

**CITY OF TWIN FALLS, IDAHO**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006**

**CITY OF TWIN FALLS, IDAHO**  
**FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2006

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## INDEPENDENT AUDITORS' REPORT

April 1, 2007

City Council  
City of Twin Falls, Idaho

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2006, 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 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Twin Falls, Idaho, as of September 30, 2006, 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 April 1, 2007, 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, 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.

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 11 and 66 through 78 respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Twin Falls, Idaho basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor funds financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Twin Falls, Idaho's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sincerely,



HCM HOLMSTEAD, PLLC



# City of Twin Falls, Idaho

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

As of and for the Year Ended September 30, 2006

The following discussion and analysis of the City of Twin Falls' (City) financial activities for the year ended September 30, 2006 is provided by management of the City. Please read this analysis in conjunction with the City's financial statements that begin on page 12.

### **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.

#### ***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><b>Governmental Funds</b></i>	<i><b>Proprietary Funds</b></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, 2006 and 2005, 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 \$52,452,196 for governmental activities and by \$33,759,459 for business-type activities, for a combined total of \$86,211,655 for the primary government. The three components of net assets include invested in capital assets, net of related debt; restricted; and unrestricted. The largest component, totaling \$62,365,231 at year end, is the investment in capital assets, net of related debt. 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 \$7,409,555 represent resources that are subject to external restrictions and other provisions on how they can be used. The remaining balance of \$16,436,869 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	
	2005	2006	2005	2006	2005	2006
Current and other assets	15,367,656	16,050,863	10,679,840	11,141,530	26,047,496	27,192,393
Capital assets	37,592,083	40,060,987	38,068,370	38,350,256	75,660,453	78,411,243
Total assets	52,959,739	56,111,850	48,748,210	49,491,786	101,707,949	105,603,636
Other liabilities	1,960,759	994,035	1,614,332	1,598,136	3,575,091	2,592,171
Noncurrent liabilities	2,708,852	2,665,619	15,166,899	14,134,191	17,875,751	16,799,810
Total liabilities	4,669,611	3,659,654	16,781,231	15,732,327	21,450,842	19,391,981
Net assets:						
Invested in capital assets net of related debt	36,632,395	39,049,171	21,950,699	23,316,060	58,583,094	62,365,231
Restricted	9,335,715	7,409,555	-	-	9,335,715	7,409,555
Unrestricted	2,322,018	5,993,470	10,016,280	10,443,399	12,338,298	16,436,869
Total net assets	48,290,128	52,452,196	31,966,979	33,759,459	80,257,107	86,211,655

### *Analysis of Condensed Statement of Activities*

The following table presents the City's condensed statement of activities for the fiscal year 2005-06 and fiscal year 2004-05, 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 2005-06 by \$5,954,547. The net assets of governmental activities increased by \$4,162,068 and the net assets of business-type activities increased by \$1,792,479.

**Condensed Statement of Activities**  
For the Fiscal Year Ended September 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
<b>Program revenues</b>						
Charges for services	3,171,220	3,351,416	11,400,960	12,117,743	14,572,180	15,469,159
Grants and contributions						
Operating	5,408,683	5,707,668	104,149	111,951	5,512,832	5,819,619
Capital	4,245,743	1,526,692	-	-	4,245,743	1,526,692
<b>Total program revenue</b>	<b>12,825,646</b>	<b>10,585,776</b>	<b>11,505,109</b>	<b>12,229,694</b>	<b>24,330,755</b>	<b>22,815,470</b>
<b>General revenues and payments</b>						
Property taxes	10,126,978	10,447,413	-	-	10,126,978	10,447,413
Other taxes	235,771	255,730	-	-	235,771	255,730
Investment earnings	195,899	466,226	229,569	363,333	425,468	829,559
Other revenues	545,232	885,592	112,120	98,913	657,352	984,505
Total general revenues and payments	<b>11,103,880</b>	<b>12,054,961</b>	<b>341,689</b>	<b>462,246</b>	<b>11,445,569</b>	<b>12,517,207</b>
<b>Total general revenues and payments</b>	<b>23,929,526</b>	<b>22,640,737</b>	<b>11,846,798</b>	<b>12,691,940</b>	<b>35,776,324</b>	<b>35,332,677</b>
<b>Program expenses</b>						
General government	4,293,881	3,775,719	-	-	4,293,881	3,775,719
Public safety	8,418,384	9,027,920	-	-	8,418,384	9,027,920
Public works	2,526,639	2,796,566	-	-	2,526,639	2,796,566
Culture and recreation	2,256,534	2,381,653	-	-	2,256,534	2,381,653
Airport	1,124,316	1,154,004	-	-	1,124,316	1,154,004
Interest on long-term debt					-	-
Water	-	-	3,487,035	3,494,474	3,487,035	3,494,474
Sewer	-	-	4,383,164	4,194,932	4,383,164	4,194,932
Sanitation	-	-	1,476,678	1,703,004	1,476,678	1,703,004
Recreation enterprises	-	-	693,148	720,813	693,148	720,813
Other	-	-	21,549	37,681	21,549	37,681
<b>Total program expenses</b>	<b>18,619,754</b>	<b>19,135,862</b>	<b>10,061,574</b>	<b>10,150,904</b>	<b>28,681,328</b>	<b>29,286,766</b>
Excess (deficiency) before gain (loss) and transfers	5,309,772	3,504,875	1,785,224	2,541,036	7,094,996	6,045,911
Gain (loss) on sale of assets	(107)	-	-	-	(107)	-
Transfers	676,379	657,193	(676,379)	(748,557)	-	(91,364)
Change in net assets	5,986,044	4,162,068	1,108,845	1,792,479	7,094,889	5,954,547
Beginning net assets	42,304,084	48,290,128	30,858,134	31,966,980	73,162,218	80,257,108
Ending net assets	<b>48,290,128</b>	<b>52,452,196</b>	<b>31,966,979</b>	<b>33,759,459</b>	<b>80,257,107</b>	<b>86,211,655</b>

## Governmental Revenues

The City is heavily reliant on property taxes and shared state revenues to support governmental operations. For 2006 property taxes are 46.1%, shared state revenues are 20.2%, charges for services are 12.8%, capital grants are 6.7%, investment income is 2.1%, franchise fees are 3.7% and all other is 8.4% of general revenues and payments.

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

The following table presents the net costs of governmental activities. Net program costs increased slightly as compared to the prior year. Overall program revenues contributed 17.5% to programs expenses, with the balance coming from general revenues, i.e. property taxes and state shared revenues.

<b>Net cost of Governmental Activities</b>						
For the Fiscal Year Ended September 30						
<u>Functions/Programs</u>	Program	Less	Net Program		Program Revenues	
	Expenses	Program	Costs		as a Percentage of	
	<u>2006</u>	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General government	3,775,719	956,178	2,819,541	3,446,312	25.3%	19.7%
Fire	2,999,532	3,700	2,995,832	2,798,263	0.1%	0.1%
Police	6,028,388	362,491	5,665,897	5,099,025	6.0%	9.2%
Engineering & planning	1,095,858	1,196,274	(100,416)	(41,580)	109.2%	104.4%
Library	1,132,837	69,925	1,062,912	1,024,572	6.2%	4.5%
Culture & recreation	1,248,816	157,908	1,090,908	1,051,178	12.6%	11.2%
Highways & streets	1,700,708	72,516	1,628,192	1,511,026	4.3%	4.4%
Airport	1,154,004	532,424	621,580	559,740	46.1%	50.2%
<b>Totals</b>	<u>19,135,862</u>	<u>3,351,416</u>	<u>15,784,446</u>	<u>15,448,536</u>	<u>17.5%</u>	<u>17.0%</u>

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

The following table presents net income and costs of business-type activities. Program revenues generated from business-type activities were sufficient to cover program expenses except for the Municipal Golf Course and the City Pool. The golf course revenues are dependent on weather and patron usage and its net costs were less in 2006 than in 2005. The city pool is operated by the YMCA with the City receiving no revenue while providing the costs of heat and electricity plus \$50,000 annually for other operating and maintenance costs, which remained about the same in 2006.

Revenues in the water fund are impacted by weather's affect on irrigation usage, growth in the city, and rates. Rates were increased 5% in 2006 and overall revenue increased by 6.3%, while costs were nearly unchanged, which resulted in improved net income in 2006.

Revenues in the sewer fund have the same impacts as water, although the effect of weather is not so strong. A more significant factor for sewer is the large industrial users of the system. Rates were increased 5% here as well, but overall revenue increased by only 2.2% and costs decreased by 4.3%, resulting in improved net income in 2006.

Sanitation revenue increased by 9.8% and costs increased by 15.3% due to the addition of recycling service, resulting in a decrease in net income in 2006.

**Net Income (Costs) of Business-type Activities**  
For the Fiscal Year Ended September 30

<u>Functions/Programs</u>	<u>Program Revenues</u>	Less	<u>Net Program Income (Costs)</u>		<u>Program Expenses as a Percentage of Program Revenues</u>	
		<u>Program Expenses</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Water	4,433,915	3,494,474	939,441	684,632	78.8%	83.6%
Sewer	5,065,681	4,194,932	870,749	571,845	82.8%	88.5%
Sanitation	1,903,591	1,703,004	200,587	256,219	89.5%	85.2%
Golf	368,672	376,280	(7,608)	(32,986)	102.1%	109.6%
Pool	-	209,075	(209,075)	(206,773)	n/a	n/a
Dierkes Lk/Shoshone Fls	273,616	135,458	138,158	22,773	49.5%	82.8%
Parking	72,268	37,681	34,587	43,676	52.1%	33.0%
<b>Totals</b>	<b>12,117,743</b>	<b>10,150,904</b>	<b>1,966,839</b>	<b>1,339,386</b>	<b>83.8%</b>	<b>88.3%</b>

## **Fund Analysis**

### ***Governmental Funds***

The City's governmental funds reported a combined ending fund balance of \$13,698,435 at September 30, 2006, with \$13,152,441 reported as unreserved; compared to \$11,948,139 and \$11,290,037 at September 30, 2005. The only changes of note during the fiscal year 2005-2006 occurred in the General Fund.

The General Fund Balance increased by \$1,517,834 due to property tax collection of nearly \$194,000 more than expected, building permits revenue exceeding estimates by more than \$241,000, \$104,829 more intergovernmental revenue than budgeted, and expenditures that were more that \$910,000 less than anticipated. The lower expenditures were largely the result of vacant job positions in the police, fire, and engineering departments. Extremely competitive wages in these professions and a very low general unemployment rate have caused higher levels of turnover than normal and limited the ability of the City to quickly fill job vacancies.

### ***Proprietary Funds***

The City's proprietary funds reported combined ending fund net assets of \$33,759,455 at September 30, 2006, with \$23,316,061 invested in capital assets (net of debt) and \$10,443,394 reported as unrestricted. On September 30, 2005 the fund net assets were \$31,966,975, of which \$21,950,700 was invested in capital assets (net) and \$10,016,275 was reported as unrestricted.

The most significant changes during the year ended September 30, 2006 were in the water and wastewater funds, where the fund net assets increased by \$854,635 and \$711,401, respectively.

In the Water Fund net income was \$854,635 which was slightly better than for the prior year and nearly \$427,000 better than budgeted, due to fewer personnel and operating expenses.

In the Wastewater Fund net income was \$711,401, this was virtually the same as in the prior year. Compared to budget expectations, operating revenues exceeded budget estimates by a little more than \$260,000 and operating expenses were less than budget by nearly \$400,000.

### **Capital Asset Activity**

At September 30, 2006 the City reported net capital assets of \$39,049,171, an increase of \$2,416,776 or 6.6% for governmental activities; and \$23,316,060, an increase of \$1,365,361 or 6.2% for business-type activities.

The increase in net assets for governmental activities resulted primarily from street improvements, street light installations, the completion of a major taxiway at the airport, the replacement of all network computers, upgrades to the computer network, new equipment at the airport, 6 replacement vehicles in the police department and new equipment in the street department.

At this date, the City has not reported all infrastructure assets it owns. Governmental accounting standards require the reporting of all these types of assets for a city the size of Twin Falls by September 30, 2007 and processes are in place to timely comply with that requirement.

The increase in net assets for proprietary activities resulted primarily from upgrades to water and wastewater facilities and systems, new automotive equipment, and new network computers for water and wastewater operations.

### **Long-Term Debt Activity**

The City has no outstanding general obligation bonds.

In fiscal year 2005-2006 the city incurred long-term debt for governmental activities in the amount of \$249,132 to purchase computers and ball field lights, made payments of \$197,004 on existing long-term debt for equipment and airport improvements, with the total remaining balance due at September 30, 2006 of \$1,978,077.

In fiscal year 2005-2006 the city incurred no new long-term debt for business activities and made payments of \$1,052,959 on existing debt leaving a balance due at September 30, 2006 of \$15,002,593. Of this amount, \$9,337,018 is debt incurred for improvements to the sewer plant in 1995 and 1998; and \$5,665,575 is debt incurred for improvements to the water system in 1993 and 1998.

### **Infrastructure**

As indicated above the City has not included all infrastructure assets in this report. An inventory and valuation of these assets is presently being completed in order to be able to report them, as required, at September 30, 2007.

### **Economic Factors**

Twin Falls continues to grow at a pretty rapid pace. Official population estimates show growth to be 15.1 percent during the last five years, and 4.1% in 2006. Unemployment rates are very low at 3.0% in 2006, under 2.5% in early 2007 and still declining.

Employment levels increased by 18.2% in the last five years and by 11.3% in 2006, to a total of 39,038. Civilian labor force grew by 16.9% in the five years and by 10.6% in 2006; which shows why the unemployment rate has gone down.

During this same time, the last five years, per capita income has increased by 9.2%, not quite keeping up with the nation at 12.8% or the State of Idaho at 13.8%.

Building in Twin Falls has been very strong, with nearly 2,400 single family residences built during 2002 through 2006. This portion of the economy, like the rest of the nation, is slowing down, but commercial development is growing, with two new hotels, a new hospital, a new high school, and many smaller projects keeping the construction industry very busy.

The building growth has impacted the city utilities as well, with water accounts growing by 19.8% or 2,440, from 12,312 to 14,752 accounts at September 30, 2001 and 2006, respectively. Sewer and sanitation have grown accordingly.

The state legislature enacted major reforms to property taxes with affected 2006 property tax rates. Homeowners saw an increase in the homeowner’s exemption from \$50,000 to \$75,000, with further annual indexing. This lowered the taxable values, but increased the levy rates. The school district maintenance and operation levy was removed from property tax and replaced with sales tax. The state also raised the sales tax rate from 5% to 6%, but none of this increase is shared with cities.

For 2006-2007, to cover growing needs, the city levied part of the balance of property taxes (Foregone Amount) it could have, but had not, levied in earlier years. Following is a table showing a comparison of the levy rates for 2005 and 2006. This caused the city levy rate to increase more than the legislative changes alone would have.

Taxing District	2005 Levy Rates (funded 2005-06 budget)	2006 Levy Rates (funded 2006-07 budget)	Percent Change
City of Twin Falls	0.007340771	0.007826922	6.6%
Twin Falls County	0.004303556	0.004376157	1.7%
Twin Falls County Ambulance District	0.000199832	0.000203051	1.6%
Twin Falls School District 411	0.004970653	0.002584747	-48.0%
Twin Falls Highway District	0.001118482	0.001140629	2.0%
College of Southern Idaho	0.000920469	0.000932323	1.3%
Combined	0.018853763	0.017063829	-9.5%

## Future Issues

As the City has grown, infrastructure needs have also grown. Further, changes in arsenic standards for water and discharge limits for wastewater are impacting service capacities in negative manners. Additionally, current long-term drought conditions have jeopardized existing water supplies. So, for the last several years, the city has been engaged in the process of finding solutions to these issues. There are solutions and alternatives, but they come at a price that will likely result in significant rate increases for these services in the future.

