,246)	-	-	(10,537)	(10,537)	(499,272)
(3,185)	192,482	540	1,063,843	(61)	1,253,619	281,464	16,284	(10,537)	287,211	2,301,301
<u>\$ 5,826</u>	<u>\$ 431,443</u>	<u>\$ 540</u>	<u>\$ 1,063,843</u>	<u>\$ -</u>	<u>\$ 1,501,652</u>	<u>\$ 281,780</u>	<u>\$ 16,284</u>	<u>\$ -</u>	<u>\$ 298,064</u>	<u>\$ 3,219,972</u>

See accountants' report.

**City of Twin Falls, Idaho**  
Combining Statement - Other Governmental Funds  
Statements of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended September 30, 2012

	Special Revenue Funds				Debt Service Fund			
	Street Light	Library	Pool	Total	LID Guarantee Bond	Library Bond	Total	Historic Preservation
<b>Revenues</b>								
Property Taxes, Including Interest	\$ 99,979	\$ 1,446,755	\$ -	\$ 1,546,734	\$ -	\$ -	\$ -	\$ -
Other Taxes	196,323	-	-	196,323	-	-	-	-
Special Assessments, Including Interest	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	41,328	-	41,328	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
Fees and Services	-	32,886	-	32,886	-	-	-	-
Intergovernmental	-	-	127,409	127,409	-	-	-	-
Federal Grants	-	35,300	-	35,300	-	-	-	5,826
Miscellaneous	-	29,561	-	29,561	-	-	-	-
Total Revenue	296,302	1,585,830	127,409	2,009,541	-	-	-	5,826
<b>Expenditures</b>								
Current								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	889
Culture and Recreation	-	1,531,502	124,178	1,655,680	-	7	7	-
Highway and Streets	250,225	-	-	250,225	-	-	-	-
Airport	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Principal Retirement	-	-	-	-	-	-	-	-
Interest	-	-	-	-	6	-	6	-
Total Expenditures	250,225	1,531,502	124,178	1,905,905	6	7	13	889
Excess of Revenues Over (Under) Expenditures	46,077	54,328	3,231	103,636	(6)	(7)	(13)	4,937
<b>Operating Transfers</b>								
Transfers In	-	60,000	-	60,000	-	-	-	-
Transfers Out	20,133	-	815,253	835,386	-	-	-	-
Net Transfers	(20,133)	60,000	(815,253)	(775,386)	-	-	-	-
<b>Net Change in Fund Balance</b>	25,944	114,328	(812,022)	(671,750)	(6)	(7)	(13)	4,937
<b>Fund Balance October 1, 2011</b>	(194,358)	1,008,065	579,947	1,393,654	18,382	20,198	38,580	(8,122)
Transfer of Historic Downtown to the Urban Renewal Agency	-	-	-	-	-	-	-	-
<b>Fund Balance September 30, 2012</b>	<u>\$(168,414)</u>	<u>\$ 1,122,393</u>	<u>\$ (232,075)</u>	<u>\$ 721,904</u>	<u>\$ 18,376</u>	<u>\$ 20,191</u>	<u>\$ 38,567</u>	<u>\$ (3,185)</u>

See accountants' report.

**City of Twin Falls, Idaho**  
 Combining Statement - Other Governmental Funds  
 Statements of Revenues, Expenditures, and Changes in Fund Balances  
 For the Year Ended September 30, 2012

Capital Projects Fund					Other Permanent Funds				Total Other Government Funds
Park Develop.	Trail Fund	Impact Fee	CDBG	Total	Drug Seizure	Historic Downtown	Fireworks	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,546,734
-	-	-	-	-	-	-	-	-	196,323
-	-	-	-	-	91,567	-	-	91,567	91,567
-	-	-	-	-	-	-	-	-	41,328
-	-	-	-	-	-	-	-	-	-
-	-	610,473	-	610,473	-	-	1,821	1,821	645,180
-	-	-	-	-	-	-	-	-	127,409
-	-	-	-	5,826	-	-	-	-	41,126
2,542	499	8,778	-	11,819	-	-	48	48	41,428
2,542	499	619,251	-	628,118	91,567	-	1,869	93,436	2,731,095
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	67,261	-	-	67,261	67,261
-	-	-	-	-	-	-	-	-	-
104,318	-	-	-	105,207	-	-	8,000	8,000	113,207
-	-	-	-	-	-	-	-	-	1,655,687
-	-	-	-	-	-	-	-	-	250,225
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	6
104,318	-	-	-	105,207	67,261	-	8,000	75,261	2,086,386
(101,776)	499	619,251	-	522,911	24,306	-	(6,131)	18,175	644,709
-	-	-	-	-	-	-	6,500	6,500	66,500
-	-	-	-	-	-	-	-	-	835,386
-	-	-	-	-	-	-	6,500	6,500	(768,886)
(101,776)	499	619,251	-	522,911	24,306	-	369	24,675	(124,177)
294,258	41	444,592	(61)	730,708	257,158	16,284	(10,906)	262,536	2,425,478
-	-	-	-	-	-	-	-	-	-
\$ 192,482	\$ 540	\$ 1,063,843	\$ (61)	\$ 1,253,619	\$ 281,464	\$ 16,284	\$ (10,537)	\$ 287,211	\$ 2,301,301

See accountants' report.

