

**CITY OF TWIN FALLS, IDAHO**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**MH**  
**&CO**  
Mahlke Hunsaker & Company PLLC  
Certified Public Accountants

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

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Mahlke Hunsaker & Company PLLC

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

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## INDEPENDENT AUDITORS' REPORT

January 25, 2012

City Council  
City of Twin Falls, Idaho

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Twin Falls, Idaho as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Twin Falls, Idaho's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Twin Falls, Idaho, as of September 30, 2011, 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 January 25, 2012, on our consideration of the City of Twin Falls, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Sincerely,

*Mahlke Hunsaker & Co.*

MAHLKE HUNSAKER & CO., PLLC



# City of Twin Falls, Idaho

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

As of and for the Year Ended September 30, 2011

The following discussion and analysis of the City of Twin Falls' (City) financial activities for the year ended September 30, 2011 is provided by management of the City. Please read this analysis in conjunction with the City's financial statements that begin on page 13.

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

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

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

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

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

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

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

The City may act as a fiduciary for the financial activity of others. The Fiduciary Fund Statements are a reporting of that stewardship of monies held by the City in care for others at the end of the fiscal year.

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

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

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

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

## Financial Analysis of the City as a Whole

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

The table below presents the City's Condensed Statement of Net Assets as of September 30, 2011 and 2010, 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 \$181,633,886 for governmental activities and by \$46,384,000 for business-type activities, for a combined total of \$228,017,886 for the primary government. Both categories of net assets of the primary government increased during the current year. Governmental activities increased by \$1,275,477 from 2010 to 2011, while the net assets for business type activities increased \$2,959,025 during the same period.

The three components of net assets include amounts invested in capital assets, net of related debt; restricted; and unrestricted. The largest component of net assets, totaling \$190,343,608 at year end, is the investment in capital assets, net of related debt, which includes all of the sewer and water lines and roads of the City. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these net assets are not available for future spending. Restricted assets totaling \$14,570,662 represent resources that are subject to external restrictions and other provisions on how they can be used. The remaining balance of \$23,103,616 is unrestricted and available to meet the ongoing obligations of the City to its citizens and creditors. As an additional note; different criteria apply to reporting the equity in the accompanying fund statements. New regulations became effective in the current year for the reporting of equity in these statements. The City has complied with the new reporting regulations.

#### Condensed Statement of Net Assets

As of September 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	29,209,696	26,815,222	13,027,641	25,282,604	42,237,337	52,097,826
Capital assets	155,596,113	157,643,029	71,644,927	61,342,523	227,241,040	218,985,552
Total assets	<u>184,805,809</u>	<u>184,458,251</u>	<u>84,672,568</u>	<u>86,625,127</u>	<u>269,478,377</u>	<u>271,083,378</u>
Current liabilities	842,251	1,721,143	3,754,175	5,728,896	4,596,426	7,450,039
Noncurrent liabilities	2,329,672	2,378,699	34,534,393	37,471,256	36,864,065	39,849,955
Total liabilities	<u>3,171,923</u>	<u>4,099,842</u>	<u>38,288,568</u>	<u>43,200,152</u>	<u>41,460,491</u>	<u>47,299,994</u>
Net assets:						
Invested in capital assets net of related debt	155,596,113	157,523,535	34,747,495	21,929,263	190,343,608	179,452,798
Restricted	13,881,916	15,515,339	688,746	667,001	14,570,662	16,182,340
Unrestricted	12,155,857	7,319,535	10,947,759	20,828,711	23,103,616	28,148,246
Total net assets	<u>181,633,886</u>	<u>180,358,409</u>	<u>46,384,000</u>	<u>43,424,975</u>	<u>228,017,886</u>	<u>223,783,384</u>

## Analysis of Condensed Statement of Activities

The following table presents the City's condensed statement of activities for the fiscal year 2010-11 and fiscal year 2009-10, 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 2010-11 by \$4,234,502. Of that total, governmental activities increased by \$1,275,477 and the net assets of business-type activities increased by \$2,959,025.