## 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. 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, 2006

	<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	\$ 4,304,564	\$ 5,769,438	\$ 10,074,002	\$ 786,707
Restricted Cash	849,952	748,700	1,598,652	1,119,557
Investments	8,277,340	3,392,219	11,669,559	
Receivables:				
Taxes	266,040		266,040	261
Fees and Services	12,443	1,577,891	1,590,334	
Intergovernmental	1,419,721	30,912	1,450,633	2,405
Interest	0	0	-	12,913
Accounts	221,496	16,915	238,411	
Capital Lease Receivable				1,583,080
Internal Balances	699,307	(699,307)	-	
Inventory		278,123	278,123	
Deferred Charges		26,639	26,639	137,968
Land	4,898,146	921,809	5,819,955	
Land, Buildings and Structures	13,032,892	17,308,231	30,341,123	2,272,362
Infrastructure	6,326,209		6,326,209	
Improvements	13,253,931	35,192,752	48,446,683	
Machinery and Equipment	12,331,764	5,567,805	17,899,569	
Accumulated Depreciation	(15,010,519)	(20,917,011)	(35,927,530)	
Construction in Progress	5,228,564	276,670	5,505,234	
<b>Total Assets</b>	<b>\$ 56,111,850</b>	<b>\$ 49,491,786</b>	<b>\$ 105,603,636</b>	<b>\$ 5,915,253</b>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 350,305	\$ 331,639	\$ 681,944	\$ 19,393
Accrued Expenses	203,609		203,609	
Accrued Interest	30,545	130,622	161,167	154,702
Deferred Revenue	1,028,367		1,028,367	
Customer Deposits	68,751	96,420	165,171	
Leases and Equipment Notes	826,720	12,814,349	13,641,069	3,379,330
General Obligation Bonds	-		-	
Revenue Bond Payable	185,096	2,219,847	2,404,943	7,643,956
Compensated Absences	966,261	139,450	1,105,711	
<b>Total Liabilities</b>	<b>3,659,654</b>	<b>15,732,327</b>	<b>19,391,981</b>	<b>11,197,381</b>
<b><u>Net Assets</u></b>				
Invested in Capital Assets, Net of Related Debt	39,049,171	23,316,060	62,365,231	2,272,362
Debt with no Related Capital Assets				(9,440,206)
Restricted for:				
Capital Projects	2,780,979		2,780,979	
Debt Service	253,562		253,562	964,855
Other Purposes	4,150,495		4,150,495	137,968
Unrestricted	6,217,989	10,443,399	16,661,388	782,893
<b>Total Net Assets</b>	<b>52,452,196</b>	<b>33,759,459</b>	<b>86,211,655</b>	<b>(5,282,128)</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 56,111,850</b>	<b>\$ 49,491,786</b>	<b>\$ 105,603,636</b>	<b>\$ 5,915,253</b>

See accompanying notes and accountants' report.

**City of Twin Falls, Idaho**  
Statement of Activities  
For the Year Ended September 30, 2006

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit - Urban Renewal
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business- Type Activities	Total	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General Government	\$ 3,775,719	\$ 956,178	\$ 3,480,036	\$ -	\$ 660,495	\$ -	\$ 660,495	
Fire	2,999,532	3,700			(2,995,832)		(2,995,832)	
Police	6,028,388	362,491			(5,665,897)		(5,665,897)	
Engineering/Planning	1,095,858	1,196,274			100,416		100,416	
Library	1,132,837	69,925			(1,062,912)		(1,062,912)	
Culture and Recreation	1,248,816	157,908	5,439		(1,085,469)		(1,085,469)	
Highway and Street	1,700,708	72,516	1,992,649		364,457		364,457	
Airport	1,154,004	532,424	229,544	1,526,692	1,134,656		1,134,656	
Total Governmental Activities	19,135,862	3,351,416	5,707,668	1,526,692	(8,550,086)	-	(8,550,086)	-
<b>Business-Type Activities:</b>								
Water	3,494,474	4,433,915				939,441	939,441	
Sewer	4,194,932	5,065,681				870,749	870,749	
Sanitation	1,703,004	1,903,591				200,587	200,587	
Golf	376,280	368,672				(7,608)	(7,608)	
Pool	209,075	-	111,951			(97,124)	(97,124)	
Dierkes Lake/Shoshone Falls	135,458	273,616				138,158	138,158	
Parking	37,681	72,268				34,587	34,587	
Total Business-Type Activities	10,150,904	12,117,743	111,951	-	-	2,078,790	2,078,790	-
Total Primary Government	\$ 29,286,766	\$ 15,469,159	\$ 5,819,619	\$ 1,526,692	\$ (8,550,086)	\$ 2,078,790	\$ (6,471,296)	\$ -
<b>Component Unit:</b>								
Urban Renewal Agency								(499,480)

**General Revenues:**

Taxes:			
Property taxes, Levied for General Purposes	\$ 10,447,558	\$ 10,447,558	\$ 1,176,542
Property taxes, Levied for Debt Service	(145)	(145)	
Franchise and Public Service Taxes	255,730	255,730	
Interest and Investment Earnings	466,226	\$ 363,333	145,198
Miscellaneous Revenues	885,592	98,913	-
Transfers	657,193	(748,557)	(91,364)
	12,712,154	(286,311)	1,321,740
Changes in Net Assets	4,162,068	1,792,479	822,260
<b>Net Assets - October 1, 2005</b>	48,290,128	31,966,980	(6,104,388)
<b>Net Assets - September 30, 2006</b>	\$ 52,452,196	\$ 33,759,459	\$ (5,282,128)

See accompanying notes and accountants' report.

## **FUND FINANCIAL STATEMENTS**

City of Twin Falls, Idaho  
Fund Balance Sheets  
Governmental Funds  
September 30, 2006

	<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	\$ 2,557,701	\$ (969,505)	\$ 1,611,872	\$ 439,551	\$ -	\$ 353,015	\$ 3,992,634
Restricted Cash	70,430				276,871	502,652	849,953
Investments	4,737,504	2,646,252	280,381	488,346		1,562	8,154,045
Receivables (net of allowance)							
Taxes	216,358	395	5,786	10,775		28,027	261,341
Fees and Services		12,443				-	12,443
Intergovernmental	754,326	373,485	1,594	279,720	-	9,298	1,418,423
Interest	0	0	0	0		-	-
Accounts	44,466	311	60,020	3,071	9,815	103,813	221,496
Due from Other Funds	2,499,685					-	2,499,685
<b>Total Assets</b>	<b><u>\$ 10,880,470</u></b>	<b><u>\$ 2,063,381</u></b>	<b><u>\$ 1,959,653</u></b>	<b><u>\$ 1,221,463</u></b>	<b><u>\$ 286,686</u></b>	<b><u>\$ 998,367</u></b>	<b><u>\$ 17,410,020</u></b>
 <b><u>Liabilities</u></b>							
Accounts Payable	\$ 167,307	\$ 87,296	\$ 9,090	\$ 53,262	\$ -	\$ 32,184	\$ 349,139
Accrued Expenses	192,612					7,997	200,609
Deferred Revenue	216,358	395	1,034,153	10,775		28,027	1,289,708
Customer Deposits Payable	71,751					-	71,751
Due to Other Funds					1,561,805	238,573	1,800,378
<b>Total Liabilities</b>	<b><u>648,028</u></b>	<b><u>87,691</u></b>	<b><u>1,043,243</u></b>	<b><u>64,037</u></b>	<b><u>1,561,805</u></b>	<b><u>306,781</u></b>	<b><u>3,711,585</u></b>
 <b><u>Fund Balances</u></b>							
Reserved for:							
Dedicated Purposes						43,332	43,332
Debt Service						502,662	502,662
Unreserved:							
Designated For Subsequent Years'							
Expenditures, Reported In:							
General Fund	1,757						1,757
Special Revenue Fund		305,950	26,415	-			332,365
Capital Projects Fund							
Undesignated Reported In:							
General Fund	10,230,685						10,230,685
Special Revenue Fund		1,669,740	889,995	1,157,426		92,335	3,809,496
Capital Projects Fund					(1,275,119)	53,257	(1,221,862)
<b>Total Fund Balance</b>	<b><u>10,232,442</u></b>	<b><u>1,975,690</u></b>	<b><u>916,410</u></b>	<b><u>1,157,426</u></b>	<b><u>(1,275,119)</u></b>	<b><u>691,586</u></b>	<b><u>13,698,435</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$ 10,880,470</u></b>	<b><u>\$ 2,063,381</u></b>	<b><u>\$ 1,959,653</u></b>	<b><u>\$ 1,221,463</u></b>	<b><u>\$ 286,686</u></b>	<b><u>\$ 998,367</u></b>	<b><u>\$ 17,410,020</u></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, 2006

	<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	\$ 8,626,843	\$ 24,492	\$ 235,775	\$ 348,245	\$ -	1,124,411	\$ 10,359,766
Other Taxes	571,666					255,730	827,396
Special Assessments, Including Interest						117,103	117,103
Fines and Forfeitures	8,710					30,305	39,015
Licenses and Permits	1,117,489					-	1,117,489
Fees and Services	788,064	72,516	372,211		134,827	39,604	1,407,222
Intergovernmental	2,080,761	1,992,649	229,544	1,027,290	-	5,439	5,335,683
Federal Grants	9,536		-	5,623	1,526,691	-	1,541,850
Miscellaneous	649,889	338,496	103,324	355,533	2,179	166,744	1,616,165
<b>Total Revenue</b>	<u>13,852,958</u>	<u>2,428,153</u>	<u>940,854</u>	<u>1,736,691</u>	<u>1,663,697</u>	<u>1,739,336</u>	<u>22,361,689</u>
<b>Expenditures</b>							
Current							
General Government	1,816,917			177,313		-	1,994,230
Public Safety	9,097,472			348,003		33,972	9,479,447
Engineering	932,559					-	932,559
Community Development	149,899					240,154	390,053
Culture and Recreation	1,062,730			335,548		1,049,715	2,447,993
Highway and Streets		1,086,006		21,186		311,921	1,419,113
Airport			595,765		1,909,504	-	2,505,269
Capital Outlay		1,228,403		743,845		5,363	1,977,611
Debt Service							
Principal Retirement						-	-
Interest						-	-
<b>Total Expenditures</b>	<u>13,059,577</u>	<u>2,314,409</u>	<u>595,765</u>	<u>1,625,895</u>	<u>1,909,504</u>	<u>1,641,125</u>	<u>21,146,275</u>
Excess of Revenues Over (Under) Expenditures	793,381	113,744	345,089	110,796	(245,807)	98,211	1,215,414
<b>Operating Transfers</b>							
Transfers In	842,679	61,698	-	88,159	72,372	114,180	1,179,088
Transfers Out	(118,226)	(169,795)	(154,990)	(31,000)	-	(170,196)	(644,207)
Net Transfers	<u>724,453</u>	<u>(108,097)</u>	<u>(154,990)</u>	<u>57,159</u>	<u>72,372</u>	<u>(56,016)</u>	<u>534,881</u>
<b>Net Change in Fund Balance</b>	1,517,834	5,647	190,099	167,955	(173,435)	42,195	1,750,295
<b>Fund Balance October 1, 2005</b>	<u>8,714,608</u>	<u>1,970,043</u>	<u>726,311</u>	<u>989,471</u>	<u>(1,101,684)</u>	<u>649,391</u>	<u>11,948,140</u>
<b>Fund Balance September 30, 2006</b>	<u>\$ 10,232,442</u>	<u>\$ 1,975,690</u>	<u>\$ 916,410</u>	<u>\$ 1,157,426</u>	<u>\$ (1,275,119)</u>	<u>\$ 691,586</u>	<u>\$ 13,698,435</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, 2006**

Governmental Fund Balances at September 30, 2006	\$ 13,698,435
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.	39,721,135
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	266,042
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.	743,912
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.	(1,977,328)
Net Assets for Governmental Activities-per reconciliation	\$ 52,452,196

**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, 2006**

Net Change in Fund Balances - Total Government Funds	\$ 1,750,295
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	2,475,983
Note Proceeds and Capitalized Leases are reported as financing sources in government funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.	
Debt Issued:	
Municipal lease/purchase for the Communications Center	(249,152)
Repayments:	
To bond, certificate, and note holders	197,004
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.	(45,065)
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.	45,421
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(12,418)
Change in Net Assets of Governmental Activities	\$ 4,162,068

See accompanying notes and accountants' report.

**City of Twin Falls, Idaho**

Fund Balance Sheets

Proprietary Funds

September 30, 2006

	Business-Type Activities					Governmental Activities - Internal Service Funds
	Waterworks	Wastewater	Sanitation	Other Business- Type	Total	
<b>Assets</b>						
Cash and Cash Equivalents	\$ 3,309,618	\$ 1,712,853	\$ 494,010	252,955	\$ 5,769,436	311,932
Investments	2,529,247	754,443	108,530	-	3,392,220	123,295
Receivables (net of allowance for uncollect.)						
Taxes						4,701
Fees and Services	544,078	801,063	232,749	-	1,577,890	
Intergovernmental		-	-	30,912	30,912	1,299
Interest	-	-	-	-	-	-
Accounts	5,480	1,846	-	9,587	16,913	
Inventories	278,123				278,123	
Total Current Assets	6,666,546	3,270,205	835,289	293,454	11,065,494	441,227
Restricted Assets	747,545	1,155			748,700	
Deferred Charges	7,147	19,492			26,639	
Fixed Assets (Net of Accum. Depreciation)	13,863,791	22,128,922	22,135	2,335,408	38,350,256	339,851
<b>Total Assets</b>	<b>\$ 21,285,029</b>	<b>\$ 25,419,774</b>	<b>\$ 857,424</b>	<b>\$ 2,628,862</b>	<b>\$ 50,191,089</b>	<b>\$ 781,078</b>
<b>Liabilities and Equity</b>						
Current Liabilities:						
Accounts Payable	\$ 102,089	\$ 87,896	\$ 132,518	\$ 9,136	\$ 331,639	\$ 1,167
Accrued Expenses	82,109	47,949	-	565	130,623	
Due to Other Funds				699,308	699,308	
Deferred Revenue						4,701
Notes Payable - Current	250,773	333,058	-	31,601	615,432	
Compensated Absences	81,845	23,739	19,383	14,482	139,449	31,298
<b>Total Current Liabilities</b>	<b>516,816</b>	<b>492,642</b>	<b>151,901</b>	<b>755,092</b>	<b>1,916,451</b>	<b>37,166</b>
Current Liab. Payable from Restricted Assets:						
Revenue Bonds Payable - Current	175,000	-			175,000	
Customer Deposits Payable	95,265	1,155			96,420	
Total Curr. Liab. From Restricted Assets	270,265	1,155	-	-	271,420	
NonCurrent Liabilities:						
Notes Payable - Equipment	5,239,803	6,959,113		-	12,198,916	
Revenue Bonds Payable (Net of Discounts)	-	2,044,847			2,044,847	
<b>Total Non-current Liabilities</b>	<b>5,239,803</b>	<b>9,003,960</b>	<b>-</b>	<b>-</b>	<b>14,243,763</b>	
<b>Total Liabilities</b>	<b>6,026,884</b>	<b>9,497,757</b>	<b>151,901</b>	<b>755,092</b>	<b>16,431,634</b>	<b>37,166</b>
<b>Net Assets</b>						
Invested In Capital Assets, net of related debt	8,198,215	12,791,904	22,135	2,303,807	23,316,061	339,851
Restricted						
Unrestricted	7,059,930	3,130,113	683,388	(430,037)	10,443,394	404,061
<b>Total Equity</b>	<b>15,258,145</b>	<b>15,922,017</b>	<b>705,523</b>	<b>1,873,770</b>	<b>33,759,455</b>	<b>743,912</b>
<b>Total Liabilities and Equity</b>	<b>\$ 21,285,029</b>	<b>\$ 25,419,774</b>	<b>\$ 857,424</b>	<b>\$ 2,628,862</b>	<b>\$ 50,191,089</b>	<b>\$ 781,078</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, 2006