**City of Twin Falls, Idaho**  
Combining Statement - Proprietary Funds  
Fund Balance Sheets  
September 30, 2012

**Business-Type Activities**

	<b>Business-Type Activities</b>				<b>Total</b>
	<b>Golf</b>	<b>Dierkes Lake Shoshone Falls</b>	<b>Parking</b>	<b>Common Area Maintenance</b>	
<b>Assets</b>					
Cash and Cash Equivalents	\$ -	\$ 59,530	\$ 48,929	\$ 13,407	\$ 121,866
Investments	-	256,169	-	-	256,169
Receivables (net of allowance for uncollected.)	-	-	-	-	-
Fees and Services	-	-	-	2,955	2,955
Intergovernmental	-	-	-	-	-
Interest	-	248	50	-	298
Accounts	-	-	356	-	356
Due From Other Funds	-	14,026	11,528	3,159	28,713
Inventories	-	-	-	-	-
<b>Total Current Assets</b>	<b>-</b>	<b>329,973</b>	<b>60,863</b>	<b>19,521</b>	<b>410,357</b>
Restricted Assets	-	-	-	-	-
Deferred Charges	-	-	-	-	-
Fixed Assets (Net of Accum. Depreciation)	491,323	1,074,569	-	-	1,565,892
<b>Total Assets</b>	<b>\$ 491,323</b>	<b>\$ 1,404,542</b>	<b>\$ 60,863</b>	<b>\$ 19,521</b>	<b>\$ 1,976,249</b>
<b>Liabilities and Equity</b>					
Current Liabilities:					
Accounts Payable	\$ -	\$ 9,950	\$ 1,673	\$ 3,131	\$ 14,754
Accrued Expenses	-	-	-	-	-
Due to Other Funds	673,656	-	-	-	673,656
Notes Payable - Current	-	-	-	-	-
Compensated Absences	6,475	-	-	-	6,475
<b>Total Current Liabilities</b>	<b>680,131</b>	<b>9,950</b>	<b>1,673</b>	<b>3,131</b>	<b>694,885</b>
Current Liab. Payable from Restricted Assets:					
Revenue Bonds Payable - Current	-	-	-	-	-
Customer Deposits Payable	-	-	1,560	-	1,560
<b>Total Curr. Liab. From Restricted Assets</b>	<b>-</b>	<b>-</b>	<b>1,560</b>	<b>-</b>	<b>1,560</b>
NonCurrent Liabilities:					
Notes Payable - Equipment	-	-	-	-	-
Revenue Bonds Payable (Net of Discounts)	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>680,131</b>	<b>9,950</b>	<b>3,233</b>	<b>3,131</b>	<b>696,445</b>
<b>Net Assets</b>					
Invested In Capital Assets, net of related debt	491,323	1,074,569	-	-	1,565,892
Restricted	-	-	-	-	-
Unrestricted	(680,131)	320,023	57,630	16,390	(286,088)
<b>Total Equity</b>	<b>(188,808)</b>	<b>1,394,592</b>	<b>57,630</b>	<b>16,390</b>	<b>1,279,804</b>
<b>Total Liabilities and Equity</b>	<b>\$ 491,323</b>	<b>\$ 1,404,542</b>	<b>\$ 60,863</b>	<b>\$ 19,521</b>	<b>\$ 1,976,249</b>

See accountants' report.

**City of Twin Falls, Idaho**  
Combining Statement - Proprietary Funds  
Statements of Revenues, Expenses, and Changes in Fund Net Assets  
For the Year Ended September 30, 2012

	<b>Business-Type Activities</b>				
		<b>Dierkes Lake Shoshone</b>		<b>Common Area</b>	
	<b>Golf</b>	<b>Falls</b>	<b>Parking</b>	<b>Maintenance</b>	<b>Totals</b>
<b>Operating Revenues:</b>					
Charges for Services	\$ 18,029	\$ 215,724	\$ 46,322	\$ 27,269	\$ 307,344
Taps, Connection and Other Fees	-	-	-	-	-
Miscellaneous	969	3,699	11,167	-	15,835
<b>Total Operating Revenues</b>	<b>18,998</b>	<b>219,423</b>	<b>57,489</b>	<b>27,269</b>	<b>323,179</b>
<b>Operating Expenses:</b>					
Contracted Services	11,380	56,143	1,065	21,090	89,678
Personal Expenses	38,497	82,942	50,513	-	171,952
Depreciation and Amortization	40,145	49,408	-	-	89,553
Utilities	2,548	4,494	-	847	7,889
Landfill Expenses	-	-	-	-	-
Supplies	5,161	4,893	44	-	10,098
Insurance	-	-	-	-	-
Repairs and Maintenance	8,697	8,715	821	2,567	20,800
Vehicle Expenses	3,415	1,008	-	-	4,423
Small Equipment	1,396	(190)	-	-	1,206
Studies and Projects	-	-	-	-	-
Rental Expense	-	-	-	-	-
Miscellaneous Expense	87	6,824	15,651	146	22,708
Testing and Monitoring	-	-	-	-	-
Telephone	-	-	35	-	35
Travel and Meetings	184	-	-	-	184
<b>Total Operating Expenses</b>	<b>111,510</b>	<b>214,237</b>	<b>68,129</b>	<b>24,650</b>	<b>418,526</b>
Operating Income (Loss)	(92,512)	5,186	(10,640)	2,619	(95,347)
<b>Non-Operating Revenues (Expenses):</b>					
Development Fees	-	-	-	-	-
Interest Income	-	3,322	916	-	4,238
Rent and Royalties	-	-	-	-	-
Federal Grants	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Loss on Transfer of Assets	-	-	-	-	-
Interest Expense	467	-	-	-	467
<b>Total Non-Operating Revenues (Exp.)</b>	<b>467</b>	<b>3,322</b>	<b>916</b>	<b>-</b>	<b>4,705</b>
Income (Loss) Before Operating Transfers	(92,045)	8,508	(9,724)	2,619	(90,642)
<b>Operating Transfers:</b>					
Operating Transfers In	111,747	-	-	-	111,747
Operating Transfers Out	-	(8,808)	-	(2,520)	(11,328)
<b>Net Transfers</b>	<b>111,747</b>	<b>(8,808)</b>	<b>-</b>	<b>(2,520)</b>	<b>100,419</b>
Net Income (Loss)	19,702	(300)	(9,724)	99	9,777
<b>Total Net Assets, October 1, 2011</b>	<b>(208,510)</b>	<b>1,394,892</b>	<b>67,354</b>	<b>16,291</b>	<b>1,270,027</b>
<b>Total Net Assets, September 30, 2012</b>	<b>\$ (188,808)</b>	<b>\$ 1,394,592</b>	<b>\$ 57,630</b>	<b>\$ 16,390</b>	<b>\$ 1,279,804</b>

See accountants' report.