<b>Condensed Statement of Activities</b>						
For the Fiscal Year Ended September 30						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
<b>Program revenues</b>						
Charges for services	4,964,450	4,885,343	16,832,890	15,585,180	21,797,340	20,470,523
Grants and contributions						
Operating	5,764,661	6,590,889	175,131	185,559	5,939,792	6,776,448
Capital	1,478,780	927,338	58,969	109,432	1,537,749	1,036,770
<b>Total program revenue</b>	<b>12,207,891</b>	<b>12,403,570</b>	<b>17,066,990</b>	<b>15,880,171</b>	<b>29,274,881</b>	<b>28,283,741</b>
<b>General revenues and payments</b>						
Property taxes	15,764,690	15,607,740	-	-	15,764,690	15,607,740
Other taxes	189,832	151,479	-	-	189,832	151,479
Investment earnings	151,341	343,218	106,459	186,050	257,800	529,268
Other revenues	1,338,416	761,452	75,572	16,487	1,413,988	777,939
Total general revenues and payments	<b>17,444,279</b>	<b>16,863,889</b>	<b>182,031</b>	<b>202,537</b>	<b>17,626,310</b>	<b>17,066,426</b>
<b>Total general revenues and payments</b>	<b>29,652,170</b>	<b>29,267,459</b>	<b>17,249,021</b>	<b>16,082,708</b>	<b>46,901,191</b>	<b>45,350,167</b>
<b>Program expenses</b>						
General government	10,102,271	11,440,066	-	-	10,102,271	11,440,066
Public safety	11,145,495	11,160,816	-	-	11,145,495	11,160,816
Public works	3,961,991	3,875,057	-	-	3,961,991	3,875,057
Culture and recreation	3,164,678	3,023,904	-	-	3,164,678	3,023,904
Airport	1,149,725	1,750,030	-	-	1,149,725	1,750,030
Water	-	-	4,805,882	4,949,668	4,805,882	4,949,668
Sewer	-	-	4,928,568	5,318,229	4,928,568	5,318,229
Sanitation	-	-	2,480,848	1,958,948	2,480,848	1,958,948
Recreation enterprises	-	-	745,518	875,612	745,518	875,612
Other	-	-	91,407	82,243	91,407	82,243
<b>Total program expenses</b>	<b>29,524,160</b>	<b>31,249,873</b>	<b>13,052,223</b>	<b>13,184,700</b>	<b>42,576,383</b>	<b>44,434,573</b>
Excess (deficiency) before gain (loss) and transfers	128,010	(1,982,414)	4,196,798	2,898,008	4,324,808	915,594
Transfers	1,237,773	1,254,843	(1,237,773)	(1,254,843)	-	-
Change in net assets	1,365,783	(727,571)	2,959,025	1,643,165	4,324,808	915,594
Beginning net assets	180,358,409	181,085,980	43,424,975	41,781,810	223,783,384	222,867,790
Transfer to URA	(90,306)				(90,306)	
Ending net assets	<b>181,633,886</b>	<b>180,358,409</b>	<b>46,384,000</b>	<b>43,424,975</b>	<b>228,017,886</b>	<b>223,783,384</b>

## Governmental Revenues

The City is heavily reliant on property taxes and shared state revenues to support governmental operations. Total revenues for 2011, in the governmental funds, are comprised of property taxes 51%, shared state revenues are 18%, charges for services are 16% and federal grants 5%, with all other sources of revenue account for the remaining 10% of governmental revenues.

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

The following table presents the net costs for governmental activities. Net program costs decreased as compared to the prior year. Overall program revenues contributed 41.3% to programs expenses, with the balance coming from general revenues, i.e. property taxes and state shared revenues.

Program revenues for 2011 are less than 2010 by \$195,679 and program expenses for 2011 are less than 2010 by \$1,725,712.

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

<u>Functions/Programs</u>	<u>Program Expenses</u>	Less	<u>Net Program Costs</u>		<u>Program Revenues as a Percentage of Program Expenses</u>	
		<u>Program Revenues</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General government	10,102,271	4,737,859	5,364,412	7,085,750	46.9%	38.1%
Fire	3,658,319	380,274	3,278,045	3,214,655	10.4%	10.9%
Police	7,487,176	765,140	6,722,036	6,725,854	10.2%	11.0%
Engineering & planning	1,380,902	577,467	803,435	626,513	41.8%	53.9%
Library	1,631,261	137,089	1,494,172	1,401,509	8.4%	6.9%
Culture & recreation	1,533,417	188,648	1,344,769	1,290,586	12.3%	15.1%
Highways & streets	2,581,089	3,239,295	(658,206)	(1,403,259)	125.5%	155.7%
Airport	1,149,725	2,182,119	(1,032,394)	(95,306)	189.8%	105.4%
<b>Totals</b>	<b>29,524,160</b>	<b>12,207,891</b>	<b>17,316,269</b>	<b>18,846,302</b>	<b>41.3%</b>	<b>39.7%</b>

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

The following table presents net income and costs for business-type activities. Program revenues generated from business-type activities were sufficient to cover most program expenses. The notable exceptions were sanitation and the City’s pool and golf activities. The golf course revenues are somewhat dependent on weather and patron usage. During the current year the City entered into a new contract for the golf course. The contract should reduce the City’s exposure to losses and will still allow the City to retain enough input to assure that this asset of the City retains its value and continues to provide recreation services to the community. The City also renewed an operating agreement for management of the City’s pool. The City does not receive any revenue from the pool and has budget expenditures at a level where it can keep the pool operational and provide it as a recreational resource for community members. During the contracting process to provide sanitation services, the City opted to offer curbside recycling. The additional cost of that service was not built into the rate structure for sanitation services but the City elected to subsidize the additional cost. Going forward the City may reevaluate the approach the City should take in the funding of a recycling program.