	<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	\$ 4,149,405	\$ 4,527,917	\$ 1,895,834	\$ 674,447	\$ 11,247,603	\$ 210,786
Special Assessments, including interest		15,237				183,606
Taps, Connection and Other Fees	213,010			-	213,010	-
Miscellaneous	92,173	109,049	7,777	31,666	240,665	8,224
<b>Total Operating Revenues</b>	<b>4,454,588</b>	<b>4,652,203</b>	<b>1,903,611</b>	<b>706,113</b>	<b>11,701,278</b>	<b>402,616</b>
<b>Operating Expenses:</b>						
Contracted Services	147,242	2,369,849	921,887	140,267	3,579,245	770
Personnel Expenses	1,253,705	371,007	117,026	270,997	2,012,735	169,228
Depreciation and Amortization	456,777	733,504	4,423	90,382	1,285,086	9,875
Utilities	478,049	16,382		123,707	618,138	6,527
Landfill Expenses		-	630,980	-	630,980	-
Supplies	518,131	17,595	635	33,864	570,225	6,872
Insurance				-	-	279,821
Repairs & Maintenance	(11,609)	123,266	10,567	53,843	176,067	3,244
Vehicle Expenses	88,317	32,122	3,572	22,187	146,198	2,229
Studies and Projects	168,392	46,530	1,520	12,452	228,894	-
Rental Expense	74,584			534	75,118	-
Miscellaneous Expense	46,136	69,451	11,864	7,890	135,341	807
Testing and Monitoring	36,919			-	36,919	-
Telephone	3,670	418	213	307	4,608	5
Travel & Meetings	3,110	100	317	385	3,912	129
<b>Total Operating Expenses</b>	<b>3,263,423</b>	<b>3,780,224</b>	<b>1,703,004</b>	<b>756,815</b>	<b>9,503,466</b>	<b>479,507</b>
<b>Operating Income (Loss)</b>	<b>1,191,165</b>	<b>871,979</b>	<b>200,607</b>	<b>(50,702)</b>	<b>2,213,049</b>	<b>(76,891)</b>
<b>Non-operating Revenues (Expenses):</b>						
Development Fees	-	490,526	-		490,526	
Interest Income	241,743	95,998	21,278	13,086	372,105	
Rent and Royalties	840	-	-		840	
Federal Grants	-	-	-		-	
Intergovernmental	-	-	-	111,951	111,951	
Interest Expense	(231,052)	(414,707)	-	(1,679)	(647,438)	
<b>Total Non-operating Revenues (Exp)</b>	<b>11,531</b>	<b>171,817</b>	<b>21,278</b>	<b>123,358</b>	<b>327,984</b>	<b>-</b>
<b>Income (Loss) before operating transfers</b>	<b>1,202,696</b>	<b>1,043,796</b>	<b>221,885</b>	<b>72,656</b>	<b>2,541,033</b>	<b>(76,891)</b>
Operating Transfers:						
Operating Transfers In	193,584	-	-	117,067	310,651	159,871
Operating Transfers Out	(541,645)	(332,395)	(116,607)	(68,561)	(1,059,208)	(37,559)
Net Transfers	(348,061)	(332,395)	(116,607)	48,506	(748,557)	122,312
<b>Net Income</b>	<b>854,635</b>	<b>711,401</b>	<b>105,278</b>	<b>121,162</b>	<b>1,792,476</b>	<b>45,421</b>
<b>Total Net Assets, October 1, 2005</b>	<b>14,403,510</b>	<b>15,210,616</b>	<b>600,245</b>	<b>1,752,608</b>	<b>31,966,979</b>	<b>698,491</b>
<b>Total Net Assets, September 30, 2006</b>	<b>\$ 15,258,145</b>	<b>\$ 15,922,017</b>	<b>\$ 705,523</b>	<b>\$ 1,873,770</b>	<b>33,759,455</b>	<b>\$ 743,912</b>

See accompanying notes and accountants' report.

**City of Twin Falls, Idaho**  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended September 30, 2006

	Business-Type Activities				Total	Governmental Activities - Internal Service Funds
	Waterworks	Wastewater	Sanitation	Other Business- Type		
<b>Cash Flows from Operating Activities</b>						
Receipts from Customers	\$ 4,330,983	\$ 4,616,091	\$ 1,866,569	\$ 665,754	\$ 11,479,397	\$ 212,140
Special Assessments						183,606
Payments to Suppliers	(1,694,429)	(2,594,926)	(1,566,156)	(412,639)	(6,268,150)	(324,206)
Payments to Employees	(1,255,839)	(368,815)	(112,649)	(268,686)	(2,005,989)	(165,287)
Other Receipts (Payments)	92,173	109,049	7,777	31,666	240,665	8,224
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,472,888</b>	<b>1,761,399</b>	<b>195,541</b>	<b>16,095</b>	<b>3,445,923</b>	<b>(85,523)</b>
<b>Cash Flows from Non-Capital Financing Activities</b>						
Operating Subsidies and Transfers to Other Funds	(348,061)	(332,395)	(116,607)	48,506	(748,557)	122,312
Other Revenue Sources - Non-Operating	840	490,525	-	111,951	603,316	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(347,221)</b>	<b>158,130</b>	<b>(116,607)</b>	<b>160,457</b>	<b>(145,241)</b>	<b>122,312</b>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Proceeds from Capital Debt				-	-	
Purchase of Capital Assets	(566,031)	(976,959)	(15,180)	(9,114)	(1,567,284)	(2,813)
Disposals, Transfers of Capital Assets	(11,287)	197	11,403	-	313	
Principal Paid on Capital Debt	(496,036)	(556,930)		(30,509)	(1,083,475)	
Increase in Amounts Due to Other Funds				16,692	16,692	
Interest Paid on Capital Debt	(235,048)	(416,812)		(2,223)	(654,083)	
Increase in Restricted Assets	(99,032)	1,765		-	(97,267)	
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,407,434)</b>	<b>(1,948,739)</b>	<b>(3,777)</b>	<b>(25,154)</b>	<b>(3,385,104)</b>	<b>(2,813)</b>
<b>Cash Flows from Investing Activities</b>						
Increase in Bank Overdraft				-	-	
Reduction in Securities	286,146	85,353	12,278	-	383,777	13,948
Interest, Dividends and Changes in Market Value	242,310	96,167	21,302	13,085	372,864	28
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>528,456</b>	<b>181,520</b>	<b>33,580</b>	<b>13,085</b>	<b>756,641</b>	<b>13,976</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents Balances - Beginning of the Year</b>	<b>246,689</b>	<b>152,310</b>	<b>108,737</b>	<b>164,483</b>	<b>672,219</b>	<b>47,952</b>
	<b>3,062,929</b>	<b>1,560,543</b>	<b>385,273</b>	<b>88,472</b>	<b>5,097,217</b>	<b>263,980</b>
<b>Balances - End of the Year</b>	<b>\$ 3,309,618</b>	<b>\$ 1,712,853</b>	<b>\$ 494,010</b>	<b>\$ 252,955</b>	<b>\$ 5,769,436</b>	<b>\$ 311,932</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>						
Operating Income	\$ 1,191,165	\$ 871,979	\$ 200,607	\$ (50,702)	\$ 2,213,049	\$ (76,891)
Adjustments to Reconcile Operating Income to net Cash Provided (Used) by Operating Activities:						
Depreciation and Amortization	456,777	733,504	4,423	90,382	1,285,086	9,875
Change in Assets and Liabilities:						
Receivables, Net	(44,751)	54,790	(29,265)	(8,693)	(27,919)	1,714
Inventories	(93,245)				(93,245)	
Deferred Charges	7,871	19,862			27,733	
Deferred Revenue						(360)
Reserve for Existing Insurance Claims						-
Accounts Payable	(48,245)	80,787	15,399	(17,203)	30,738	(23,802)
Customer Deposits	5,450	(1,715)			3,735	
Compensated Absences	(2,134)	2,192	4,377	2,311	6,746	3,941
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,472,888</b>	<b>\$ 1,761,399</b>	<b>\$ 195,541</b>	<b>\$ 16,095</b>	<b>\$ 3,445,923</b>	<b>\$ (85,523)</b>

See accompanying notes and accountants' report.

## **NOTES TO FINANCIAL STATEMENTS**

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

**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 Units-Twin Falls Public Library and Business Improvement District**

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 units are reported as part of the City and blended into the appropriate funds.

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.

The Historic Downtown and Old Towne Business Improvement Districts (B.I.D.) are governed by separate boards comprised of due paying members; however, final responsibility relative to the budget, taxing and debt remains with the City. The Business Improvement Districts are reported in three fund groups as related to services provided. The two B.I.D. operations are included as other permanent funds; parking meter collections and space rentals are included as an enterprise fund-Parking.

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

Discretely presented component units are legally separate from the City but are financially accountable to the City, or their relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. These 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, 2006

**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 five-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 approves all actions of the Agency but, has no responsibility for debt issuance of the Agency. The Agency is presented as a governmental fund type.

**Industrial Development Corporation**

The Industrial Development Corporation was created by the City of Twin Falls on June 6, 1983 for the purpose of facilitating economic development and employment opportunities through financing of project costs of industrial development facilities. The five-member board of directors is appointed by the City Council. All projects financed by the Corporation must receive approval by the City. The City has no obligation for debt issued by the Corporation.

The financial activity of the Corporation is not included in the discrete presentation of component units. This exclusion is not material to the financial statements of the City.

Complete financial statements for each of the individual component units 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

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

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

externally imposed restrictions to these program uses. Taxes and other revenues 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.

**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 the following fund types:

*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.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

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

**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.

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.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

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

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.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting-under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation- is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**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.

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.

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
September 30, 2006

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-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 does not have a policy for custodial credit risk outside of the deposit and investment agreements.

The City is authorized to invest in the State of Idaho Local Government Investment Pool. This is part of the Joint Powers Investment Pool managed by the State of Idaho Treasurer's Office and is established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield.

**Credit Risk**

Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's and Fitch's. The investments of the City are not rated and the City's policy does not restrict them to rated investments.

**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, 2006

**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 the amount estimated to be required for the ongoing monthly interest and periodic principal payments on the bonds, plus a 25% coverage factor through January 2006, the next receipt date of property tax revenues.

**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 cost of \$500 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.

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
September 30, 2006

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

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

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.

The Agency acquired a building to lease to Dell Corporation as a call center. This building was financed by the Agency and subsequently given to the City of Twin Falls. However the debt for this building was retained by the Agency, with the agreement that annual rents received by the City would be given to the Agency for debt service

**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 and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred in proprietary funds and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

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

**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.

**Fund Equity**

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. Designations of fund balance represent tentative management plans that are subject to change.

**2. 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 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.

Individual fund expenditures exceeded amounts appropriated as follows: Street Light Fund, \$21,524, Pool Fund, \$18,633, Airport Construction Fund, \$173,435, Sanitation Fund, \$2,843, Parking Fund, \$10,705, and Historic Downtown, \$43,660.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

**3. DEPOSITS AND INVESTMENTS**

**Cash and Cash Equivalents** - A reconciliation of cash and cash equivalents at September 30, 2006 is as follows:

Reconciled Bank Accounts	(\$ 343,807)
State Investment Pool	1,942,007
Certificates of Deposit	2,723,172
Money Market Mutual Funds	7,317,269
Cash with Trustee	-
B.I.D. Operating Fund/Old Town/Parking	4,586
Library Operating Fund	27,703
Petty Cash	<u>1,725</u>
	11,672,655
Reported as Restricted	<u>(1,598,653)</u>
Total Net Cash	<u>\$10,074,002</u>

At September 30, 2006, the Urban Renewal Agency's reconciliation of cash and cash equivalents is as follows:

Reconciled Bank Accounts	\$ 786,707
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The reconciled bank balance is covered by \$100,000 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 \$ 100,000.

**Investments** – The city held the following investments at September 30, 2006.

Federal National Mortgage Association (FNMA)	\$ 4,993,092
Federal Home Lone Mortgage Corporation ( FHLM)	3,438,939
Government National Mortgage Association (GNMA)	771,229
Federal Home Loan Bank (FHLB)	2,366,299
Ammon Idaho Urban Renewal Bonds	<u>100,000</u>
	<u>\$11,669,559</u>

Investments other than the Ammon Idaho Urban Renewal Bonds are obligations of or guaranteed by the U.S. Government. The Ammon Idaho Urban Renewal Bonds have not been rated. 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.

The Agency's held the following investments at September 30, 2006.

	<u>Carrying Amount</u>	<u>Market Value</u>
Money Market Funds	<u>\$1,491,859</u>	<u>\$1,491,859</u>

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
September 30, 2006

**4. RESTRICTED ASSETS**

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

	<b>Total</b>
General Fund	
Customer Deposits	\$ 12,107
Custody/Evidence Account	58,323
Debt Service Funds	
Payment of Principal and Interest-Revenue Bonds	502,651
Capital Projects Funds	
Passenger Facility Charges Held for Lease Payments	276,871
Enterprise Funds	
Cash within Fund to Pay Obligation of Certificates of Deposit	647,280
Cash held by Trustee to Pay Oblig. Relating to Cert. of Part.	5,000
Refundable Customer Utility Deposits	96,420
<b>Total Restricted Assets</b>	<b>\$ 1,598,652</b>

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

	<b>Total</b>
Cash reserved to pay interest and principal on the revenue bonds	\$ 1,119,557

**5. TAXES RECEIVABLE AND DEFERRED REVENUE**

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.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

**5. TAXES RECEIVABLE AND DEFERRED REVENUE - Continued**

Property taxes uncollected by November 30, 2006, are considered to be deferred revenue.

Taxes receivable and deferred revenue as of September 30, 2006, consist of the following for the City:

General	\$ 216,358	\$ 216,358
Street	395	395
Street Lighting	332	332
Airport	5,786	1,034,153
Library Revenue	27,662	27,662
Library Bond	33	33
Capital Improvement	10,775	10,775
Historic Preservation	1	1
<b>Totals</b>	<u>\$ 261,341</u>	<u>\$ 1,289,708</u>

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

Property Taxes	\$ 261,341
Prepaid Rent	<u>1,028,367</u>
Total	<u>\$ 1,289,708</u>

Urban Renewal Agency taxes receivable and deferred revenue at September 30, 2006 consist of 2006 property tax revenue to be collected in January 2007.