**City of Twin Falls, Idaho**  
Combining Statement - Internal Service Funds  
Fund Balance Sheets  
September 30, 2012

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Shop</b>		
	<b>Insurance</b>	<b>Revolving</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 53,923	\$ 347,024	\$ 400,947
Investments	153,667	-	153,667
Receivables (net of allowance for uncollect.)			-
Taxes	4,908	-	4,908
Fees and Services	-	-	-
Intergovernmental	1,980	-	1,980
Interest	149	-	149
Accounts	-	-	-
Due From Other Funds	12,704	81,760	94,464
Inventories	-	-	-
Total Current Assets	<u>227,331</u>	<u>428,784</u>	<u>656,115</u>
Restricted Assets			
Deferred Charges			
Fixed Assets (Net of Accum. Depreciation)	-	331,833	331,833
<b>Total Assets</b>	<u><u>\$ 227,331</u></u>	<u><u>\$ 760,617</u></u>	<u><u>\$ 987,948</u></u>
<b><u>Liabilities and Equity</u></b>			
Current Liabilities:			
Accounts Payable	\$ 1,370	\$ 407	\$ 1,777
Accrued Expenses	-	-	-
Deferred Revenue	3,843	-	3,843
Notes Payable - Current	-	-	-
Compensated Absences	-	19,346	19,346
<b>Total Current Liabilities</b>	<u>5,213</u>	<u>19,753</u>	<u>24,966</u>
<b>Total Liabilities</b>	5,213	19,753	24,966
<b><u>Net Assets</u></b>			
Invested In Capital Assets, net of related debt	-	331,833	331,833
Restricted	-	-	-
Unrestricted	222,118	409,031	631,149
<b>Total Equity</b>	<u>222,118</u>	<u>740,864</u>	<u>962,982</u>
<b>Total Liabilities and Equity</b>	<u><u>\$ 227,331</u></u>	<u><u>\$ 760,617</u></u>	<u><u>\$ 987,948</u></u>

**City of Twin Falls, Idaho**  
Combining Statement - Internal Service Funds  
Statements of Revenues, Expenses, and Changes in Fund Net Assets  
For the Year Ended September 30, 2012

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Insurance</b>	<b>Shop Revolving</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Charges for Services	\$ -	\$ 267,433	\$ 267,433
Special Assessments, Including Interest Taps, Connection and Other Fees	169,693	-	169,693
Miscellaneous	1,847	8,997	10,844
<b>Total Operating Revenues</b>	<u>171,540</u>	<u>276,430</u>	<u>447,970</u>
<b>Operating Expenses:</b>			
Contracted Services	-	1,690	1,690
Personal Expenses	-	216,074	216,074
Depreciation and Amortization	-	13,416	13,416
Utilities	-	5,288	5,288
Landfill Expenses	-	-	-
Supplies	-	19,687	19,687
Insurance	352,815	-	352,815
Repairs and Maintenance	-	3,957	3,957
Vehicle Expenses	-	660	660
Small Equipment	-	11,346	11,346
Studies and Projects	-	-	-
Rental Expense	-	-	-
Miscellaneous Expense	431	-	431
Testing and Monitoring	-	-	-
Telephone	-	-	-
Travel and Meetings	-	-	-
<b>Total Operating Expenses</b>	<u>353,246</u>	<u>272,118</u>	<u>625,364</u>
Operating Income (Loss)	(181,706)	4,312	(177,394)
<b>Non-Operating Revenues (Expenses):</b>			
Development Fees	-	-	-
Interest Income	-	-	-
Rent and Royalties	-	-	-
Federal Grants	-	-	-
Intergovernmental	-	-	-
Interest Expense	-	-	-
<b>Total Non-Operating Revenues (Exp.)</b>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Operating Transfers	(181,706)	4,312	(177,394)
<b>Operating Transfers:</b>			
Operating Transfers In	220,893	-	220,893
Operating Transfers Out	(50,333)	-	(50,333)
<b>Net Transfers</b>	<u>170,560</u>	<u>-</u>	<u>170,560</u>
Net Income (Loss)	(11,146)	4,312	(6,834)
<b>Total Net Assets, October 1, 2011</b>	<u>233,264</u>	<u>736,552</u>	<u>969,816</u>
<b>Total Net Assets, September 30, 2012</b>	<u>\$ 222,118</u>	<u>\$ 740,864</u>	<u>\$ 962,982</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
Special Revenue - Street Light Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended September 30, 2012  
With Comparative Actual Amounts from the Previous Year

	2012				2011 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Revenues:</b>					
Property Taxes	\$ 97,118	\$ 97,118	\$ 99,979	\$ 2,861	\$ 95,717
Non-Property Taxes	202,515	202,515	196,323	(6,192)	189,820
Miscellaneous & Intergovernmental	-	-	-	-	-
<b>Total Revenues</b>	<u>299,633</u>	<u>299,633</u>	<u>296,302</u>	<u>(3,331)</u>	<u>285,537</u>
<b>Expenditures:</b>					
Current					
Highways and Streets	279,500	279,500	250,225	29,275	271,395
<b>Total Expenditures</b>	<u>279,500</u>	<u>279,500</u>	<u>250,225</u>	<u>29,275</u>	<u>271,395</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,133	20,133	46,077	25,944	14,142
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(20,133)	(20,133)	(20,133)	-	(19,174)
<b>Total Other Sources (Uses)</b>	<u>(20,133)</u>	<u>(20,133)</u>	<u>(20,133)</u>	<u>-</u>	<u>(19,174)</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ -</u>	25,944	<u>\$ 25,944</u>	(5,032)
<b>Fund Balances, October 1st</b>			<u>(194,358)</u>		<u>(189,326)</u>
<b>Fund Balances, September 30th</b>			<u>\$ (168,414)</u>		<u>\$ (194,358)</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
Special Revenue - Library Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended September 30, 2012  
With Comparative Actual Amounts from the Previous Year