Revenues in the water fund are impacted by the weather’s effect on irrigation usage, growth in the city, and rates. During the previous year the City implemented a flat monthly fee of \$11.15 to fund the costs associated with coming into compliance with new federal arsenic requirements. This is the first year that the City has had a full year of collecting the new fee. The City is developing a new source of water from the Pristine Spring’s area it purchased last year, with the intent to blend that source with other City water sources having a higher arsenic content. That process, when completed will assure the City’s compliance with the new mandated requirements as well as providing the City with a good source of water for future growth. The City anticipates that the new system will be operational in the early part of 2012. Bonds secured to finance the project will be repaid with the new \$11.15 monthly charge.

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

<u>Functions/Programs</u>	Program Revenues	Less	Net Program		Program Expenses as a Percentage of Program Revenues	
		Program Expenses	Income (Costs)		2011	2010
	2011	2011	2011	2010	2011	2010
Water	8,264,707	4,805,882	3,458,825	1,905,734	58.1%	72.2%
Sewer	5,781,062	4,928,568	852,494	724,485	85.3%	88.0%
Sanitation	2,195,129	2,480,848	(285,719)	263,663	113.0%	88.1%
Golf	257,120	341,903	(84,783)	(206,642)	133.0%	120.4%
Pool	175,131	187,079	(11,948)	4,732	100.0%	97.5%
Dierkes Lk/Shoshone Fls	302,842	216,536	86,306	(21,893)	71.5%	112.3%
Parking	67,034	58,263	8,771	16,161	86.9%	78.9%
Common Area Maintenance	23,965	33,144	(9,179)	9,232	138.3%	70.4%
<b>Totals</b>	<b>17,066,990</b>	<b>13,052,223</b>	<b>4,014,767</b>	<b>2,695,472</b>	<b>76.5%</b>	<b>82.1%</b>

## **Fund Analysis**

### ***Governmental Funds***

The City's governmental funds reported a combined ending fund balance of \$26,324,549 at September 30, 2011, with \$12,437,468 reported as unassigned; compared to a combined ending fund balance of \$22,976,635 at September 30, 2010. The most dramatic change was in the General Fund itself. The General Fund experienced an increase in its fund balance of \$1,801,742. During the previous year the General Fund experienced an increase of \$1,288,072 the increases are a direct result of department heads and City staff being vigilant and conscientious with city funds.

### ***Proprietary Funds***

The City's proprietary funds reported a combined ending fund net assets of \$46,384,000 at September 30, 2011, with \$34,747,495 invested in capital assets (net of debt) and \$10,947,759 reported as unrestricted. On September 30, 2010 the fund net assets were \$43,424,978, of which \$21,929,262 was invested in capital assets (net) and \$20,828,715 was reported as unrestricted.

The most significant change during the year ended September 30, 2011 was in the water fund, where the net assets increased by \$3,015,177. The increase related largely to the development of a new water source for the City. The new system is almost ready to come online and when activated will assure that the City remains in compliance with Federal requirements for acceptable arsenic levels in its drinking water. The City assessed a new user fee to fund the repayment of bonds used to construct the new infrastructure and blending equipment. The City has significant annual obligations in repaying the bond, and going forward will need to continue to generate significant income within the Water Fund to meet those annual debt obligations.

### **Capital Asset Activity**

At September 30, 2011 the City reported, on a government wide basis, net capital assets of \$227,241,040, a decrease of \$2,046,916 for governmental activities and an increase of \$10,302,044 for business-type activities. Most of the major increases in capital assets for the government activities fell into two groups. Assets between \$20,000 and \$100,000 which related to scheduled asset replacements due to equipment wear and obsolescence or significant improvements to streets. Significant capital acquisitions by the City for business-type activities during the current year relate to construction projects still in process.

At the end of the year the City had the following significant construction projects that were generally in the final stages of completion. Approximately \$6,800,000 invested in the Washington Street widening, \$2,650,000 for the Falls Avenue project, and \$1,200,000 for the start of Eastland Dr. improvements. There was \$3,350,000 of federally funded Airport projects still under progress, and \$7,600,000 developing the new water source for arsenic compliance.