Amounts due from other governments at September 30, 2006, are presented as follows for the City:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>County</u>	<u>Local</u>	<u>Total</u>
General	\$ 45,122	\$ 554,927	\$ 153,676	\$ 600	\$ 754,325
Street	-	369,865	3,620	-	373,485
Street Light	-	-	87	-	87
Library	-	-	7,634	-	7,634
Airport	-	-	1,594	-	1,594
Capital Improvement	-	276,515	3,205	-	279,720
Library Bond	-	-	10	-	10
Historical Preservation	-	-	-	-	-
Pool	-	30,912	-	-	30,912
Insurance	-	-	1,299	-	1,299
Airport Construction	-	-	-	-	-
Fireworks	-	1,567	-	-	1,567
Sewer	-	-	-	-	-
Sanitation	-	-	-	-	-
	<u>\$ 45,122</u>	<u>\$ 1,233,786</u>	<u>\$ 171,126</u>	<u>\$ 600</u>	<u>\$ 1,450,634</u>

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
September 30, 2006

**5. TAXES RECEIVABLE AND DEFERRED REVENUE - Continued**

Urban Renewal Agency receivable from other governments consists of property taxes remitted by the County in January 2007.

**6. CAPITAL LEASE RECEIVABLE**

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 \$19,172.96.

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 \$1,583,080 principal balance on this lease is reported as a receivable in the Statement of Net Assets; and the total remaining lease payments of \$1,874,747 is reported in the Governmental Funds with deferred revenue \$1,836,401 provided for the lease payments not available to pay current liabilities.

<b>Year Ending September</b>	<b>Total</b>	<b>Interest</b>	<b>Principal</b>
2007	\$ 230,076	\$ 62,672	\$ 167,404
2008	230,076	57,101	172,975
2009	230,076	49,427	180,649
2010	230,076	41,579 #	188,497
2011	230,076	33,390	196,686
2012-2015	724,367	47,498	676,869
<b>Totals</b>	<b>\$ 1,874,747</b>	<b>\$ 291,667</b>	<b>\$ 1,583,080</b>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

**7. FIXED ASSETS**

Changes in the fixed asset groups for the City for the year ended September 30, 2006, are as follows:

	Balance October 1, 2005	Additions	Disposals	Balance September 30, 2006
<b>Government-wide Assets</b>				
Land	\$ 4,898,146	\$ -	\$ -	\$ 4,898,146
Buildings and Structures	12,964,230	68,662		13,032,892
Infrastructure	3,109,680	3,216,529		6,326,209
Improvements	13,110,278	143,653		13,253,931
Machinery and Equipment	11,364,220	1,325,512	357,968	12,331,764
Construction in Progress	5,807,639	-	579,075	5,228,564
Total	<u>\$ 51,254,193</u>	<u>\$ 4,754,356</u>	<u>\$ 937,043</u>	<u>\$ 55,071,506</u>
<b>Accum. Deprec. For Govt. Wide</b>				
Buildings and Structures	\$ 3,015,117	\$ 272,077	\$ -	\$ 3,287,194
Infrastructure	998,464	122,150		1,120,614
Improvements	3,685,000	439,956		4,124,956
Machinery and Equipment	5,963,529	857,976	343,750	6,477,755
Total Accum. Deprec.	<u>\$ 13,662,110</u>	<u>\$ 1,692,159</u>	<u>\$ 343,750</u>	<u>\$ 15,010,519</u>
<b>Business Type Activity Assets:</b>				
Land	\$ 921,809	\$ -	\$ -	\$ 921,809
Buildings and Structures	17,308,231	.		17,308,231
Improvements	34,025,578	1,167,174		35,192,752
Machinery and Equipment	5,304,874	426,347	163,416	5,567,805
Construction in Progress	275,428	148,506	147,264	276,670
Total	<u>\$ 57,835,920</u>	<u>\$ 1,742,027</u>	<u>\$ 310,680</u>	<u>\$ 59,267,267</u>
<b>Accum. Deprec. For Business Type Activities</b>				
Buildings and Structures	\$ 9,147,958	\$ 353,138	\$ -	\$ 9,501,096
Improvements	7,396,141	720,553		8,116,694
Machinery and Equipment	3,223,451	227,469	151,699	3,299,221
Total Accum. Deprec.	<u>\$ 19,767,550</u>	<u>\$ 1,301,160</u>	<u>\$ 151,699</u>	<u>\$ 20,917,011</u>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

**7. FIXED ASSETS-Continued**

Changes in the fixed asset group for the Urban Renewal Agency for the year ended September 30, 2006, is as follows:

	Balance October 1, 2005	Additions	Disposals	Balance September 30, 2006
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Government-wide Assets</b>				
Land and Buildings	\$ 2,272,362	\$ -	\$ -	\$ 2,272,362

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	\$ 295,878
Fire	89,418
Police	217,657
Engineering/Planning	14,200
Library	96,017
Culture and Recreation	181,087
Highway and Street	194,345
Airport	<u>569,401</u>
	1,658,003
Depreciation on Capital Assets held by the City's Internal Service Fund.	<u>9,875</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,667,878</u></u>

The City elected to implement capitalization and depreciation of streets owned and maintained by the City at a future date. Other infrastructure assets owned by the City have been included in the Government-wide financial statements.

**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.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

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

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

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>					
Governmental Activities:					
Revenue bonds	272,365	-	(87,269)	185,096	90,742
Other long-term liabilities	687,323	249,132	(109,735)	826,720	216,092
Compensated absences	917,800	48,461	-	966,261	-
	1,877,488	297,593	(197,004)	1,978,077	306,834
Business-type activities:					
Certificate of Participation	2,711,652	-	(491,805)	2,219,847	435,000
State revolving fund loan	13,343,909	-	(561,161)	12,782,748	583,832
Other long-term liabilities	62,110	-	(30,509)	31,601	31,601
Compensated absences	132,703	6,747	-	139,450	-
	16,250,374	6,747	(1,083,475)	15,173,646	1,050,433
	<u>\$ 18,127,862</u>	<u>\$ 304,340</u>	<u>\$ (1,280,479)</u>	<u>\$ 17,151,723</u>	<u>\$ 1,357,267</u>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

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

**Revenue Bonds**

The City issued a revenue bond in 2003 for the airport water system. The City pledges income derived from certain assets or programs to pay the debt service. Revenue bonds outstanding consist of debt issued by the City, its authorities, and its trusts. The revenue bond issued and reported as a liability of the City's governmental activities is as follows:

<u>Purpose</u>	<u>Series</u>	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Year-end Balance</u>
Airport Water System	2002	\$535,000	2007	3.98%	\$185,096

**Equipment Leases Payable**

The City has entered into leasing agreements as lessee for financing the acquisition of equipment. These agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. Future minimum lease obligations and net present values are included with the presentation of debt service requirements.

Wells Fargo Bank, payable in annual Installments of \$11,746.30 including interest At 3.58% for Media Hardware.	\$ 22,289
Wells Fargo Bank, payable in annual Installments of \$21,385.68 including interest At 4.55% for lights at Harmon Park.	76,632
Wells Fargo Bank, payable in annual Installments of \$92,245.85 including interest At 4.6% for city wide Dell computers.	172,500
Wells Fargo Bank, payable in annual Installments of \$124,035.26 including interest At 3.8% for Communications Center.	<u>555,299</u>
	<u>\$ 826,720</u>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

**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. \$2,135,000

*Certificates of participation- \$935,000* issued February 24, 2004, to refund and refinance prior certificate issued September 1, 1993 for the replacement of the water system source facilities, interest at 1.9%, payable semi-annually, through September 1, 2007. 175,000  
2,310,000  
(90,153)  
\$2,219,847

Less: Unamortized discount  
Total

*Wells Fargo Bank*  
Payable in annual installments of \$32,732.20 including interest at 3.58% for the Golf Course lawn sprinkler system. \$ 31,601

*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. 5,490,576

*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. 7,292,172

Total \$12,814,349

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
September 30, 2006

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

**Defeased Bonds Outstanding**

In 1999, the City issued refunding certificates of participation to defease, in substance, certain outstanding certificates of participation in order to enter into a loan agreement to upgrade the City's Wastewater Treatment Plant. The City placed proceeds from the refunding issue in an irrevocable account with a trust agent to provide for all future debt service on the refunded certificates.

Accordingly, the trust account assets and liabilities for the defeased certificates are not included in the City's financial statements. Although defeased, the refunded debt from these earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. On September 30, 2006, outstanding certificates totaling \$3,510,000 were considered defeased.

Debt service requirements to maturity are as follows:

	For the Year Ending September 30,							
	2007	2008	2009	2010	2011	2012-2016	2017-2021	2022-2026
<b>Governmental Activities:</b>								
Revenue bonds	\$ 90,742	\$ 94,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other long-term liabilities	216,092	225,088	130,470	135,575	119,495	-	-	-
<b>Total Governmental Activities</b>	<b>306,834</b>	<b>319,442</b>	<b>130,470</b>	<b>135,575</b>	<b>119,495</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Business-type activities:</b>								
Certificate of Participation	175,000	260,000	275,000	290,000	305,000	1,005,000	-	-
Unamortized discount	(13,194)	(13,194)	(13,194)	(13,194)	(13,194)	(24,183)	-	-
<b>Total COP</b>	<b>161,806</b>	<b>246,806</b>	<b>261,806</b>	<b>276,806</b>	<b>291,806</b>	<b>980,817</b>	<b>-</b>	<b>-</b>
State revolving fund loans	583,832	607,419	631,958	657,490	684,052	3,857,813	4,702,653	1,057,531
Other long-term liabilities	31,601	-	-	-	-	-	-	-
<b>Total Business Type</b>	<b>777,239</b>	<b>854,225</b>	<b>893,764</b>	<b>934,296</b>	<b>975,858</b>	<b>4,838,630</b>	<b>4,702,653</b>	<b>1,057,531</b>
<b>Total Amounts Due</b>	<b>\$ 1,084,073</b>	<b>\$ 1,173,667</b>	<b>\$ 1,024,234</b>	<b>\$ 1,069,871</b>	<b>\$ 1,095,353</b>	<b>\$ 4,838,630</b>	<b>\$ 4,702,653</b>	<b>\$ 1,057,531</b>

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

*Sewer Revenue Certificates of Participation, Series 1995*

On October 17, 1995, the city issued \$4,000,000 Sewer Revenue Certificates of Participation, Series 1995, for the purpose of making improvements to its wastewater collection and treatment system.

*Item 2 (a), Status of Certificates  
(October 1)*

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

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

<u>Maturity</u>	<u>Interest Rate</u>	<u>Original Principal</u>	<u>Outstanding Principal</u>
1999	4.30%	\$ 155,000	\$ -
2000	4.40%	165,000	-
2001	4.50%	170,000	-
2002	4.60%	180,000	-
2003	4.70%	185,000	-
2004	4.85%	195,000	-
2005	4.95%	205,000	-
2006	5.05%	215,000	-
2007	5.15%	225,000	225,000
2008	5.25%	235,000	235,000
2009	5.35%	250,000	250,000
2010	5.45%	265,000	265,000
2015	5.75%	1,555,000	1,555,000
<b>Totals</b>		<u>\$ 4,000,000</u>	<u>\$ 2,530,000</u>

*Item 2(b), Proceeds Account Activity*

<u>Description</u>	<u>Amount</u>
Deposit from issuance of bonds, October 17, 1995	\$ 3,466,286
Additional issuance and account setup costs	(348)
Interest earnings on account balance to September 30, 1998	157,364
Amounts advanced for Costs of Construction to September 30, 1998	(3,106,759)
Balance, September 30, 1998	<u>516,543</u>
Interest earnings on account balance to September 30, 1999	16,327
Amounts advanced for Costs of Construction to September 30, 1999	(531,921)
Transfer to Installment Purchase Payment Account	(949)
Balance, September 30, 1999	<u>\$ -</u>

*Item 2 (c), Amounts on deposit*

There are no amounts on deposit.

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

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

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

**Year Ended September 30, 2006**

<u>Revenues</u>	
Sewer Service	\$ 4,527,917
Connection Fees	15,237
Development Fees	490,526
Investment Income	95,998
Miscellaneous Fees	<u>109,049</u>
Total	5,238,727
<u>Expenditures</u>	
Personnel	371,007
Administration	182,598
Operation & Maintenance	<u>2,531,830</u>
Total	<u>3,085,435</u>
Net Available for Debt Service	<u>\$ 2,153,292</u>
State Revolving Fund	\$ 621,448
Certificates of Participation Services 1999	<u>370,250</u>
Total Debt Service	<u>\$ 991,698</u>
Coverage Ratio	<u>1.85</u>

*Item 2 (e), Significant Events*

On August 4, 1999, the City issued \$3,910,000 Sewer Revenue Refunding Certificates of Participation, Series 1999 to advance refund the Series 1995 Certificates.

An escrow fund was established using the proceeds of the Series 1999 Certificates and existing debt services funds to provide for all future payments of the Series 1995 Certificates. This provision results in an in-substance defeasance allowing the removal of this liability from the financial statements of the City. Since this did not create a legal defeasance, this disclosure must continue until the advance refunding actually occurs on October 1, 2006 (See description of Series 1999 below.)

As a part of this refunding, all Series 1995 Certificates with a stated maturity date of October 1, 2007, and beyond will be called on October 1, 2006.

There are no other significant events.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

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

*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 7 for details.)

*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	260,000
2008	4.70%	275,000	275,000
2009	4.75%	290,000	290,000
2010	4.90%	305,000	305,000
2011	5.00%	320,000	320,000
2012	5.00%	335,000	335,000
2013	5.00%	350,000	350,000
<b>Total</b>		<b>\$ 3,910,000</b>	<b>\$ 2,135,000</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*

See schedule included above under Series 1995 Certificates

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

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

*Water Revenue Certificates of Participation, Series 2004*

On February 24, 2004, the city issued \$935,000 Water Revenue Certificates of Participation, Series 2004 to refund and refinance the Water Revenue Certificates of Participation, Series 1993.

*Item 2 (a), Status of Certificates*

<u>Maturity-September 1</u>	<u>Interest Rate</u>	<u>Original Principal</u>	<u>Outstanding Principal</u>
2004	1.90%	\$ 250,000	\$ -
2005	1.90%	255,000	-
2006	1.90%	255,000	-
2007	1.90%	175,000	175,000
<b>Total</b>		<b>\$ 935,000</b>	<b>\$ 175,000</b>

*Item 2 (b), Proceeds Account Activity*

<u>Description</u>	<u>Amount</u>
Proceeds from issuance of certificates	\$ 935,000
Original Purchase Fee	(9,350)
Issuance Costs	(14,926)
Deposit to Escrow Fund	(910,724)
Balance, September 30, 2005	\$ -

*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, 2006**

<u>Revenues</u>	
Water Service	\$ 4,149,405
Connection Fees	213,010
Rent & Royalties	840
Investment Income	241,743
Miscellaneous Fees	92,173
Total	4,697,171
<u>Expenditures</u>	
Personnel	1,253,705
Operation & Maintenance	1,552,941
Total	2,806,646
Net Available for Debt Service	<u>\$ 1,890,525</u>
Certificates of Participation Services 2004	<u>\$ 175,000</u>
Coverage Ratio	<u>10.80</u>

There are no other significant events.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

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

Long term debt of the Urban Renewal Agency outstanding at September 30, 2006, 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%

\$ 7,430,000

*Promissory Note due Dell USA LP*, dated November 8, 2002, for the purchase of the Dell building. This note is payable in ten annual installments of \$ 309,303.40, beginning November 1, 2003, including interest of 4.90%. It is secured by a Deed of Trust on the building, the Agency conveyed the building to the City of Twin Falls for the City to lease to Dell. The City and/or the Agency are obligated to use annual rents received to repay this note.