	2012			Variance Favorable (Unfavorable)	2011 Actual
	Proposed Budget	Final Budget	Actual		
<b>Revenues:</b>					
Property Taxes	\$ 1,420,743	\$ 1,420,743	\$ 1,446,755	\$ 26,012	\$ 1,450,093
Fines and Forfeits	28,000	28,000	41,328	13,328	37,895
Fees and Services	32,500	32,500	32,886	386	32,482
Grants	-	35,300	35,300	-	42,660
Miscellaneous	8,000	25,585	29,561	3,976	31,774
<b>Total Revenues</b>	<u>1,489,243</u>	<u>1,542,128</u>	<u>1,585,830</u>	<u>43,702</u>	<u>1,594,904</u>
<b>Expenditures:</b>					
Current					
Culture and Recreation	61,500	61,500	1,418,617	(1,357,117)	1,292,200
Capital Outlay	<u>1,427,743</u>	<u>1,480,628</u>	<u>112,885</u>	<u>1,367,743</u>	<u>240,467</u>
<b>Total Expenditures</b>	<u>1,489,243</u>	<u>1,542,128</u>	<u>1,531,502</u>	<u>10,626</u>	<u>1,532,667</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	54,328	54,328	62,237
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	-	-	60,000	60,000	197,997
Operating Transfers Out	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>197,997</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ -</u>	114,328	<u>\$ 114,328</u>	\$ 260,234
<b>Fund Balances, October 1st</b>			<u>1,008,065</u>		<u>747,831</u>
<b>Fund Balances, September 30th</b>			<u>\$ 1,122,393</u>		<u>\$ 1,008,065</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
Enterprise - Pool Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended September 30, 2012  
With Comparative Actual Amounts from the Previous Year

	2012				2011 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Operating Revenues:</b>					
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous and Reserves	-	-	-	-	-
<b>Total Operating Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating Expenses:</b>					
Contracted Expenses	43,000	47,000	120,002	(73,002)	54,711
Personnel Expenses	-	-	-	-	-
Depreciation and Amortization	-	-	-	-	37,397
Utilities	69,900	69,900	-	69,900	86,165
Supplies	1,000	1,000	(16)	1,016	959
Repairs and Maintenance	7,000	7,000	3,943	3,057	7,459
Rental Expense	-	-	249	(249)	389
Telephone	-	-	-	-	-
Travel and Meetings	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>120,900</u>	<u>124,900</u>	<u>124,178</u>	<u>722</u>	<u>187,080</u>
Operating Income (Loss)	(120,900)	(124,900)	(124,178)	722	(187,080)
<b>Non-operating Revenues (Expenses):</b>					
Intergovernmental	120,900	124,900	127,409	2,509	175,131
Loss on Transfer of Assets	-	-	-	-	-
Interest Expense	-	-	-	-	-
<b>Total Non-operating Revenues (Exp)</b>	<u>120,900</u>	<u>124,900</u>	<u>127,409</u>	<u>2,509</u>	<u>175,131</u>
Income (Loss) before operating transfers	-	-	3,231	3,231	(11,949)
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	(815,253)	(815,253)	-
Net Transfers	<u>-</u>	<u>-</u>	<u>(815,253)</u>	<u>(815,253)</u>	<u>-</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	(812,022)	<u>\$ (812,022)</u>	(11,949)
<b>Net Assets, October 1st</b>			<u>579,947</u>		<u>591,896</u>
<b>Net Assets, September 30th</b>			<u>\$ (232,075)</u>		<u>\$ 579,947</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
Special Revenue - LID Guarantee Bond Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended September 30, 2012  
With Comparative Actual Amounts from the Previous Year

	2012				2011 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Revenues:</b>					
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ 119
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119</u>
<b>Expenditures:</b>					
Debt Service					
Principal Retirement	-	-	-	-	-
Interest	-	-	6	(6)	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>6</u>	<u>(6)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(6)	(6)	119
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ -</u>	(6)	<u>\$ (6)</u>	119
<b>Fund Balances, October 1st</b>			<u>18,382</u>		<u>18,263</u>
<b>Fund Balances, September 30th</b>			<u>\$ 18,376</u>		<u>\$ 18,382</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
Special Revenue - Library Bond Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended September 30, 2012  
With Comparative Actual Amounts from the Previous Year

	2012				2011 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Revenues:</b>					
Property Taxes, Including Penalty and Interest	\$ -	\$ -	\$ -	\$ -	\$ 11
Miscellaneous	-	-	-	-	131
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142</u>
<b>Expenditures:</b>					
Current					
Culture and Recreation	-	-	7	(7)	-
Debt Service					
Principal Retirement	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>7</u>	<u>(7)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(7)	(7)	142
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ -</u>	(7)	<u>\$ (7)</u>	142
<b>Fund Balances, October 1st</b>			<u>20,198</u>		<u>20,056</u>
<b>Fund Balances, September 30th</b>			<u>\$ 20,191</u>		<u>\$ 20,198</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
 Capital Projects - Historic Preservation Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended September 30, 2012  
 With Comparative Actual Amounts from the Previous Year