In its mission to provide citizens of the City the services and protections they require, the City maintains a substantial investment in streets, water systems, waste treatment and disposal

structures, a pool of vehicles, and general and heavy equipment. All of those capital assets have a definitive useful life and are subject to depreciation, or a decrease in value, over time. During the current year that depreciation was estimated to be around \$8,000,000 for the government funds and \$1,700,000 for the business type activities. The City needs to maintain a balance in its budgeting efforts to assure that this investment in capital assets is maintained at a level which will allow the City to fulfill its mission and still assure that those needs are met in an affordable way.

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

The City has no outstanding general obligation bonds.

In fiscal year 2010-2011 the city incurred no new long-term debt for governmental related funds. The City made its final payment on a debt for the purchase of equipment which eliminated any balance of debt in the governmental funds, except for a liability for compensated absences. That debt was included as a future obligation of the City in the amount of \$1,300,616. That obligation represents unused vacation pay that employees have earned and not used as well as hours worked that an employee has elected to defer payment for until a future period.

The city made principal payments of \$2,549,461 on existing debt in the enterprise funds leaving a balance due at September 30, 2011 of \$36,897,432, this excludes \$135,905 for future compensation issues outlined above. Of this unpaid balance, \$6,147,595 is for debt incurred on improvements to the sewer plant in 1995 and 1998; \$4,131,220 is for debt incurred on improvements to the water system in 1998; \$26,735 is for the purchase of golf equipment; and the balance of the \$26,591,882 is the new loans and existing debt for the purchase of Pristine Springs in the prior year and construction costs to develop it into a useable water supply for the City.

### **Economic Factors**

Twin Falls continues to grow but at a very modest pace. Like the rest of the nation, residential construction is slowing down. Single family building permits issued by the City for the past five years are as follows:

Fiscal Year Ending	Permits Issued
2007	258
2008	233
2009	158
2010	159
2011	96

As measured by the number of permits issued, commercial construction also decreased. Dropping from 28 permits issued for the last fiscal year to 18 for this year.

The City experienced a small decrease in the total employment going from 41,806 at the end of September 30, 2010 to 39,602 at the end of the current fiscal year.

Following the national trend of some moderation in high unemployment rates, unemployment levels decreased a little within the City. A year ago the City's unemployment level was reported at 9.6%. At the end of the current year, unemployment had dropped to 9.1%. That 9.1% closely mirrored State and National rates. It occurred at a time when the Idaho State unemployment was 9.2% and the National unemployment was also 9.1%.

The reduced rate of building growth has impacted the city utilities as well, with water service connections accounts only increasing from 15,596 to 15,757 between September 30, 2010 and 2011.

Appraised values within the City decreased by .5% from \$2,331,983,468 to \$2,321,326,751.

Following is a table showing a comparison of the levy rates for 2010 and 2009.

Taxing District	2010 Levy Rates (funded 2010-11 budget)	2009 Levy Rates (funded 2009-10 budget)	Percent Change
City of Twin Falls	0.006800067	0.006587793	3.2%
Twin Falls County	0.004045866	0.003853440	5.0%
Twin Falls County Ambulance District	0.000180899	0.000172225	5.0%
Twin Falls County Abatement District	0.000107959	0.000108501	-0.5%
Twin Falls School District 411	0.002726628	0.002629437	3.7%
Twin Falls Highway District	0.001038132	0.000981824	5.7%
College of Southern Idaho	0.000872809	0.000835215	4.5%
Combined	0.015772360	0.015168435	4.0%

## Future Issues

As the City has grown, infrastructure needs have also grown. Eastland Drive, a critical arterial street of the City has shown accelerated deterioration the past few years and needs immediate attention. The road is considered a major arterial road for the community and sustains a heavy load of farm commodities transferring to processing facilities. Achieving the level of quality needed to accommodate the road use will require substantial resources of the City.

Significant maintenance is needed for the waste water treatment system and its collection system. For a number of years the City has been advised by its engineers that the system was reaching capacity limitations on waste water collected in the northeast section of the community and its transfer to the processing plant. As part on an agreement with a new dairy processor to construct a facility within the City, the City agreed to upgrade its water and wastewater infrastructure to meet the increase flow requirements. The new load on the system caused by the processor would have exceeded the system's capacity for waste water treatment. The City will recover the costs of the new construction through water and waste water charges to the processor for the services

provided with the new construction. The City is partnering with the Urban Renewal Agency in this endeavor.

The City has been fortunate enough to have built up financial reserves over the years. Looking forward a significant amount of those reserves have been targeted for use to acquire needed capital improvements as opposed to putting the City further in debt to make the purchases. However, to the extent that those reserves are used for capital acquisitions, they will not be available for operations. It may be possible that future budgeting constraints could reach a level where levels of service may be impacted.