1,796,249

*Promissory Note due D.L. Evans Bank*, dated November 30, 2004, for the purchase of land and building. It is secured by a Deed of Trust on the property purchased and leased to Jayco, Inc. with rents received assigned to make the payments on this note. This note is payable in monthly installments of \$19,172.96, beginning December 30, 2004, including interest of 4.26% and matures November 30, 2014.

1,583,080

*Taxable Revenue Note, Series 2002, due Wells Fargo Brokerage Services LLC*, dated November 1, 2002, for the purchase of the Dell building. This note is payable in five annual installments of \$114,626.79, beginning November 8, 2003, including interest of 4.73%.

213,957

Total

\$11,023,286

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
September 30, 2006

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

Expected annual maturities of the obligations, are as follows:

Year Ending September	Total	Interest	Principal
2007	\$ 1,353,235	\$ 540,036	\$ 813,199
2008	1,349,313	504,759	844,554
2009	1,235,333	466,179	769,154
2010	1,234,461	430,529	803,932
2011	1,237,903	393,264	844,639
2012-2016	4,837,873	1,380,068	3,457,805
2017-2021	3,486,830	656,830	2,830,000
2022	695,970	35,967	660,003
<b>Total</b>	<b>\$ 15,430,918</b>	<b>\$ 4,407,632</b>	<b>\$ 11,023,286</b>

Changes in Long-Term Debt of the Agency for the year ended September 30, 2006 is as follows:

	09/30/05	Additions	Repayments	09/30/06
Promissory note payable to Dell USA L.P.	\$ 2,007,200		\$ 210,951	\$ 1,796,249
Taxable Revenue Note Due Wells Fargo Brokerage Services, LLC	313,743		99,786	213,957
Promissory note payable to D.L. Evans Bank	1,741,117		158,037	1,583,080
Revenue Allocation Bond, Series 2005A	7,735,000		305,000	7,430,000
<b>Total</b>	<b>\$ 11,797,060</b>	<b>\$ -</b>	<b>\$ 773,774</b>	<b>\$ 11,023,286</b>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

**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, 2006:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 2,623,058	\$ -
Street Fund		233,920
Historic Preservation		8,538
Airport Construction		1,647,675
Golf Fund		362,021
Pool		346,856
Dierkes Lake\Shoshone Falls		22,542
Fireworks		1,506
<b>Total</b>	<u>\$ 2,623,058</u>	<u>\$ 2,623,058</u>

**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 numerous 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.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

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

The Public Employee Retirement System of Idaho (PERSI), 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. 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. Financial reports for the plan are available from PERSI upon request.

After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. Effective June 30, 2000 the allowance for each month of credited service is 2.0% (2.3% police/firefighter) of average monthly salary for the highest consecutive 42 months.

For the year ended September 30, 2006, the required contribution rates for general employees was 10.39% and 6.23% of covered payroll for the City of Twin Falls and its employees, respectively, and 10.73% and 7.65% for police/firefighter employees, for the City of Twin Falls and its employees, respectively. The City of Twin Falls contributions required and paid were \$1,350,331, \$1,267,023 and \$1,198,320 for the three years ended September 30, 2006, 2005, and 2004, respectively.

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

Fund deficits as of September 30, 2006, which are significant, are as follows:

Airport Construction Fund- The deficit of \$1,275,119 is due to costs of construction that exceeded current year revenues. Passenger facility charges will recover the deficit in future years.

Street Light- The deficit of \$170,682 is being reduced through excess revenues.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

**13. URBAN RENEWAL SUMMARIZED INFORMATION**

	<b>Year Ended</b>
	<b>September 30, 2006</b>
<b>Assets</b>	<u>\$ 5,915,253</u>
<b>Total Assets</b>	<u><u>\$ 5,915,253</u></u>
<b>Liabilities &amp; Net Assets</b>	
Liabilities	\$ 11,197,381
Net Assets:	
Debt with no related capital assets	(9,440,206)
Invested in Capital Assets with no related debt	2,272,362
Restricted	1,102,823
Unrestricted	782,893
<b>Total Liabilities &amp; Net Assets</b>	<u><u>\$ 5,915,253</u></u>
<b>Revenues</b>	\$ 1,635,554
<b>Expenditures</b>	<u>813,294</u>
<b>Excess (Deficiency) Revenues over Expenditures</b>	822,260
<b>Fund Balance - Beginning of Year</b>	<u>(6,104,388)</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ (5,282,128)</u></u>

**14. COMMITMENTS AND SUBSEQUENT EVENTS**

The Agency has made commitments to make certain public and redevelopment improvements within Urban Renewal Area, and is in the on-going process of considering properties to be acquired and improvements to be made. At September 30, 2006 these commitments totaled less than \$100,000, including \$65,000 for improvements required on Washington Street South in from of the Jayco building. The Agency is also accumulating funds for the purpose of exercising its option to purchase the Dell parking lot in 2008.

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2006

**15. 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, 2006, the City did not comply with the following covenants:

*1993 Water Certificates of Participation*

One covenant requires that the City provide no free service, including usage by the City departments. During 2006, the Waterworks Fund did not bill other City departments for water used during the year.

*1999 Sewer Certificates of Participation*

One covenant requires that the City provide no free service, including usage by the City departments. During 2006, 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, 2006

With Comparative Actual Amounts from the Previous Year

	2006				
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Actual
<b>Revenues:</b>					
Property Taxes, Including Penalty and Interest	\$ 8,433,130	\$ 8,433,130	\$ 8,626,843	\$ 193,713	\$8,215,370
Non-property Taxes	539,000	539,000	571,666	32,666	483,137
Fines and Forfeitures	3,500	3,500	8,710	5,210	6,877
Licenses and Permits	876,142	876,142	1,117,489	241,347	931,809
Fees and Services	877,593	877,593	788,064	(89,529)	886,063
Intergovernmental	1,975,932	1,975,932	2,080,761	104,829	1,958,970
Federal Grants	-	-	9,536	9,536	14,393
Miscellaneous	558,790	558,790	649,889	91,099	429,886
<b>Total Revenues</b>	<b>13,264,087</b>	<b>13,264,087</b>	<b>13,852,958</b>	<b>588,871</b>	<b>12,926,505</b>
<b>Expenditures:</b>					
Current					
General Government	1,848,126	1,848,126	1,816,917	31,209	1,584,596
Public Safety	9,703,211	9,703,211	9,097,472	605,739	8,481,767
Engineering	1,119,335	1,119,335	932,559	186,776	786,278
Economic Development	136,034	136,034	149,899	(13,865)	145,598
Culture and Recreation	1,162,913	1,162,913	1,062,730	100,183	1,011,543
Total Expenditures	13,969,619	13,969,619	13,059,577	910,042	12,009,782
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>(705,532)</b>	<b>(705,532)</b>	<b>793,381</b>	<b>1,498,913</b>	<b>916,723</b>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	823,758	823,758	842,679	18,921	784,531
Operating Transfers Out	(118,226)	(118,226)	(118,226)	-	(101,815)
Total Other Financing Sources (Uses)	<b>705,532</b>	<b>705,532</b>	<b>724,453</b>	<b>18,921</b>	<b>682,716</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,517,834</b>	<b>\$ 1,517,834</b>	<b>1,599,439</b>
<b>Fund Balance, October 1st</b>			<b>8,714,608</b>		<b>7,115,169</b>
<b>Fund Balance, September 30th</b>			<b>\$10,232,442</b>		<b>\$8,714,608</b>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
 General Fund  
 Statement of Expenditures - Budget and Actual  
 For the Fiscal Year Ended September 30, 2006  
 With Comparative Actual Amounts from the Previous Year

	2006				2005 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Expenditures:</b>					
Data Processing	\$ 576,298	\$ 576,298	576,490	\$ (192)	\$ 394,930
Council	141,122	141,122	135,378	5,744	133,365
Manager	225,388	225,388	195,847	29,541	204,193
Finance	504,400	504,400	504,047	353	475,357
Attorney	163,500	163,500	164,613	(1,113)	162,789
Personnel	237,418	237,418	240,542	(3,124)	213,963
Total General Government	<u>1,848,126</u>	<u>1,848,126</u>	<u>1,816,917</u>	<u>31,209</u>	<u>1,584,597</u>
Police	6,139,008	6,139,008	5,630,638	508,370	5,253,487
Fire	3,026,244	3,026,244	2,910,114	116,130	2,721,364
Inspection	351,999	351,999	369,983	(17,984)	332,281
Animal Control	185,960	185,960	186,737	(777)	174,635
Total Public Safety	<u>9,703,211</u>	<u>9,703,211</u>	<u>9,097,472</u>	<u>605,739</u>	<u>8,481,767</u>
Engineering	872,779	872,779	739,068	133,711	643,764
Planning and Zoning	246,556	246,556	193,491	53,065	142,514
Total Engineering and Planning	<u>1,119,335</u>	<u>1,119,335</u>	<u>932,559</u>	<u>186,776</u>	<u>786,278</u>
Economic Development	136,034	136,034	149,899	(13,865)	145,598
Parks	772,090	772,090	746,555	25,535	685,851
Recreation	390,823	390,823	316,175	74,648	325,692
Total Culture and Recreation	<u>1,162,913</u>	<u>1,162,913</u>	<u>1,062,730</u>	<u>100,183</u>	<u>1,011,543</u>
<b>Total Expenditures</b>	<u><u>\$13,969,619</u></u>	<u><u>\$13,969,619</u></u>	<u><u>\$13,059,577</u></u>	<u><u>\$ 910,042</u></u>	<u><u>\$ 12,009,783</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, 2006

With Comparative Actual Amounts from the Previous Year

	2006				2005
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues:</b>					
Property Taxes	\$ 23,250	\$ 23,250	\$ 24,492	\$ 1,242	\$ 5,448
Fees and Services	70,000	70,000	72,516	2,516	69,822
Intergovernmental	1,983,000	1,983,000	1,992,649	9,649	1,918,352
Miscellaneous	90,000	90,000	338,496	248,496	30,048
<b>Total Revenues</b>	2,166,250	2,166,250	2,428,153	261,903	2,023,670
<b>Expenditures:</b>					
Current					
Highways and Streets	1,079,216	1,109,216	1,086,006	23,210	894,306
Capital Outlay	1,178,937	1,642,937	1,228,403	414,534	1,871,443
Debt Service					
Principal Retirement	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Expenditures</b>	2,258,153	2,752,153	2,314,409	437,744	2,765,749
Excess (Deficiency) of Revenues Over (Under) Expenditures	(91,903)	(585,903)	113,744	699,647	(742,079)
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In	61,698	61,698	61,698	-	58,760
Operating Transfers Out	(169,795)	(169,795)	(169,795)	-	(161,710)
<b>Total Other Sources (Uses)</b>	(108,097)	(108,097)	(108,097)	-	(102,950)
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Use:	\$ (200,000)	\$ (694,000)	5,647	\$ 699,647	(845,029)
<b>Fund Balances, October 1st</b>			1,970,043		2,815,072
<b>Fund Balances, September 30th</b>			\$ 1,975,690		\$ 1,970,043

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, 2006  
With Comparative Actual Amounts from the Previous Year

	2006			Variance Favorable (Unfavorable)	2005 Actual
	Proposed Budget	Final Budget	Actual		
<b>Revenues:</b>					
Property Taxes	\$ 230,845	\$ 230,845	\$ 235,775	\$ 4,930	\$ 214,064
Fees and Services	322,350	322,350	372,211	49,861	402,670
Intergovernmental	229,544	229,544	229,544	-	207,913
Federal Grants	-	-	-	-	-
Farm Income	24,300	24,300	25,386	-	23,086
Miscellaneous	58,500	58,500	77,938	19,438	68,333
<b>Total Revenues</b>	<u>865,539</u>	<u>865,539</u>	<u>940,854</u>	<u>74,229</u>	<u>916,066</u>
<b>Expenditures:</b>					
Current					
Airport	710,549	710,549	595,765	114,784	633,615
<b>Total Expenditures</b>	<u>710,549</u>	<u>710,549</u>	<u>595,765</u>	<u>114,784</u>	<u>633,615</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	154,990	154,990	345,089	190,099	282,451
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(154,990)	(154,990)	(154,990)	-	(220,793)
<b>Total Other Sources (Uses)</b>	<u>(154,990)</u>	<u>(154,990)</u>	<u>(154,990)</u>	<u>-</u>	<u>(220,793)</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ -</u>	190,099	<u>\$ 190,099</u>	61,658
<b>Fund Balances, October 1st</b>			<u>726,311</u>		<u>664,653</u>
<b>Fund Balances, September 30th</b>			<u>\$ 916,410</u>		<u>\$ 726,311</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, 2006

With Comparative Actual Amounts from the Previous Year

	2006				
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Actual
<b>Revenues:</b>					
Property Taxes	\$ 336,088	\$ 336,088	\$ 348,245	\$ 12,157	\$ 582,686
Intergovernmental	964,857	964,857	1,027,290	62,433	963,823
Federal Grants	108,000	108,000	5,623	(102,377)	505,400
Miscellaneous	316,303	316,303	355,533	39,230	343,422
<b>Total Revenues</b>	<b>1,725,248</b>	<b>1,725,248</b>	<b>1,736,691</b>	<b>11,443</b>	<b>2,395,331</b>
<b>Expenditures:</b>					
Current					
General Government	144,720	144,720	177,313	(32,593)	81,397
Public Safety	488,421	488,421	323,658	164,763	481,290
Culture and Recreation	245,150	245,150	335,548	(90,398)	235,966
Highways and Streets	19,482	19,482	21,186	(1,704)	47,073
Capital Outlay	1,120,047	1,120,047	768,190	351,857	1,264,321
<b>Total Expenditures</b>	<b>2,017,820</b>	<b>2,017,820</b>	<b>1,625,895</b>	<b>391,925</b>	<b>2,110,047</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(292,572)	(292,572)	110,796	403,368	285,284
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	88,159	88,159	88,159	-	18,500
Operating Transfers Out	(31,000)	(31,000)	(31,000)	-	(10,400)
<b>Total Other Sources (Uses)</b>	<b>57,159</b>	<b>57,159</b>	<b>57,159</b>	<b>-</b>	<b>8,100</b>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<b>\$ (235,413)</b>	<b>\$ (235,413)</b>	<b>167,955</b>	<b>\$ 403,368</b>	<b>293,384</b>
<b>Fund Balances, October 1st</b>			<b>989,471</b>		<b>696,087</b>
<b>Fund Balances, September 30th</b>			<b>\$ 1,157,426</b>		<b>\$ 989,471</b>

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, 2006

With Comparative Actual Amounts from the Previous Year

	2006				2005
	Proposed and Final Budget	Proposed and Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues:</b>					
Fees and Services	\$ 130,000	\$ 130,000	\$ 134,827	\$ 4,827	\$ 135,388
Intergovernmental	-	-	-	-	15,000
Federal Grants	2,000,000	2,000,000	1,526,691	(473,309)	3,717,336
Miscellaneous	1,000	1,000	2,179	1,179	1,294
<b>Total Revenues</b>	<u>2,131,000</u>	<u>2,131,000</u>	<u>1,663,697</u>	<u>(467,303)</u>	<u>3,869,018</u>
<b>Expenditures:</b>					
Current					
Airport	2,203,372	2,203,372	1,909,504	293,868	3,724,540
<b>Total Expenditures</b>	<u>2,203,372</u>	<u>2,203,372</u>	<u>1,909,504</u>	<u>293,868</u>	<u>3,724,540</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(72,372)	(72,372)	(245,807)	(173,435)	144,478
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	72,372	72,372	72,372	-	142,109
Operating Transfers Out	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	<u>72,372</u>	<u>72,372</u>	<u>72,372</u>	<u>-</u>	<u>142,109</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ -</u>	(173,435)	<u>\$ (173,435)</u>	286,587
<b>Fund Balances, October 1st</b>			(1,101,684)		(1,388,271)
<b>Fund Balances, September 30th</b>			<u>\$ (1,275,119)</u>		<u>\$ (1,101,684)</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, 2006