	2012			Variance Favorable (Unfavorable)	2011 Actual
	Proposed Budget	Final Budget	Actual		
<b>Revenues:</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	6,000	6,000	5,826	(174)	12,000
Miscellaneous	-	-	-	-	-
<b>Total Revenues</b>	<u>6,000</u>	<u>6,000</u>	<u>5,826</u>	<u>(174)</u>	<u>12,000</u>
<b>Expenditures:</b>					
Current					
Community Development	6,000	6,000	889	5,111	16,000
<b>Total Expenditures</b>	<u>6,000</u>	<u>6,000</u>	<u>889</u>	<u>5,111</u>	<u>16,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	4,937	4,937	(4,000)
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ -</u>	4,937	<u>\$ 4,937</u>	(4,000)
<b>Fund Balances, October 1st</b>			<u>(8,122)</u>		<u>(4,122)</u>
<b>Fund Balances, September 30th</b>			<u>\$ (3,185)</u>		<u>\$ (8,122)</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
 Capital Projects - Park Development  
 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended September 30, 2012  
 With Comparative Actual Amounts from the Previous Year

	2012			Variance Favorable (Unfavorable)	2011 Actual
	Proposed Budget	Final Budget	Actual		
<b>Revenues:</b>					
Miscellaneous	\$ -	\$ -	\$ 2,542	\$ 2,542	\$ 2,957
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>2,542</u>	<u>2,542</u>	<u>2,957</u>
<b>Expenditures:</b>					
Current					
Industrial Development	-	102,140	104,318	(2,178)	161,379
<b>Total Expenditures</b>	<u>-</u>	<u>102,140</u>	<u>104,318</u>	<u>(2,178)</u>	<u>161,379</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(102,140)	(101,776)	364	(158,422)
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ (102,140)</u>	<u>(101,776)</u>	<u>\$ 364</u>	<u>(158,422)</u>
<b>Fund Balances, October 1st</b>			<u>294,258</u>		<u>452,680</u>
<b>Fund Balances, September 30th</b>			<u>\$ 192,482</u>		<u>\$ 294,258</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**

Capital Projects - Trail Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended September 30, 2012

With Comparative Actual Amounts from the Previous Year

	2012				2011 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Revenues:</b>					
Miscellaneous	\$ -	\$ -	\$ 499	\$ 499	\$ -
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>499</u>	<u>499</u>	<u>-</u>
<b>Expenditures:</b>					
Current					
Trail Fund	-	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	499	499	-
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ -</u>	499	<u>\$ 499</u>	-
<b>Fund Balances, October 1st</b>			<u>41</u>		<u>41</u>
<b>Fund Balances, September 30th</b>			<u>\$ 540</u>		<u>\$ 41</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
 Other Funds - Impact Fees  
 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended September 30, 2012  
 With Comparative Actual Amounts from the Previous Year

	2012			Variance Favorable (Unfavorable)	2011 Actual
	Proposed Budget	Final Budget	Actual		
<b>Operating Revenues:</b>					
Fees and Services	\$ -	\$ -	\$ 610,473	\$ 610,473	\$ 209,567
Miscellaneous	-	-	8,778	8,778	1,846
<b>Total Operating Revenues</b>	<u>-</u>	<u>-</u>	<u>619,251</u>	<u>619,251</u>	<u>211,413</u>
<b>Operating Expenses:</b>					
Public Safety	-	-	-	-	-
Community Development	-	-	-	-	-
Capital Outlay	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) before operating transfers	-	-	619,251	619,251	211,413
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Net Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	619,251	<u>\$ 619,251</u>	211,413
<b>Net Assets, October 1st</b>			<u>444,592</u>		<u>233,179</u>
<b>Net Assets, September 30th</b>			<u>\$ 1,063,843</u>		<u>\$ 444,592</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**

Other Funds - CDBG

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended September 30, 2012

With Comparative Actual Amounts from the Previous Year

	2012				
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2011 Actual
<b>Operating Revenues:</b>					
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ 332,722
Miscellaneous	-	-	-	-	-
<b>Total Operating Revenues</b>	-	-	-	-	332,722
<b>Operating Expenses:</b>					
Community Development	-	-	-	-	332,783
<b>Total Operating Expenses</b>	-	-	-	-	332,783
Income (Loss) before operating transfers	-	-	-	-	(61)
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Net Transfers	-	-	-	-	-
Net Income (Loss)	\$ -	\$ -	-	\$ -	(61)
<b>Net Assets, October 1st</b>			(61)		-
<b>Net Assets, September 30th</b>			\$ (61)		\$ (61)

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**

Other Funds - Drug Seizure Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended September 30, 2012

With Comparative Actual Amounts from the Previous Year

	2012				
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2011 Actual
<b>Operating Revenues:</b>					
Special Assessments, Including Interest	\$ -	\$ -	\$ 91,567	\$ 91,567	\$ 93,964
Miscellaneous and Reserves	84,800	84,800	-	(84,800)	-
<b>Total Operating Revenues</b>	84,800	84,800	91,567	6,767	93,964
<b>Operating Expenses:</b>					
Public Safety	84,800	84,800	67,261	17,539	83,740
<b>Total Operating Expenses</b>	84,800	84,800	67,261	17,539	83,740
Income (Loss) before operating transfers	-	-	24,306	24,306	10,224
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Net Transfers	-	-	-	-	-
Net Income (Loss)	\$ -	\$ -	24,306	\$ 24,306	10,224
<b>Net Assets, October 1st</b>			257,158		246,934
<b>Net Assets, September 30th</b>			\$ 281,464		\$ 257,158

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
 Other Funds - Historic Downtown Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended September 30, 2012  
 With Comparative Actual Amounts from the Previous Year

	2012				2011 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Operating Revenues:</b>					
Special Assessments, Including Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-
<b>Total Operating Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating Expenses:</b>					
Community Development	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) before operating transfers	-	-	-	-	-
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Net Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	-
<b>Net Assets, October 1st</b>			<u>16,284</u>		<u>16,284</u>
<b>Net Assets, September 30th</b>			<u>\$ 16,284</u>		<u>\$ 16,284</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**