Over the years the City's water supply vacillates between drought conditions which frequently jeopardize existing water supplies and wet water years that impact water revenue. The City has engaged in the process of finding solutions and the appropriate balance to these issues and is constantly reevaluating the rate structure that is used to charge for these services.

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

### **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, 2011

	Primary Government			Component Unit- Urban Renewal
	Governmental Activities	Business Type Activities	Total	
<b>Assets</b>				
Cash and Cash Equivalents	\$ 16,862,776	\$ 7,734,579	\$ 24,597,355	\$ 3,279,405
Restricted Cash	949,774	688,746	1,638,520	699,912
Investments	7,769,368	3,181,167	10,950,535	-
Receivables:				
Taxes	467,722	-	467,722	131,596
Fees and Services	30,017	1,896,984	1,927,001	-
Intergovernmental	1,807,398	47,087	1,854,485	25,223
Interest	34,620	12,887	47,507	12,359
Accounts	318,387	26,932	345,319	-
Capital Lease Receivable	-	-	-	676,350
Internal Balances	969,634	(969,634)	-	-
Prepaid Expenses	-	-	-	40,000
Inventory	-	408,893	408,893	-
Deferred Charges	-	-	-	17,000
Land	6,694,877	11,252,388	17,947,265	2,631,089
Land, Buildings and Structures	16,854,540	18,925,371	35,779,911	5,065,264
Infrastructure	243,628,137	879,700	244,507,837	-
Improvements	15,679,685	40,419,559	56,099,244	-
Machinery and Equipment	14,304,381	6,589,553	20,893,934	475,000
Accumulated Depreciation	(155,941,429)	(27,326,904)	(183,268,333)	(254,167)
Construction in Progress	14,375,922	20,905,260	35,281,182	-
<b>Total Assets</b>	<b>\$ 184,805,809</b>	<b>\$ 84,672,568</b>	<b>\$ 269,478,377</b>	<b>\$ 12,799,031</b>
<b>Liabilities</b>				
Accounts Payable	\$ 657,373	\$ 933,826	\$ 1,591,199	\$ 511,794
Accrued Expenses	158,544	-	158,544	51,647
Accrued Interest	-	167,108	167,108	50,379
Deferred Revenue	687,409	-	687,409	-
Customer Deposits	367,981	154,297	522,278	-
Leases, Equipment and Property Notes	-	9,644,733	9,644,733	970,146
Revenue Bond Payable	-	27,252,699	27,252,699	5,695,000
Compensated Absences	1,300,616	135,905	1,436,521	-
<b>Total Liabilities</b>	<b>3,171,923</b>	<b>38,288,568</b>	<b>41,460,491</b>	<b>7,278,966</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	155,596,113	34,747,495	190,343,608	1,252,040
Restricted for:				
Capital Projects	6,499,171	-	6,499,171	-
Debt Service	38,580	688,746	727,326	699,912
Other Purposes	7,344,165	-	7,344,165	-
Unrestricted	12,155,857	10,947,759	23,103,616	3,568,113
<b>Total Net Assets</b>	<b>181,633,886</b>	<b>46,384,000</b>	<b>228,017,886</b>	<b>5,520,065</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 184,805,809</b>	<b>\$ 84,672,568</b>	<b>\$ 269,478,377</b>	<b>\$ 12,799,031</b>

See accompanying notes and accountants' report.