With Comparative Actual Amounts from the Previous Year

	2006			Variance Favorable (Unfavorable)	2005 Actual
	Proposed Budget	Final Budget	Actual		
<b>Operating Revenues:</b>					
Charges for Services	\$ 4,494,694	\$ 4,494,694	4,149,405	\$ (345,289)	\$ 3,797,331
Taps, Connection and Other Fees	200,000	200,000	213,010	13,010	302,230
Miscellaneous	69,000	69,000	92,173	23,173	96,926
<b>Total Operating Revenues</b>	<u>4,763,694</u>	<u>4,763,694</u>	<u>4,454,588</u>	<u>(309,106)</u>	<u>4,196,487</u>
<b>Operating Expenses:</b>					
Contracted Expenses	156,050	156,050	147,242	8,808	124,989
Personnel Expenses	1,464,957	1,464,957	1,253,705	211,252	1,186,993
Depreciation and Amortization	-	-	456,777	(456,777)	467,141
Utilities	585,100	585,100	478,049	107,051	527,891
Supplies	510,500	510,500	518,131	(7,631)	421,492
Repairs and Maintenance	598,502	598,502	(11,609)	610,111	78,443
Vehicle Expense	79,068	79,068	88,317	(9,249)	79,737
Studies and Projects	292,400	292,400	168,392	124,008	238,218
Rental Expense	155,500	155,500	74,584	80,916	72,985
Miscellaneous Expenses	26,300	26,300	46,136	(19,836)	(4,587)
Testing and Monitoring	37,500	37,500	36,919	581	38,360
Telephone	10,300	10,300	3,670	6,630	7,582
Travel and Meetings	8,900	8,900	3,110	5,790	2,395
<b>Total Operating Expenses</b>	<u>3,925,077</u>	<u>3,925,077</u>	<u>3,263,423</u>	<u>661,654</u>	<u>3,241,639</u>
Operating Income (Loss)	838,617	838,617	1,191,165	352,548	954,848
<b>Non-operating Revenues (Expenses):</b>					
Interest Income	210,000	210,000	241,743	31,743	159,943
Rent and Royalties	31,000	31,000	840	(30,160)	4,816
Interest Expense	(303,876)	(303,876)	(231,052)	72,824	(245,396)
<b>Total Non-operating Revenues (Exp)</b>	<u>(62,876)</u>	<u>(62,876)</u>	<u>11,531</u>	<u>74,407</u>	<u>(80,637)</u>
Income (Loss) before operating transfers	775,741	775,741	1,202,696	426,955	874,211
<b>Operating Transfers:</b>					
Operating Transfers In	193,584	193,584	193,584	-	184,366
Operating Transfers Out	(541,645)	(541,645)	(541,645)	-	(447,662)
Net Transfers	<u>(348,061)</u>	<u>(348,061)</u>	<u>(348,061)</u>	<u>-</u>	<u>(263,296)</u>
Net Income (Loss)	<u>\$ 427,680</u>	<u>\$ 427,680</u>	854,635	<u>\$ 426,955</u>	610,915
<b>Net Assets, October 1st</b>			<u>14,403,510</u>		<u>13,792,595</u>
<b>Net Assets, September 30th</b>			<u>\$ 15,258,145</u>		<u>\$ 14,403,510</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, 2006

With Comparative Actual Amounts from the Previous Year

	2006				
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Actual
<b>Operating Revenues:</b>					
Charges for Services	\$ 4,456,439	\$ 4,456,439	4,527,917	\$ 71,478	\$ 4,474,941
Taps, Connection and Other Fees	8,000	8,000	15,237	7,237	13,895
Miscellaneous	50,000	50,000	109,049	59,049	92,863
<b>Total Operating Revenues</b>	4,514,439	4,514,439	4,652,203	137,764	4,581,699
<b>Operating Expenses:</b>					
Contracted Expenses	2,553,326	2,553,326	2,369,849	183,477	2,635,265
Personnel Expenses	387,039	387,039	371,007	16,032	341,174
Depreciation and Amortization	-	-	733,504	(733,504)	729,808
Utilities	24,000	24,000	16,129	7,871	23,179
Supplies	17,800	17,800	17,595	205	10,680
Repairs and Maintenance	602,416	1,160,416	123,266	1,037,150	98,997
Vehicle Expense	27,575	27,575	32,375	(4,800)	23,193
Studies and Projects	-	-	46,530	(46,530)	-
Rental Expense	500	500	-	500	-
Miscellaneous Expenses	7,000	7,000	69,451	(62,451)	81,910
Telephone	1,800	1,800	418	1,382	858
Travel and Meetings	500	500	100	400	80
<b>Total Operating Expenses</b>	3,621,956	4,179,956	3,780,224	399,732	3,945,144
Operating Income (Loss)	892,483	334,483	871,979	537,496	636,555
<b>Non-operating Revenues (Expenses):</b>					
Development Fees	368,000	368,000	490,526	122,526	455,773
Interest Income	60,000	60,000	95,998	35,998	57,531
Interest Expense	(462,341)	(462,341)	(414,707)	47,634	(438,020)
<b>Total Non-operating Revenues (Exp)</b>	(34,341)	(34,341)	171,817	83,632	75,284
Income (Loss) before operating transfers	858,142	300,142	1,043,796	621,128	711,839
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(332,396)	(332,396)	(332,395)	1	(320,566)
Net Transfers	(332,396)	(332,396)	(332,395)	1	(320,566)
Net Income (Loss)	<u>\$ 525,746</u>	<u>\$ (32,254)</u>	711,401	<u>\$ 621,129</u>	391,273
<b>Net Assets, October 1st</b>			15,210,616		14,819,343
<b>Net Assets, September 30th</b>			<u>\$ 15,922,017</u>		<u>\$ 15,210,616</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, 2006  
With Comparative Actual Amounts from the Previous Year

	2006			2005 Actual
	Proposed and Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Operating Revenues:</b>				
Charges for Services	\$ 1,879,554	\$ 1,895,834	\$ 16,280	\$ 1,733,165
Miscellaneous	7,000	7,777	777	(268)
<b>Total Operating Revenues</b>	<u>1,886,554</u>	<u>1,903,611</u>	<u>17,057</u>	<u>1,732,897</u>
<b>Operating Expenses:</b>				
Contracted Expenses	918,200	921,887	(3,687)	746,641
Personnel Expenses	142,835	117,026	25,809	124,278
Depreciation and Amortization	-	4,423	(4,423)	2,819
Landfill Expenses	565,000	630,980	(65,980)	594,121
Supplies	3,200	635	2,565	1,643
Repairs and Maintenance	23,750	10,567	13,183	989
Vehicle Expense	4,491	3,572	919	4,025
Studies and Projects	8,550	1,520	7,030	1,415
Miscellaneous Expenses	4,800	11,864	(7,064)	194
Telephone	500	213	287	264
Travel and Meetings	500	317	183	290
<b>Total Operating Expenses</b>	<u>1,671,826</u>	<u>1,703,004</u>	<u>(31,178)</u>	<u>1,476,679</u>
Operating Income (Loss)	214,728	200,607	(14,121)	256,218
<b>Non-operating Revenues (Expenses):</b>				
Interest Income	10,000	21,278	11,278	12,095
Interest Expense	-	-	-	-
<b>Total Non-operating Revenues (Expenses)</b>	<u>10,000</u>	<u>21,278</u>	<u>11,278</u>	<u>12,095</u>
Income (Loss) before operating transfers	224,728	221,885	(2,843)	268,313
<b>Operating Transfers:</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	(116,607)	(116,607)	-	(117,554)
Net Transfers	<u>(116,607)</u>	<u>(116,607)</u>	<u>-</u>	<u>(117,554)</u>
Net Income (Loss)	<u>\$ 108,121</u>	105,278	<u>\$ (2,843)</u>	150,759
<b>Net Assets, October 1st</b>		<u>600,245</u>		<u>449,486</u>
<b>Net Assets, September 30th</b>		<u>\$ 705,523</u>		<u>\$ 600,245</u>

See accountants' report.

## **SUPPLEMENTARY INFORMATION**

**City of Twin Falls, Idaho**  
Combining Statement - Other Governmental Funds  
Fund Balance Sheets  
September 30, 2006

	Special Revenue Funds			Debt Service Fund		
	Street Light	Library	Total	LID Guarantee Bond	Library Bond	Total
<b>Assets</b>						
Cash and Cash Equivalents	\$ -	\$ 264,958	\$ 264,958	\$ -	\$ -	\$ -
Restricted Cash				443,394	59,258	502,652
Investments		1,562	1,562			
Receivables (net of allowance)						
Taxes	332	27,662	27,994		33	33
Fees and Services						
Intergovernmental	87	7,634	7,721		10	10
Interest		0	0	-	-	-
Accounts	73,783		73,783			
Due from Other Funds						
Deferred Charges						
<b>Total Assets</b>	\$ 74,202	\$ 301,816	\$ 376,018	\$ 443,394	\$ 59,301	\$ 502,695
<b>Liabilities</b>						
Accounts Payable	\$ 10,632	\$ 3,140	\$ 13,772			
Accrued Expenses		7,997	7,997			
Deferred Revenue	332	27,662	27,994		33	33
Customer Deposits Payable						
Due to Other Funds	233,920		233,920			
<b>Total Liabilities</b>	244,884	38,799	283,683	-	33	33
<b>Fund Balance</b>						
Reserved for:						
Dedicated Purposes						
Debt Service				443,394	59,268	502,662
Unreserved:						
Designated For Subsequent Year's Exp.						
Undesignated	(170,682)	263,017	92,335			
<b>Total Fund Balance</b>	(170,682)	263,017	92,335	443,394	59,268	502,662
<b>Total Liabilities and Fund Equity</b>	\$ 74,202	\$ 301,816	\$ 376,018	\$ 443,394	\$ 59,301	\$ 502,695

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, 2006

	Special Revenue Funds			Debt Service Fund		
	Street Light	Library	Total	LID		
				Guarantee Bond	Library Bond	Total
<b>Revenues</b>						
Property Taxes, Including Interest	\$ 21,599	\$ 1,102,379	\$ 1,123,978	\$ -	\$ 433	\$ 433
Other Taxes	255,730		255,730			
Special Assessments, Including Interest						
Fines and Forfeitures		30,305	30,305			
Licenses and Permits						
Fees and Services		39,604	39,604			
Intergovernmental						
Federal Grants						
Miscellaneous	28,091	8,818	36,909	15,639	3,890	19,529
Total Revenue	305,420	1,181,106	1,486,526	15,639	4,323	19,962
<b>Expenditures</b>						
Current						
General Government					-	-
Public Safety						
Engineering						
Community Development						
Culture and Recreation		1,049,715	1,049,715			
Highway and Streets	311,921		311,921			
Airport						
Capital Outlay		5,363	5,363			
Debt Service						
Principal Retirement					-	-
Interest					-	-
Total Expenditures	311,921	1,055,078	1,366,999	-	-	-
Excess of Revenues Over (Under) Expenditures	(6,501)	126,028	119,527	15,639	4,323	19,962
<b>Operating Transfers</b>						
Transfers In		68,888	68,888			
Transfers Out	15,023	76,364	91,387	-	78,809	78,809
Net Transfers	(15,023)	(7,476)	(22,499)	-	(78,809)	(78,809)
<b>Net Change in Fund Balance</b>	(21,524)	118,552	97,028	15,639	(74,486)	(58,847)
<b>Fund Balance October 1, 2005</b>	(149,158)	144,465	(4,693)	427,755	133,754	561,509
<b>Fund Balance September 30, 2006</b>	\$ (170,682)	\$ 263,017	\$ 92,335	\$ 443,394	\$ 59,268	\$ 502,662

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, 2006

Capital Projects Fund					Other Permanent Funds				Total Other
Historic Preservation	Idaho CDBG	Industrial Develop.	Trail Fund	Total	Drug Seizure	Historic Downtown	Fireworks	Total	Government Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,124,411
					23,932	93,171		117,103	255,730
									117,103
									30,305
							5,439	5,439	39,604
-	-	-							5,439
		47,232	10,012	57,244		53,062		53,062	-
-	-	47,232	10,012	57,244	23,932	146,233	5,439	175,604	166,744
									1,739,336
									-
					33,972			33,972	33,972
-	(31)			(31)		235,185	5,000	240,185	240,154
									1,049,715
									311,921
									5,363
									-
-	(31)	-	-	(31)	33,972	235,185	5,000	274,157	1,641,125
									-
-	31	47,232	10,012	57,275	(10,040)	(88,952)	439	(98,553)	98,211
									114,180
									170,196
-	-	-	-	-	-	45,292	-	45,292	(56,016)
									-
-	31	47,232	10,012	57,275	(10,040)	(43,660)	439	(53,261)	42,195
(3,987)	(31)	-	-	(4,018)	59,407	36,724	462	96,593	649,391
\$ (3,987)	\$ -	\$ 47,232	\$ 10,012	\$ 53,257	\$ 49,367	\$ (6,936)	\$ 901	\$ 43,332	\$ 691,586

See accountants' report.