Other Funds - Fireworks Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended September 30, 2012

With Comparative Actual Amounts from the Previous Year

	2012			Variance	2011
	Proposed	Final	Actual	Favorable	Actual
	Budget	Budget	Actual	(Unfavorable)	Actual
<b>Operating Revenues:</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous and Permits	1,500	1,500	1,869	369	7,232
<b>Total Operating Revenues</b>	<u>1,500</u>	<u>1,500</u>	<u>1,869</u>	<u>369</u>	<u>7,232</u>
<b>Operating Expenses:</b>					
Community Development	8,000	8,000	8,000	-	18,317
<b>Total Operating Expenses</b>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>18,317</u>
Income (Loss) before operating transfers	(6,500)	(6,500)	(6,131)	369	(11,085)
<b>Operating Transfers:</b>					
Operating Transfers In	6,500	6,500	6,500	-	-
Operating Transfers Out	-	-	-	-	-
Net Transfers	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	369	<u>\$ 369</u>	(11,085)
<b>Net Assets, October 1st</b>			<u>(10,906)</u>		<u>179</u>
<b>Net Assets, September 30th</b>			<u>\$ (10,537)</u>		<u>\$ (10,906)</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
Enterprise - Golf Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended September 30, 2012  
With Comparative Actual Amounts from the Previous Year

	2012				2011 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Operating Revenues:</b>					
Charges for Services	\$ 17,000	\$ 17,000	\$ 18,029	\$ 1,029	\$ 257,120
Miscellaneous	48,246	48,246	969	(47,277)	2,909
<b>Total Operating Revenues</b>	<u>65,246</u>	<u>65,246</u>	<u>18,998</u>	<u>(46,248)</u>	<u>260,029</u>
<b>Operating Expenses:</b>					
Contracted Expenses	9,900	11,300	11,380	(80)	50,698
Personnel Expenses	74,378	81,878	38,497	43,381	139,601
Depreciation and Amortization	-	-	40,145	(40,145)	41,131
Utilities	3,200	3,200	2,548	652	14,027
Supplies	2,850	5,319	5,161	158	29,083
Repairs and Maintenance	4,500	9,000	8,697	303	24,376
Vehicle Expense	2,600	3,600	3,415	185	27,064
Small Equipment	-	61,871	1,396	60,475	14,451
Studies and Projects	-	-	-	-	-
Rental Expense	150	150	-	150	-
Miscellaneous Expenses	525	525	87	438	1,151
Telephone	-	-	-	-	-
Travel and Meetings	150	150	184	(34)	765
<b>Total Operating Expenses</b>	<u>98,253</u>	<u>176,993</u>	<u>111,510</u>	<u>65,483</u>	<u>342,347</u>
Operating Income (Loss)	(33,007)	(111,747)	(92,512)	19,235	(82,318)
<b>Non-operating Revenues (Expenses):</b>					
Interest Income	-	-	-	-	-
Interest Expense	-	-	467	467	443
<b>Total Non-operating Revenues (Exp)</b>	<u>-</u>	<u>-</u>	<u>467</u>	<u>467</u>	<u>443</u>
Income (Loss) before operating transfers	(33,007)	(111,747)	(92,045)	19,702	(81,875)
<b>Operating Transfers:</b>					
Operating Transfers In	33,007	111,747	111,747	-	7,172
Operating Transfers Out	-	-	-	-	(21,681)
<b>Net Transfers</b>	<u>33,007</u>	<u>111,747</u>	<u>111,747</u>	<u>-</u>	<u>(14,509)</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	19,702	<u>\$ 19,702</u>	(96,384)
<b>Net Assets, October 1st</b>			(208,510)		(112,126)
<b>Net Assets, September 30th</b>			<u>\$ (188,808)</u>		<u>\$ (208,510)</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
 Enterprise - Dierkes Lake/Shoshone Falls Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended September 30, 2012  
 With Comparative Actual Amounts from the Previous Year

	2012			Variance Favorable (Unfavorable)	2011 Actual
	Proposed Budget	Final Budget	Actual		
<b>Operating Revenues:</b>					
Charges for Services	\$ 180,500	\$ 180,500	\$ 215,724	\$ 35,224	\$ 292,277
Miscellaneous and Reserves	-	62,500	3,699	(58,801)	12,687
<b>Total Operating Revenues</b>	<u>180,500</u>	<u>243,000</u>	<u>219,423</u>	<u>(23,577)</u>	<u>304,964</u>
<b>Operating Expenses:</b>					
Contracted Expenses	60,800	60,800	56,143	4,657	63,590
Personnel Expenses	71,816	71,816	82,942	(11,126)	72,394
Depreciation and Amortization	-	-	49,408	(49,408)	45,703
Utilities	4,000	4,000	4,494	(494)	3,909
Supplies	8,000	8,000	4,893	3,107	11,354
Repairs and Maintenance	8,000	8,000	8,715	(715)	4,144
Vehicle Expense	1,000	1,000	1,008	(8)	910
Small Equipment	13,176	75,676	(190)	75,866	13,040
Miscellaneous Expenses	6,500	6,500	6,824	(324)	1,492
Telephone	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>173,292</u>	<u>235,792</u>	<u>214,237</u>	<u>21,555</u>	<u>216,536</u>
Operating Income (Loss)	7,208	7,208	5,186	(2,022)	88,428
<b>Non-operating Revenues (Expenses):</b>					
Interest Income	1,600	1,600	3,322	1,722	2,843
Interest Expense	-	-	-	-	-
<b>Total Non-operating Revenues (Exp.)</b>	<u>1,600</u>	<u>1,600</u>	<u>3,322</u>	<u>1,722</u>	<u>2,843</u>
Income (Loss) before operating transfers	8,808	8,808	8,508	(300)	91,271
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(8,808)	(8,808)	(8,808)	-	(8,389)
Net Transfers	<u>(8,808)</u>	<u>(8,808)</u>	<u>(8,808)</u>	<u>-</u>	<u>(8,389)</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	(300)	<u>\$ (300)</u>	82,882
<b>Net Assets, October 1st</b>			<u>1,394,892</u>		<u>1,312,010</u>
<b>Net Assets, September 30th</b>			<u>\$ 1,394,592</u>		<u>\$ 1,394,892</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**