**City of Twin Falls, Idaho**  
Statement of Activities  
For the Year Ended September 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit - Urban Renewal
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General Government	\$ 10,102,271	\$ 1,041,220	\$ 3,249,611	447,028	\$ (5,364,412)	\$ -	\$ (5,364,412)	
Fire	3,658,319	380,274	-	-	(3,278,045)	-	(3,278,045)	
Police	7,487,176	765,140	-	-	(6,722,036)	-	(6,722,036)	
Engineering/Planning	1,380,902	577,467	-	-	(803,435)	-	(803,435)	
Library	1,631,261	77,939	59,150	-	(1,494,172)	-	(1,494,172)	
Culture and Recreation	1,533,417	183,415	5,233	-	(1,344,769)	-	(1,344,769)	
Highway and Street	2,581,089	1,056,700	2,182,595	-	658,206	-	658,206	
Airport	1,149,725	882,295	268,072	1,031,752	1,032,394	-	1,032,394	
Total Governmental Activities	29,524,160	4,964,450	5,764,661	1,478,780	(17,316,269)	-	(17,316,269)	
<b>Business-Type Activities:</b>								
Water	4,805,882	8,264,707	-	-	-	3,458,825	3,458,825	
Sewer	4,928,568	5,722,093	-	58,969	-	852,494	852,494	
Sanitation	2,480,848	2,195,129	-	-	-	(285,719)	(285,719)	
Golf	341,903	257,120	-	-	-	(84,783)	(84,783)	
Pool	187,079	-	175,131	-	-	(11,948)	(11,948)	
Dierkes Lake/Shoshone Falls	216,536	302,842	-	-	-	86,306	86,306	
Parking	58,263	67,034	-	-	-	8,771	8,771	
Common Area Maintenance	33,144	23,965	-	-	-	(9,179)	(9,179)	
Total Business-Type Activities	13,052,223	16,832,890	175,131	58,969	-	4,014,767	4,014,767	
Total Primary Government	\$ 42,576,383	\$ 21,797,340	\$ 5,939,792	\$ 1,537,749	\$ (17,316,269)	\$ 4,014,767	\$ (13,301,502)	
<b>Component Unit:</b>								
Urban Renewal Agency								\$ (1,745,935)
<b>General Revenues:</b>								
Taxes:								
Property taxes, Levied for General Purposes					\$ 15,764,690	\$ -	\$ 15,764,690	\$ 2,173,508
Property taxes, Levied for Debt Service					12	-	12	-
Franchise and Public Service Taxes					189,820	-	189,820	-
Interest and Investment Earnings					151,341	106,459	257,800	23,917
Miscellaneous Revenues					1,338,416	75,572	1,413,988	-
Transfers					1,237,773	(1,237,773)	-	-
					18,682,052	(1,055,742)	17,626,310	2,197,425
Changes in Net Assets					1,365,783	2,959,025	4,324,808	451,490
<b>Net Assets - October 1, 2010</b>					180,358,409	43,424,975	223,783,384	5,068,575
<b>Transfer of Historic Downtown to the Urban Renewal Agency</b>					(90,306)		(90,306)	-
<b>Net Assets - September 30, 2011</b>					\$ 181,633,886	\$ 46,384,000	\$ 228,017,886	\$ 5,520,065

See accompanying notes and accountants' report.

## **FUND FINANCIAL STATEMENTS**

**City of Twin Falls, Idaho**

Fund Balance Sheets

Governmental Funds

September 30, 2011

	<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	\$ 10,457,804	\$ 207,625	\$ 1,061,970	\$ 3,034,083	\$ (40,219)	\$ 1,608,829	\$ 16,330,092
Restricted Cash	375,919	-	-	24,515	255,419	293,922	949,775
Investments	4,451,004	2,471,018	263,708	464,016	-	4,352	7,654,098
Receivables (net of allowance)							
Taxes	344,741	48,212	9,087	15,209	-	45,318	462,567
Fees and Services	-	30,017	-	-	-	-	30,017
Intergovernmental	797,360	367,438	5,050	360,351	237,293	36,593	1,804,085
Interest	21,247	4,712	1,390	4,639	-	2,346	34,334
Accounts	101,080	92	28,854	-	21,474	166,887	318,387
Due from Other Funds	1,558,033	-	-	-	-	-	1,558,033
<b>Total Assets</b>	<b><u>\$ 18,107,188</u></b>	<b><u>\$ 3,129,114</u></b>	<b><u>\$ 1,370,059</u></b>	<b><u>\$ 3,902,813</u></b>	<b><u>\$ 473,967</u></b>	<b><u>\$ 2,158,247</u></b>	<b><u>\$ 29,141,388</u></b>
 <b><u>Liabilities</u></b>							
Accounts Payable	\$ 152,391	\$ 321,206	\$ 24,544	\$ 62,160	\$ 66,240	\$ 30,400	\$ 656,941
Accrued Expenses	149,982	-	-	-	-	8,562	158,544
Deferred Revenue	266,485	37,268	694,433	11,756	-	35,031	1,044,973
Customer Deposits Payable	367,831	-	-	-	-	150	367,981
Due to Other Funds	-	-	-	53,854	295,973	238,573	588,400
<b>Total Liabilities</b>	<b><u>936,689</u></b>	<b><u>358,474</u></b>	<b><u>718,977</u></b>	<b><u>127,770</u></b>	<b><u>362,213</u></b>	<b><u>312,716</u></b>	<b><u>2,816,839</u></b>
 <b><u>Fund Balances</u></b>							
<b>Nonspendable Fund Balance</b>	-	-	-	-	-	-	-
<b>Restricted Fund Balance</b>	5,913	-	-	-	255,419	-	261,332
<b>Committed Fund Balance</b>	4,370,006	-	-	2,774,515	-	2,058,978	9,203,499
Assigned Fund Balance	-	2,770,640	651,082	1,000,528	-	-	4,422,250
Unassigned Fund Balance	12,794,580	-	-	-	(143,665)	(213,447)	12,437,468
<b>Total Fund Balance</b>	<b><u>17,170,499</u></b>	<b><u>2,770,640</u></b>	<b><u>651,082</u></b>	<b><u>3,775,043</u></b>	<b><u>111,754</u></b>	<b><u>1,845,531</u></b>	<b><u>26,324,549</u></b>
 <b>Total Liabilities and Fund Equity</b>	 <b><u>\$ 18,107,188</u></b>	 <b><u>\$ 3,129,114</u></b>	 <b><u>\$ 1,370,059</u></b>	 <b><u>\$ 3,902,813</u></b>	 <b><u>\$ 473,967</u></b>	 <b><u>\$ 2,158,247</u></b>	 <b><u>\$ 29,141,388</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, 2011