**City of Twin Falls, Idaho**  
Combining Statement - Proprietary Funds  
Fund Balance Sheets  
September 30, 2006

**Business-Type Activities**

	<b>Dierkes Lake Shoshone</b>				<b>Total</b>
	<b>Golf</b>	<b>Pool</b>	<b>Falls</b>	<b>Parking</b>	
<b>Assets</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ 245,009	\$ 7,946	\$ 252,955
Investments			-	-	-
Receivables (net of allowance for uncollected.)					
Fees and Services					-
Intergovernmental		30,912			30,912
Interest					-
Accounts	9,588	-	(1)	-	9,587
Inventories					-
Total Current Assets	9,588	30,912	245,008	7,946	293,454
Restricted Assets					-
Deferred Charges					-
Fixed Assets (Net of Accum. Depreciation)	644,804	785,039	903,754	1,811	2,335,408
<b>Total Assets</b>	<b>\$ 654,392</b>	<b>\$ 815,951</b>	<b>\$ 1,148,762</b>	<b>\$ 9,757</b>	<b>\$ 2,628,862</b>
<b>Liabilities and Equity</b>					
Current Liabilities:					
Accounts Payable	\$ 5,874	\$ 1,480	\$ 1,782	\$ -	\$ 9,136
Accrued Expenses	565				565
Due to Other Funds	362,021	337,286	1		699,308
Notes Payable - Current	31,601				31,601
Compensated absences	14,482				14,482
<b>Total Current Liabilities</b>	<b>414,543</b>	<b>338,766</b>	<b>1,783</b>	<b>-</b>	<b>755,092</b>
Current Liab. Payable from Restricted Assets:					
Revenue Bonds Payable - Current					
Customer Deposits Payable					
<b>Total Curr. Liab. From Restricted Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
NonCurrent Liabilities:					
Notes Payable - Equipment	-				-
Revenue Bonds Payable (Net of Discounts)					-
Total Non-Current Liabilities	-	-	-	-	-
<b>Total Liabilities</b>	<b>414,543</b>	<b>338,766</b>	<b>1,783</b>	<b>-</b>	<b>755,092</b>
<b>Net Assets</b>					
Invested In Capital Assets, net of related debt	613,203	785,039	903,754	1,811	2,303,807
Restricted					-
Unrestricted	(373,354)	(307,854)	243,225	7,946	(430,037)
<b>Total Equity</b>	<b>239,849</b>	<b>477,185</b>	<b>1,146,979</b>	<b>9,757</b>	<b>1,873,770</b>
<b>Total Liabilities and Equity</b>	<b>\$ 654,392</b>	<b>\$ 815,951</b>	<b>\$ 1,148,762</b>	<b>\$ 9,757</b>	<b>\$ 2,628,862</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, 2006

	<b>Business-Type Activities</b>				
	<b>Dierkes Lake Shoshone</b>				<b>Totals</b>
	<b>Golf</b>	<b>Pool</b>	<b>Falls</b>	<b>Parking</b>	
<b>Operating Revenues:</b>					
Charges for Services	\$ 337,335	\$ -	\$ 264,845	\$ 72,267	\$ 674,447
Taps, Connection and Other Fees					-
Miscellaneous	31,666	-			31,666
<b>Total Operating Revenues</b>	<u>369,001</u>	<u>-</u>	<u>264,845</u>	<u>72,267</u>	<u>706,113</u>
<b>Operating Expenses:</b>					
Contracted Services	49,348	50,603	40,316	-	140,267
Personal Expenses	183,367		52,868	34,762	270,997
Depreciation and Amortization	26,324	35,139	28,289	630	90,382
Utilities	9,245	111,982	2,480		123,707
Landfill Expenses					-
Supplies	32,988	-	876		33,864
Insurance					-
Repairs & Maintenance	35,857	11,348	6,638	-	53,843
Vehicle Expenses	21,935		252		22,187
Studies and Projects	12,452				12,452
Rental Expense	534				534
Miscellaneous Expense	2,025	-	3,576	2,289	7,890
Testing and Monitoring					-
Telephone	140	3	164		307
Travel & Meetings	385				385
<b>Total Operating Expenses</b>	<u>374,600</u>	<u>209,075</u>	<u>135,459</u>	<u>37,681</u>	<u>756,815</u>
Operating Income (Loss)	(5,599)	(209,075)	129,386	34,586	(50,702)
<b>Non-operating Revenues (Expenses):</b>					
Development Fees					
Interest Income			13,086		13,086
Rent and Royalties					
Federal Grants					
Intergovernmental		111,951			111,951
Interest Expense	(1,679)				(1,679)
<b>Total Non-operating Revenues (Exp.)</b>	<u>(1,679)</u>	<u>111,951</u>	<u>13,086</u>	<u>-</u>	<u>123,358</u>
Income (Loss) before operating transfers	(7,278)	(97,124)	142,472	34,586	72,656
<b>Operating Transfers:</b>					
Operating Transfers In	-	78,491	38,576	-	117,067
Operating Transfers Out	(16,696)	-	(6,573)	(45,292)	(68,561)
<b>Net Transfers</b>	<u>(16,696)</u>	<u>78,491</u>	<u>32,003</u>	<u>(45,292)</u>	<u>48,506</u>
Net Income (Loss)	(23,974)	(18,633)	174,475	(10,706)	121,162
<b>Total Net Assets, October 1, 2005</b>	<u>263,823</u>	<u>495,818</u>	<u>972,504</u>	<u>20,463</u>	<u>1,752,608</u>
<b>Total Net Assets, September 30, 2006</b>	<u>\$ 239,849</u>	<u>\$ 477,185</u>	<u>\$ 1,146,979</u>	<u>\$ 9,757</u>	<u>\$ 1,873,770</u>

See accountants' report.

**City of Twin Falls, Idaho**  
Combining Statement - Internal Service Funds  
Fund Balance Sheets  
September 30, 2006

	<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	\$ 53,057	\$ 258,875	\$ 311,932
Investments	123,295	-	123,295
Receivables (net of allowance for uncollect.)			
Taxes	4,701		4,701
Fees and Services			-
Intergovernmental	1,299	-	1,299
Interest			-
Accounts	-	-	-
Inventories			-
Total Current Assets	<u>182,352</u>	<u>258,875</u>	<u>441,227</u>
Restricted Assets			
Deferred Charges			
Fixed Assets (Net of Accum. Depreciation)	-	339,851	339,851
<b>Total Assets</b>	<u><u>\$ 182,352</u></u>	<u><u>\$ 598,726</u></u>	<u><u>\$ 781,078</u></u>
<b><u>Liabilities and Equity</u></b>			
Current Liabilities:			
Accounts Payable	\$ 626	\$ 541	\$ 1,167
Accrued Expenses			-
Deferred Revenue	4,701		4,701
Notes Payable - Current			-
Compensated Absences	-	31,298	31,298
<b>Total Current Liabilities</b>	<u>5,327</u>	<u>31,839</u>	<u>37,166</u>
<b>Total Liabilities</b>	5,327	31,839	37,166
<b><u>Net Assets</u></b>			
Invested In Capital Assets, net of related debt	-	339,851	339,851
Restricted			-
Unrestricted	177,025	227,036	404,061
<b>Total Equity</b>	<u>177,025</u>	<u>566,887</u>	<u>743,912</u>
<b>Total Liabilities and Equity</b>	<u><u>\$ 182,352</u></u>	<u><u>\$ 598,726</u></u>	<u><u>\$ 781,078</u></u>

See accountants' report.

**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, 2006

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Shop</b>		
	<u>Insurance</u>	<u>Revolving</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Charges for Services	\$ -	\$ 210,786	\$ 210,786
Special Assessments, including interest Taps, Connection and Other Fees	183,606		183,606
Miscellaneous	4,362	3,862	8,224
<b>Total Operating Revenues</b>	<u>187,968</u>	<u>214,648</u>	<u>402,616</u>
<b>Operating Expenses:</b>			
Contracted Services	-	770	770
Personal Expenses	-	169,228	169,228
Depreciation and Amortization	-	9,875	9,875
Utilities	-	6,527	6,527
Landfill Expenses	-		-
Supplies	-	6,872	6,872
Insurance	279,821		279,821
Repairs & Maintenance	-	3,244	3,244
Vehicle Expenses	-	2,229	2,229
Studies and Projects	-		-
Rental Expense	-		-
Miscellaneous Expense	807	-	807
Testing and Monitoring	-		-
Telephone	-	5	5
Travel & Meetings	129		129
<b>Total Operating Expenses</b>	<u>280,757</u>	<u>198,750</u>	<u>479,507</u>
Operating Income (Loss)	(92,789)	15,898	(76,891)
<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	(92,789)	15,898	(76,891)
<b>Operating Transfers:</b>			
Operating Transfers In	<u>159,871</u>		159,871
Operating Transfers Out	<u>(37,559)</u>	-	<u>(37,559)</u>
<b>Net Transfers</b>	<u>122,312</u>	<u>-</u>	<u>122,312</u>
Net Income (Loss)	29,523	15,898	45,421
<b>Total Net Assets, October 1, 2005</b>	<u>147,502</u>	<u>550,989</u>	<u>698,491</u>
<b>Total Net Assets, September 30, 2006</b>	<u>\$ 177,025</u>	<u>\$ 566,887</u>	<u>\$ 743,912</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, 2006  
With Comparative Actual Amounts from the Previous Year

	2006				2005 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Revenues:</b>					
Property Taxes	\$ 22,023	\$ 22,023	\$ 21,599	\$ (424)	\$ 16
Non-Property Taxes	266,000	266,000	255,730	(10,270)	235,771
Miscellaneous & Intergovernmental	-	-	28,091	28,091	36,757
<b>Total Revenues</b>	<u>288,023</u>	<u>288,023</u>	<u>305,420</u>	<u>17,397</u>	<u>272,544</u>
<b>Expenditures:</b>					
Current					
Highways and Streets	273,000	273,000	311,921	(38,921)	308,364
<b>Total Expenditures</b>	<u>273,000</u>	<u>273,000</u>	<u>311,921</u>	<u>(38,921)</u>	<u>308,364</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,023	15,023	(6,501)	(21,524)	(35,820)
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	-	0	-	-	-
Operating Transfers Out	(15,023)	(15,023)	(15,023)	-	(14,308)
<b>Total Other Sources (Uses)</b>	<u>(15,023)</u>	<u>(15,023)</u>	<u>(15,023)</u>	<u>-</u>	<u>(14,308)</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ -</u>	(21,524)	<u>\$ (21,524)</u>	(50,128)
<b>Fund Balances, October 1st</b>			<u>(149,158)</u>		<u>(99,030)</u>
<b>Fund Balances, September 30th</b>			<u>\$ (170,682)</u>		<u>\$ (149,158)</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, 2006  
With Comparative Actual Amounts from the Previous Year

	2006			2005 Actual
	Proposed and Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Revenues:</b>				
Property Taxes	\$ 1,077,082	\$ 1,102,379	\$ 25,297	\$ 1,056,154
Fines and Forfeits	28,000	30,305	2,305	28,216
Fees and Services	32,500	39,604	7,104	29,190
Miscellaneous	3,500	8,818	5,318	3,022
<b>Total Revenues</b>	<b>1,141,082</b>	<b>1,181,106</b>	<b>40,024</b>	<b>1,116,582</b>
<b>Expenditures:</b>				
Current				
Culture and Recreation	1,141,082	1,049,715	91,367	971,807
Capital Outlay	0	5,363	(5,363)	58,410
<b>Total Expenditures</b>	<b>1,141,082</b>	<b>1,055,078</b>	<b>86,004</b>	<b>1,030,217</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	126,028	126,028	86,365
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	68,888	(68,888)	60,660
Operating Transfers Out	-	(76,364)	76,364	-
<b>Total Other Sources (Uses)</b>	-	(7,476)	7,476	60,660
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	118,552	<u>\$ 133,504</u>	147,025
<b>Fund Balances, October 1st</b>		144,465		(2,560)
<b>Fund Balances, September 30th</b>		<u>\$ 263,017</u>		<u>\$ 144,465</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, 2006  
With Comparative Actual Amounts from the Previous Year

	2006			2005 Actual
	Proposed and Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Revenues:</b>				
Miscellaneous	\$ 13,000	\$ 15,639	\$ 2,639	\$ 14,078
<b>Total Revenues</b>	13,000	15,639	2,639	14,078
<b>Expenditures:</b>				
Debt Service				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,000	15,639	\$ 2,639	14,078
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	0	-	-	-
<b>Total Other Sources (Uses)</b>	-	-	-	-
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ 13,000</u>	15,639	<u>\$ 2,639</u>	14,078
<b>Fund Balances, October 1st</b>		<u>427,755</u>		<u>413,677</u>
<b>Fund Balances, September 30th</b>		<u>\$ 443,394</u>		<u>\$ 427,755</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, 2006  
With Comparative Actual Amounts from the Previous Year

	2006			Variance Favorable (Unfavorable)	2005 Actual
	Proposed Budget	Final Budget	Actual		
<b>Revenues:</b>					
Property Taxes, Including Penalty and Interest	\$ -	\$ -	\$ 433	\$ 433	\$ 7,788
Miscellaneous	-	-	3,890	3,890	5,714
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>4,323</u>	<u>4,323</u>	<u>13,502</u>
<b>Expenditures:</b>					
Current					
General Government	-	-	-	-	0
Debt Service					
Principal Retirement	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>4,323</u>	<u>4,323</u>	<u>13,502</u>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	-	-	-		
Operating Transfers Out	(74,079)	(7,000)	(78,809)		(54,260)
<b>Total Other Sources (Uses)</b>	<u>(74,079)</u>	<u>(7,000)</u>	<u>(78,809)</u>		<u>(54,260)</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ (74,079)</u>	<u>\$ (7,000)</u>	<u>\$ (74,486)</u>	<u>\$ 4,323</u>	
<b>Fund Balances, October 1st</b>			<u>133,754</u>		<u>174,512</u>
<b>Fund Balances, September 30th</b>			<u>\$ 59,268</u>		<u>\$ 133,754</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, 2006  
 With Comparative Actual Amounts from the Previous Year

	2006			Variance Favorable (Unfavorable)	2005
	Proposed Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 13
Federal Grants	-	-	-	-	8,007
Miscellaneous	-	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,020</u>
<b>Expenditures:</b>					
Current					
Community Development	-	-	-	-	4,772
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,772</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	3,248
<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>	-	<u>\$ -</u>	3,248
<b>Fund Balances, October 1st</b>			<u>(3,987)</u>		<u>(7,235)</u>
<b>Fund Balances, September 30th</b>			<u>\$ (3,987)</u>		<u>\$ (3,987)</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
 Capital Projects - Community Development Block Grant  
 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended September 30, 2006  
 With Comparative Actual Amounts from the Previous Year

	2006			2005 Actual
	Proposed and Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Revenues:</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Federal Grants	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	-	-	-	-
<b>Expenditures:</b>				
Current				
Community Development	-	(31)	31	-
<b>Total Expenditures</b>	-	(31)	31	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	31	31	-
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
<b>Total Other Sources (Uses)</b>	-	-	-	-
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	\$ -	31	\$ 31	-
<b>Fund Balances, October 1st</b>		(31)		(31)
<b>Fund Balances, September 30th</b>		\$ -		\$ (31)

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**

Capital Projects - Industrial Development

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

For the Fiscal Year Ended September 30, 2006

With Comparative Actual Amounts from the Previous Year

	2006				
	Proposed and Final Budget	Proposed and Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Actual
<b>Revenues:</b>					
Miscellaneous	\$ -	\$ -	\$ 47,232	\$ 47,232	\$ -
<b>Total Revenues</b>	-	-	47,232	47,232	-
<b>Expenditures:</b>					
Current					
Industrial Development	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	47,232	47,232	-
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	-	-	-	-	-
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	\$ -	\$ -	47,232	\$ 47,232	-
<b>Fund Balances, October 1st</b>			-		-
<b>Fund Balances, September 30th</b>			\$ 47,232		\$ -

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, 2006

With Comparative Actual Amounts from the Previous Year

	2006				
	Proposed and Final Budget	Proposed and Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Actual
<b>Revenues:</b>					
Miscellaneous	\$ -	\$ -	\$ 10,012	\$ 10,012	\$ -
<b>Total Revenues</b>	-	-	10,012	10,012	-
<b>Expenditures:</b>					
Current					
Trail Fund	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	10,012	10,012	-
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	-	-	-	-	-
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	\$ -	\$ -	10,012	\$ 10,012	-
<b>Fund Balances, October 1st</b>			-		-
<b>Fund Balances, September 30th</b>			\$ 10,012		\$ -

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, 2006  
 With Comparative Actual Amounts from the Previous Year

	2006			2005 Actual
	Proposed and Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Operating Revenues:</b>				
Special Assessments, Including Interest	\$ -	\$ 23,932	\$ 23,932	\$ 13,343
Miscellaneous	-	-	-	-
<b>Total Operating Revenues</b>	-	23,932	23,932	13,343
<b>Operating Expenses:</b>				
Public Safety	21,960	33,972	(12,012)	8,613
<b>Total Operating Expenses</b>	21,960	33,972	(12,012)	8,613
Income (Loss) before operating transfers	(21,960)	(10,040)	11,920	4,730
<b>Operating Transfers:</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Net Transfers	-	-	-	-
Net Income (Loss)	\$ (21,960)	(10,040)	\$ 11,920	4,730
<b>Net Assets, October 1st</b>		59,407		54,677
<b>Net Assets, September 30th</b>		\$ 49,367		\$ 59,407