Enterprise - Parking Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended September 30, 2012

With Comparative Actual Amounts from the Previous Year

	2012			Variance	2011
	Proposed Budget	Final Budget	Actual	Favorable (Unfavorable)	Actual
<b>Operating Revenues:</b>					
Charges for Services	\$ 63,800	\$ 63,800	\$ 46,322	\$ (17,478)	\$ 67,034
Miscellaneous	-	-	11,167	11,167	180
<b>Total Operating Revenues</b>	63,800	63,800	57,489	(6,311)	67,214
<b>Operating Expenses:</b>					
Contracted Expenses	1,100	1,100	1,065	35	1,030
Personnel Expenses	56,580	56,580	50,513	6,067	55,554
Depreciation and Amortization	-	-	-	-	813
Supplies	50	50	44	6	26
Repairs and Maintenance	6,070	6,070	821	5,249	220
Miscellaneous Expenses	-	-	15,651	(15,651)	520
Telephone	300	300	35	265	-
Travel	-	-	-	-	100
<b>Total Operating Expenses</b>	64,100	64,100	68,129	(4,029)	58,263
Operating Income (Loss)	(300)	(300)	(10,640)	(10,340)	8,951
<b>Non-operating Revenues (Expenses):</b>					
Interest Income	300	300	916	616	272
Interest Expense	-	-	-	-	-
<b>Total Non-operating Revenues (Expenses)</b>	300	300	916	616	272
Income (Loss) before operating transfers	-	-	(9,724)	(9,724)	9,223
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Net Transfers	-	-	-	-	-
Net Income (Loss)	\$ -	\$ -	(9,724)	\$ (9,724)	9,223
<b>Net Assets, October 1st</b>			67,354		58,131
<b>Net Assets, September 30th</b>			\$ 57,630		\$ 67,354

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
Enterprise - Common Area Maintenance  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended September 30, 2012  
With Comparative Actual Amounts from the Previous Year

	2012			Variance Favorable (Unfavorable)	2011 Actual
	Proposed Budget	Final Budget	Actual		
<b>Operating Revenues:</b>					
Charges for Services	\$ 31,420	\$ 31,420	\$27,269	\$ (4,151)	\$ 23,964
Miscellaneous	-	-	-	-	-
<b>Total Operating Revenues</b>	<u>31,420</u>	<u>31,420</u>	<u>27,269</u>	<u>(4,151)</u>	<u>23,964</u>
<b>Operating Expenses:</b>					
Contracted Expenses	27,400	27,400	21,090	6,310	19,695
Personnel Expenses	-	-	-	-	-
Depreciation and Amortization	-	-	-	-	-
Utilities	1,000	1,000	847	153	725
Supplies	-	-	-	-	-
Repairs and Maintenance	500	500	2,567	(2,067)	1,064
Vehicle Expense	-	-	-	-	-
Miscellaneous Expenses	-	-	146	(146)	127
Telephone	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>28,900</u>	<u>28,900</u>	<u>24,650</u>	<u>4,250</u>	<u>21,611</u>
Operating Income (Loss)	2,520	2,520	2,619	99	2,353
<b>Non-operating Revenues (Expenses):</b>					
Interest Income	-	-	-	-	-
Interest Expense	-	-	-	-	-
<b>Total Non-operating Revenues (Exp)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) before operating transfers	2,520	2,520	2,619	99	2,353
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(2,520)	(2,520)	(2,520)	-	-
Net Transfers	<u>(2,520)</u>	<u>(2,520)</u>	<u>(2,520)</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	99	<u>\$ 99</u>	2,353
<b>Net Assets, October 1st</b>			<u>16,291</u>		<u>13,938</u>
<b>Net Assets, September 30th</b>			<u>\$16,390</u>		<u>\$ 16,291</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
Internal Service - Insurance Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended September 30, 2012  
With Comparative Actual Amounts from the Previous Year

	2012				2011 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Operating Revenues:</b>					
Special Assessments, Including Interest	\$ 166,120	\$ 166,120	\$ 169,693	\$ 3,573	\$ 177,116
Miscellaneous	1,350	1,350	1,847	497	909
<b>Total Operating Revenues</b>	<u>167,470</u>	<u>167,470</u>	<u>171,540</u>	<u>4,070</u>	<u>178,025</u>
<b>Operating Expenses:</b>					
Insurance Expense	337,130	355,130	352,815	(15,685)	339,579
Miscellaneous Expenses	750	750	431	319	420
Travel and Meetings	150	150	-	150	-
<b>Total Operating Expenses</b>	<u>338,030</u>	<u>356,030</u>	<u>353,246</u>	<u>(15,216)</u>	<u>339,999</u>
Operating Income (Loss)	(170,560)	(188,560)	(181,706)	(11,146)	(161,974)
<b>Non-operating Revenues (Expenses):</b>					
Interest Income	-	-	-	-	-
Interest Expense	-	-	-	-	-
<b>Total Non-operating Revenues (Expenses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) before operating transfers	(170,560)	(188,560)	(181,706)	(11,146)	(161,974)
<b>Operating Transfers:</b>					
Operating Transfers In	220,893	220,893	220,893	-	224,534
Operating Transfers Out	<u>(50,333)</u>	<u>(50,333)</u>	<u>(50,333)</u>	<u>-</u>	<u>(47,936)</u>
Net Transfers	<u>170,560</u>	<u>170,560</u>	<u>170,560</u>	<u>-</u>	<u>176,598</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ (18,000)</u>	(11,146)	<u>\$ (11,146)</u>	14,624
<b>Net Assets, October 1st</b>			<u>233,264</u>		<u>218,640</u>
<b>Net Assets, September 30th</b>			<u>\$ 222,118</u>		<u>\$ 233,264</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
Internal Service - Shop Revolving Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended September 30, 2012  
With Comparative Actual Amounts from the Previous Year