	<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	\$ 12,028,814	\$ 1,611,936	\$ 314,855	\$ 405,317	\$ -	\$ 1,545,821	\$ 15,906,743
Other Taxes	574,162	-	-	-	-	189,820	763,982
Special Assessments, Including Interest	-	-	-	-	-	93,964	93,964
Fines and Forfeitures	5,499	-	-	-	-	37,895	43,394
Licenses and Permits	579,772	-	-	-	-	-	579,772
Fees and Services	1,112,196	290,442	580,655	-	163,516	244,048	2,390,857
Intergovernmental	1,859,432	2,182,595	268,072	1,244,218	20,000	-	5,574,317
Federal Grants	86,099	-	-	102,306	1,011,752	387,382	1,587,539
Miscellaneous	610,827	791,656	108,169	26,917	89	42,060	1,579,718
<b>Total Revenue</b>	<u>16,856,801</u>	<u>4,876,629</u>	<u>1,271,751</u>	<u>1,778,758</u>	<u>1,195,357</u>	<u>2,540,990</u>	<u>28,520,286</u>
<b>Expenditures</b>							
Current							
General Government	2,662,276	-	-	60,614	-	-	2,722,890
Public Safety	11,255,102	-	-	252,769	-	83,740	11,591,611
Engineering	1,260,708	-	-	-	-	-	1,260,708
Community Development	120,194	-	-	-	-	528,479	648,673
Culture and Recreation	1,305,154	-	-	201,151	-	1,532,667	3,038,972
Highway and Streets	-	1,206,595	-	14,445	-	271,395	1,492,435
Airport	-	-	712,731	-	1,056,427	-	1,769,158
Capital Outlay	-	3,363,350	-	316,383	-	-	3,679,733
<b>Total Expenditures</b>	<u>16,603,434</u>	<u>4,569,945</u>	<u>712,731</u>	<u>845,362</u>	<u>1,056,427</u>	<u>2,416,281</u>	<u>26,204,180</u>
Excess of Revenues Over (Under) Expenditures	253,367	306,684	559,020	933,396	138,930	124,709	2,316,106
<b>Interfund Transfers, Donations and Other</b>							
Donation of Assets	-	-	-	60,938	-	-	60,938
Transfers In	1,548,375	78,744	-	-	52,650	197,997	1,877,766
Transfers Out	-	(238,605)	(353,643)	(205,169)	-	(19,174)	(816,591)
Net Transfers and Donations	<u>1,548,375</u>	<u>(159,861)</u>	<u>(353,643)</u>	<u>(144,231)</u>	<u>52,650</u>	<u>178,823</u>	<u>1,122,113</u>
<b>Net Change in Fund Balance</b>	1,801,742	146,823	205,377	789,165	191,580	303,532	3,438,219
<b>Fund Balance October 1, 2010</b>	15,368,757	2,623,817	445,705	2,985,878	(79,826)	1,632,305	22,976,636
<b>Transfer of Historic Downtown to the Urban Renewal Agency</b>	-	-	-	-	-	(90,306)	(90,306)
<b>Fund Balance September 30, 2011</b>	<u>\$ 17,170,499</u>	<u>\$ 2,770,640</u>	<u>\$ 651,082</u>	<u>\$ 3,775,043</u>	<u>\$ 111,754</u>	<u>\$ 1,845,531</u>	<u>\$ 26,324,549</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, 2011**

Governmental Fund Balances at September 30, 2011	\$ 26,324,549
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.	155,259,631
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	361,549
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.	969,816
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.	(1,281,659)
Net Assets for Governmental Activities-per reconciliation	\$ 181,633,886

**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, 2011**

Net Change in Fund Balances - Total Government Funds	\$ 3,438,219
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	(2,074,331)
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	-
Repayments:	
To bond, certificate, and note holders	119,494
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.	20,535
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.	87,700
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(225,834)
Change in Net Assets of Governmental Activities	\$ 1,365,783

See accompanying notes and accountants' report.