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, 2006

With Comparative Actual Amounts from the Previous Year

	2006			2005
	Proposed and Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Operating Revenues:</b>				
Special Assessments, Including Interest	88,000	\$ 93,171	\$ 5,171	88,977
Miscellaneous	80,600	53,062	(27,538)	69,054
<b>Total Operating Revenues</b>	168,600	146,233	(22,367)	158,031
<b>Operating Expenses:</b>				
Community Development	183,600	235,185	(51,585)	234,625
<b>Total Operating Expenses</b>	183,600	235,185	(51,585)	234,625
Income (Loss) before operating transfers	(15,000)	(88,952)	(73,952)	(76,594)
<b>Operating Transfers:</b>				
Operating Transfers In	15,000	45,292	30,292	58,617
Operating Transfers Out	-	-	-	-
<b>Net Transfers</b>	15,000	45,292	30,292	58,617
Net Income (Loss)	\$ -	(43,660)	\$ (43,660)	(17,977)
<b>Net Assets, October 1st</b>		36,724		54,701
<b>Net Assets, September 30th</b>		\$ (6,936)		\$ 36,724

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, 2006

With Comparative Actual Amounts from the Previous Year

	2006			
	Proposed and Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Actual
<b>Operating Revenues:</b>				
Intergovernmental	\$ 5,000	\$ 5,439	\$ 439	\$ 5,509
Miscellaneous	10,000	-	(10,000)	-
<b>Total Operating Revenues</b>	15,000	5,439	(9,561)	5,509
<b>Operating Expenses:</b>				
Community Development	15,000	5,000	10,000	5,000
<b>Total Operating Expenses</b>	15,000	5,000	10,000	5,000
Income (Loss) before operating transfers	-	439	439	509
<b>Operating Transfers:</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Net Transfers	-	-	-	-
Net Income (Loss)	\$ -	439	\$ 439	509
<b>Net Assets, October 1st</b>		462		(47)
<b>Net Assets, September 30th</b>		\$ 901		\$ 462

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, 2006  
With Comparative Actual Amounts from the Previous Year

	2006				2005 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Operating Revenues:</b>					
Charges for Services	\$ 338,013	\$ 338,013	\$ 337,335	\$ (678)	\$ 314,016
Miscellaneous	29,750	29,750	31,666	1,916	29,740
<b>Total Operating Revenues</b>	<u>367,763</u>	<u>367,763</u>	<u>369,001</u>	<u>1,238</u>	<u>343,756</u>
<b>Operating Expenses:</b>					
Contracted Expenses	43,710	43,710	49,348	(5,638)	44,009
Personnel Expenses	185,058	205,058	183,367	21,691	190,334
Depreciation and Amortization	-	-	26,324	(26,324)	29,329
Utilities	7,500	7,500	9,245	(1,745)	5,931
Supplies	44,974	44,974	32,988	11,986	53,237
Repairs and Maintenance	44,733	44,733	35,857	8,876	18,215
Vehicle Expense	22,592	22,592	21,935	657	20,797
Studies and Projects	0	21,000	12,452	8,548	9,164
Rental Expense	-	-	534	(534)	0
Miscellaneous Expenses	1,500	1,500	2,025	(525)	1,007
Telephone	1,000	1,000	140	860	1,932
Travel and Meetings	-	-	385	(385)	35
<b>Total Operating Expenses</b>	<u>351,067</u>	<u>392,067</u>	<u>374,600</u>	<u>17,467</u>	<u>373,990</u>
Operating Income (Loss)	16,696	(24,304)	(5,599)	18,705	(30,234)
<b>Non-operating Revenues (Expenses):</b>					
Interest Income	-	-	-	-	-
Interest Expense	-	-	(1,679)	(1,679)	(2,752)
<b>Total Non-operating Revenues (Exp)</b>	<u>-</u>	<u>-</u>	<u>(1,679)</u>	<u>(1,679)</u>	<u>(2,752)</u>
Income (Loss) before operating transfers	16,696	(24,304)	(7,278)	17,026	(32,986)
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(16,696)	(16,696)	(16,696)	-	(15,901)
Net Transfers	<u>(16,696)</u>	<u>(16,696)</u>	<u>(16,696)</u>	<u>-</u>	<u>(15,901)</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ (41,000)</u>	<u>(23,974)</u>	<u>\$ 17,026</u>	<u>(48,887)</u>
<b>Net Assets, October 1st</b>			<u>263,823</u>		<u>312,710</u>
<b>Net Assets, September 30th</b>			<u>\$ 239,849</u>		<u>\$ 263,823</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, 2006  
With Comparative Actual Amounts from the Previous Year

	2006				2005 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Operating Revenues:</b>					
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-
<b>Total Operating Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating Expenses:</b>					
Contracted Expenses	50,000	50,000	50,601	(601)	50,000
Personnel Expenses	-	-	-	-	-
Depreciation and Amortization	-	-	35,139	(35,139)	37,028
Utilities	129,000	129,000	111,984	17,016	104,453
Supplies	-	-	-	-	-
Repairs and Maintenance	3,700	20,700	11,348	9,352	14,913
Miscellaneous Expenses	-	-	-	-	-
Telephone	-	-	3	(3)	379
Travel and Meetings	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>182,700</u>	<u>199,700</u>	<u>209,075</u>	<u>(9,375)</u>	<u>206,773</u>
Operating Income (Loss)	(182,700)	(199,700)	(209,075)	(9,375)	(206,773)
<b>Non-operating Revenues (Expenses):</b>					
Intergovernmental	104,209	104,209	111,951	7,742	104,149
Interest Expense	-	-	-	-	-
<b>Total Non-operating Revenues (Exp)</b>	<u>104,209</u>	<u>104,209</u>	<u>111,951</u>	<u>7,742</u>	<u>104,149</u>
Income (Loss) before operating transfers	(78,491)	(95,491)	(97,124)	(1,633)	(102,624)
<b>Operating Transfers:</b>					
Operating Transfers In	78,491	95,491	78,491	(17,000)	62,452
Operating Transfers Out	-	-	-	-	-
Net Transfers	<u>78,491</u>	<u>95,491</u>	<u>78,491</u>	<u>(17,000)</u>	<u>62,452</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	(18,633)	<u>\$ (18,633)</u>	(40,172)
<b>Net Assets, October 1st</b>			<u>495,818</u>		<u>535,990</u>
<b>Net Assets, September 30th</b>			<u>\$ 477,185</u>		<u>\$ 495,818</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, 2006  
With Comparative Actual Amounts from the Previous Year

	2006			2005 Actual
	Proposed and Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Operating Revenues:</b>				
Charges for Services	\$ 95,500	\$ 264,846	\$ 169,346	\$ 126,336
Miscellaneous	-	-	-	20
<b>Total Operating Revenues</b>	<u>95,500</u>	<u>264,846</u>	<u>169,346</u>	<u>126,356</u>
<b>Operating Expenses:</b>				
Contracted Expenses	34,600	40,316	(5,716)	27,416
Personnel Expenses	59,903	52,868	7,035	36,295
Depreciation and Amortization	-	28,289	(28,289)	28,278
Utilities	2,600	2,480	120	2,746
Supplies	4,500	876	3,624	2,420
Repairs and Maintenance	21,500	6,638	14,862	5,278
Vehicle Expense	1,100	252	848	1,193
Miscellaneous Expenses	6,500	3,576	2,924	5,550
Telephone	800	164	636	457
<b>Total Operating Expenses</b>	<u>131,503</u>	<u>135,459</u>	<u>(3,956)</u>	<u>109,633</u>
Operating Income (Loss)	(36,003)	129,387	165,390	16,723
<b>Non-operating Revenues (Expenses):</b>				
Interest Income	4,000	13,085	9,085	6,070
Interest Expense	-	-	-	-
<b>Total Non-operating Revenues (Exp)</b>	<u>4,000</u>	<u>13,085</u>	<u>9,085</u>	<u>6,070</u>
Income (Loss) before operating transfers	(32,003)	142,472	174,475	22,793
<b>Operating Transfers:</b>				
Operating Transfers In	38,576	38,576	-	28,363
Operating Transfers Out	(6,573)	(6,573)	-	(6,260)
Net Transfers	<u>32,003</u>	<u>32,003</u>	<u>-</u>	<u>22,103</u>
Net Income (Loss)	<u>\$ -</u>	174,475	<u>\$ 174,475</u>	44,896
<b>Net Assets, October 1st</b>		<u>972,504</u>		<u>927,608</u>
<b>Net Assets, September 30th</b>		<u>\$ 1,146,979</u>		<u>\$ 972,504</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, 2006

With Comparative Actual Amounts from the Previous Year

	2006			
	Proposed and Final Budget	Actual	Variance Favorable (Unfavorable)	2005 Actual
<b>Operating Revenues:</b>				
Charges for Services	\$ -	\$ 72,267	\$ 72,267	\$ 65,225
Miscellaneous	-	-	-	-
<b>Total Operating Revenues</b>	-	72,267	72,267	65,225
<b>Operating Expenses:</b>				
Contracted Expenses	-	-	-	-
Personnel Expenses	-	34,762	(34,762)	16,251
Depreciation and Amortization	-	629	(629)	629
Repairs and Maintenance	-	-	-	-
Miscellaneous Expenses	-	2,289	(2,289)	4,668
<b>Total Operating Expenses</b>	-	37,680	(37,680)	21,548
Operating Income (Loss)	-	34,587	34,587	43,677
<b>Non-operating Revenues (Expenses):</b>				
Interest Income	-	-	-	-
Interest Expense	-	-	-	-
<b>Total Non-operating Revenues (Expenses)</b>	-	-	-	-
Income (Loss) before operating transfers	-	34,587	34,587	43,677
<b>Operating Transfers:</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	(45,292)	(45,292)	(43,617)
Net Transfers	-	(45,292)	(45,292)	(43,617)
Net Income (Loss)	\$ -	(10,705)	\$ (10,705)	60
<b>Net Assets, October 1st</b>		20,462		20,402
<b>Net Assets, September 30th</b>		\$ 9,757		\$ 20,462

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, 2006  
With Comparative Actual Amounts from the Previous Year

	2006				2005 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Operating Revenues:</b>					
Special Assessments, Including Interest	\$ 179,238	\$ 179,238	183,606	\$ 4,368	\$ 177,121
Miscellaneous	4,000	4,000	4,362	362	1,127
<b>Total Operating Revenues</b>	<u>183,238</u>	<u>183,238</u>	<u>187,968</u>	<u>4,730</u>	<u>178,248</u>
<b>Operating Expenses:</b>					
Insurance Expense	303,000	303,000	279,821	23,179	298,700
Miscellaneous Expenses	1,550	1,550	807	743	995
Travel and Meetings	1,000	1,000	129	871	613
<b>Total Operating Expenses</b>	<u>305,550</u>	<u>305,550</u>	<u>280,757</u>	<u>24,793</u>	<u>300,308</u>
Operating Income (Loss)	(122,312)	(122,312)	(92,789)	29,523	(122,060)
<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	(122,312)	(122,312)	(92,789)	29,523	(122,060)
<b>Operating Transfers:</b>					
Operating Transfers In	159,871	159,871	159,871	-	152,258
Operating Transfers Out	(37,559)	(37,559)	(37,559)	-	(35,770)
Net Transfers	<u>122,312</u>	<u>122,312</u>	<u>122,312</u>	<u>-</u>	<u>116,488</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	29,523	<u>\$ 29,523</u>	(5,572)
<b>Net Assets, October 1st</b>			<u>147,502</u>		<u>153,074</u>
<b>Net Assets, September 30th</b>			<u>\$ 177,025</u>		<u>\$ 147,502</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, 2006  
With Comparative Actual Amounts from the Previous Year

	2006			2005 Actual
	Proposed and Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Operating Revenues:</b>				
Charges for Services	\$ 210,789	\$ 210,786	\$ (3)	\$ 203,078
Miscellaneous	-	3,862	3,862	1,066
<b>Total Operating Revenues</b>	<u>210,789</u>	<u>214,648</u>	<u>3,859</u>	<u>204,144</u>
<b>Operating Expenses:</b>				
Contracted Expenses	1,375	770	605	1,257
Personnel Expenses	183,650	169,228	14,422	170,758
Depreciation and Amortization	-	9,875	(9,875)	9,822
Utilities	6,200	6,527	(327)	5,827
Supplies	12,890	6,872	6,018	13,724
Repairs and Maintenance	5,000	3,244	1,756	4,620
Vehicle Expense	360	2,229	(1,869)	239
Miscellaneous Expenses	514	-	514	-
Telephone	800	5	795	379
<b>Total Operating Expenses</b>	<u>210,789</u>	<u>198,750</u>	<u>12,039</u>	<u>206,626</u>
Operating Income (Loss)	-	15,898	15,898	(2,482)
<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>
Income (Loss) before operating transfers	-	15,898	15,898	(2,482)
<b>Operating Transfers:</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	0	-	-
Net Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ -</u>	<u>15,898</u>	<u>\$ 15,898</u>	<u>(2,482)</u>
<b>Net Assets, October 1st</b>		<u>550,989</u>		<u>553,471</u>
<b>Net Assets, September 30th</b>		<u>\$ 566,887</u>		<u>\$ 550,989</u>

See accountants' report.

## **SINGLE AUDIT INFORMATION**

Justamere Inn  
401 Gooding Street, Suite 203  
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**INDEPENDENT AUDITORS' REPORT - SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

City Council  
City of Twin Falls, Idaho

We have audited the financial statements of The City of Twin Falls, Idaho, as of and for the year ended September 30, 2006 and have issued our report thereon dated April 1, 2007. Those financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on those financial statements based upon our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 opinion.

Our audit was performed for the purpose of forming an opinion on the financial statements of City of Twin Falls, Idaho taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of City of Twin Falls, Idaho. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Sincerely,



HCM HOLMSTEAD, PLLC  
April 1, 2007

**CITY OF TWIN FALLS, IDAHO**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2006**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<b>Historical Society</b>			
Historic Preservation Fund Grants	15.904	16-02-17542	4,550
<b>Department of Transportation</b>			
State and Community Highway Safety	20.600	SPT0509	957
State and Community Highway Safety	20.600	SPT0611	5,907
<b>Federal Aviation Administration</b>			
Airport Improvement Program	20.106	AIP-16-0036-24	1,242,916
Airport Improvement Program	20.106	AIP-16-0036-25	<u>364,216</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,618,546</u>

CITY OF TWIN FALLS, IDAHO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year ended September 30, 2006

**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>
Airport Improvement Program	20.106

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

Auditee Qualified as low-risk auditee? Yes  No

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**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**

City Council  
City of Twin Falls, Idaho

We have audited the accompanying financial statements of 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, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 1, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Twin Falls, Idaho's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, funding agencies and pass-through entities of the City of Twin Falls, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "HCM Holmstead".

HCM HOLMSTEAD, PLLC

April 1, 2007

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO 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 compliance of the City of Twin Falls, Idaho, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2006. 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 *Governmental 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City of Twin Falls, Idaho's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Twin Falls, Idaho's compliance with those requirements.

In our opinion, the City of Twin Falls, Idaho complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2006

Internal Control Over Compliance

The 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 of Twin Falls, Idaho's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We did not note any matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City of Twin Falls, Idaho's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Sincerely,



HCM HOLMSTEAD, PLLC

April 1, 2007