	2012			Variance Favorable (Unfavorable)	2011 Actual
	Proposed Budget	Final Budget	Actual		
<b>Operating Revenues:</b>					
Charges for Services	\$ 267,431	\$ 267,431	\$ 267,433	\$ 2	\$ 266,718
Miscellaneous	-	-	8,997	8,997	-
<b>Total Operating Revenues</b>	<u>267,431</u>	<u>267,431</u>	<u>276,430</u>	<u>8,999</u>	<u>266,718</u>
<b>Operating Expenses:</b>					
Contracted Expenses	1,300	1,300	1,690	(390)	1,126
Personnel Expenses	213,826	213,826	216,074	(2,248)	181,334
Depreciation and Amortization	-	-	13,416	(13,416)	12,505
Utilities	8,800	8,800	5,288	3,512	5,958
Supplies	23,755	23,755	19,687	4,068	19,145
Repairs and Maintenance	5,000	5,000	3,957	1,043	5,028
Vehicle Expense	1,000	1,000	660	340	702
Small Equipment	13,000	13,000	11,346	1,654	6,715
Studies and Prjects	-	-	-	-	-
Miscellaneous Expenses	750	750	-	750	1,050
Telephone	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>267,431</u>	<u>267,431</u>	<u>272,118</u>	<u>(4,687)</u>	<u>233,563</u>
Operating Income (Loss)	-	-	4,312	4,312	33,155
<b>Non-operating Revenues (Expenses):</b>					
Interest Income	-	-	-	-	-
Interest Expense	-	-	-	-	-
<b>Total Non-operating Revenues (Exp)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) before operating transfers	-	-	4,312	4,312	33,155
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	39,921
Net Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,921</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	4,312	<u>\$ 4,312</u>	73,076
<b>Net Assets, October 1st</b>			<u>736,552</u>		<u>663,476</u>
<b>Net Assets, September 30th</b>			<u>\$ 740,864</u>		<u>\$ 736,552</u>

See accountants' report.

## **SINGLE AUDIT INFORMATION**

**CITY OF TWIN FALLS, IDAHO**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2012**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Expenditures</b>
<b>Historical Society</b>			
Historic Preservation Fund Grants	15.904		\$ 5,826
<b>Department of Transportation</b>			
State and Community Highway Safety	20.600	AL-2010-01-00-00	3,899
Alcohol Traffic Safety & Drunk Driving Prevention	20.601	K8-2011-01-00-00	2,828
<b>Department of Justice</b>			
Bulletproof Vest Partnership Program	16.607		3,965
Edward Byrne Memorial Justice Assistance Grant	16.738		5,000
Internet Crimes Against Children	16.800		77,928
<b>Department of Homeland Security</b>			
Law Enforcement Officer Reimbursement Program	97.090		63,490
<b>Department of Housing and Urban Development</b>			
Community Development Block Grant	14.228		443,548
<b>Institute of Museum and Library Services</b>			
National Leadership Grants	45.312		35,300
<b>Federal Highway Administration</b>			
CSI Safety Initiative	20.205		77,491
<b>Environmental Protection Agency</b>			
Congressionally Mandated Projects	66.202		81,462
<b>Federal Aviation Administration</b>			
Airport Improvement Program-Wildlife Hazard	20.106	AIP-3-16-0036-029	25,590
Airport Improvement Program-SRE Building	20.106	AIP-3-16-0036-032	108,780
Airport Improvement Program-Master Plan	20.106	AIP-3-16-0036-031	68,230
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,003,337</b>

The City of Twin Falls received equipment in the amount of \$59,864 from Department of Homeland Security.

CITY OF TWIN FALLS, IDAHO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year ended September 30, 2012

**Financial Statements**

Unqualified

Type of auditor's report issued:

Internal Control over financial reporting:

Material Weakness(es) identified? Yes  No

Reportable Condition(s) identified that are not considered to be a Material Weakness? Yes  No

Non-Compliance material to financial statements noted? Yes  No

**Federal Awards**

Internal Control over major programs:

Material Weakness(es) identified? Yes  No

Reportable Condition(s) identified that are not considered to be a Material Weakness? Yes  No

Type of auditor's report issued on compliance for major programs

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes  No

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Community Development Block Grant	14.228

Dollar threshold used to distinguish between type A and Type B programs \$300,000

Auditee Qualified as low-risk auditee? Yes  No

**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 City Council  
Twin Falls, ID 83301

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Twin Falls, Idaho, as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 5, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

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

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

Sincerely,

*Mahlke Hunsaker & Co.*

MAHLKE HUNSAKER & Co., PLLC  
February 5, 2013



Mahlke Hunsaker & Company PLLC

C e r t i f i e d P u b l i c A c c o u n t a n t s

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

City Council  
City of Twin Falls, Idaho

Compliance

We have audited the City of Twin Falls, Idaho's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City of Twin Falls, Idaho's major federal programs for the year ended September 30, 2012. The City of Twin Falls, Idaho's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Twin Falls, Idaho's management. Our responsibility is to express an opinion on the City of Twin Falls, Idaho's compliance based on our audit.

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

In our opinion, the City of Twin Falls, Idaho complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

Internal Control Over Compliance

Management of the City of Twin Falls, Idaho is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion of the effectiveness of the City's internal control over compliance.

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

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

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

Sincerely,

*Mahlke Hunsaker & Co.*

MAHLKE HUNSAKER & Co., PLLC  
February 5, 2013