City of Twin Falls, Idaho  
Fund Balance Sheets  
Proprietary Funds  
September 30, 2011

	<b>Business-Type Activities</b>				<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Waterworks</b>	<b>Wastewater</b>	<b>Sanitation</b>	<b>Other Business- Type</b>		
<b>Assets</b>						
Cash and Cash Equivalents	\$ 5,530,373	\$ 1,472,284	\$ 652,229	\$ 79,693	\$ 7,734,579	\$ 532,684
Investments	2,368,728	709,308	103,131	-	3,181,167	115,271
Receivables (net of allowance for uncollect.)						
Taxes	-	-	-	-	-	5,155
Fees and Services	1,006,528	690,095	198,545	1,816	1,896,984	-
Intergovernmental	-	-	-	47,087	47,087	3,311
Interest	7,784	3,614	1,035	454	12,887	286
Accounts	7,842	1,454	17,518	118	26,932	-
Prepaid Expenses	-	-	-	-	-	-
Inventories	408,893	-	-	-	408,893	-
Total Current Assets	9,330,148	2,876,755	972,458	129,168	13,308,529	656,707
Restricted Assets	375,672	313,074	-	-	688,746	-
Due from Other Funds	-	20,794	-	-	20,794	-
Fixed Assets (Net of Accum. Depreciation)	44,275,099	24,839,505	59,625	2,470,698	71,644,927	336,481
<b>Total Assets</b>	<b>\$ 53,980,919</b>	<b>\$ 28,050,128</b>	<b>\$ 1,032,083</b>	<b>\$ 2,599,866</b>	<b>\$ 85,662,996</b>	<b>\$ 993,188</b>
<b>Liabilities and Equity</b>						
Current Liabilities:						
Accounts Payable	\$ 500,896	\$ 220,121	\$ 196,481	\$ 16,328	\$ 933,826	\$ 431
Accrued Expenses	93,885	72,756	-	467	167,108	-
Due to Other Funds	291,121	-	-	699,307	990,428	-
Deferred Revenue	-	-	-	-	-	3,985
Notes Payable - Current	305,691	405,996	-	26,736	738,423	-
Compensated Absences	68,546	31,557	30,528	5,274	135,905	18,956
<b>Total Current Liabilities</b>	<b>1,260,139</b>	<b>730,430</b>	<b>227,009</b>	<b>748,112</b>	<b>2,965,690</b>	<b>23,372</b>
Current Liab. Payable from Restricted Assets:						
Revenue Bonds Payable - Current	1,560,000	335,000	-	-	1,895,000	-
Customer Deposits Payable	150,167	2,350	-	1,780	154,297	-
Total Curr. Liab. From Restricted Assets	1,710,167	337,350	-	1,780	2,049,297	-
NonCurrent Liabilities:						
Notes Payable - Equipment	3,825,529	5,080,780	-	-	8,906,309	-
Revenue Bonds Payable (Net of Discounts)	25,031,883	325,817	-	-	25,357,700	-
<b>Total Non-current Liabilities</b>	<b>28,857,412</b>	<b>5,406,597</b>	<b>-</b>	<b>-</b>	<b>34,264,009</b>	<b>-</b>
<b>Total Liabilities</b>	<b>31,827,718</b>	<b>6,474,377</b>	<b>227,009</b>	<b>749,892</b>	<b>39,278,996</b>	<b>23,372</b>
<b>Net Assets</b>						
Invested In Capital Assets, net of related debt	13,551,996	18,691,912	59,625	2,443,962	34,747,495	336,481
Restricted	375,672	313,074	-	-	688,746	-
Unrestricted	8,225,533	2,570,765	745,449	(593,988)	10,947,759	633,335
<b>Total Equity</b>	<b>22,153,201</b>	<b>21,575,751</b>	<b>805,074</b>	<b>1,849,974</b>	<b>46,384,000</b>	<b>969,816</b>
<b>Total Liabilities and Equity</b>	<b>\$ 53,980,919</b>	<b>\$ 28,050,128</b>	<b>\$ 1,032,083</b>	<b>\$ 2,599,866</b>	<b>\$ 85,662,996</b>	<b>\$ 993,188</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, 2011

	<b>Business-Type Activities</b>				<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Waterworks</b>	<b>Wastewater</b>	<b>Sanitation</b>	<b>Other Business- Type</b>		
<b>Operating Revenues:</b>						
Charges for Services	\$ 8,081,699	\$ 5,611,424	\$ 2,158,792	\$ 640,395	\$ 16,492,310	\$ 266,718
Special Assessments, Including Interest	-	-	-	-	-	177,116
Taps, Connection and Other Fees	28,770	1,455	-	-	30,225	-
Miscellaneous	100,617	53,502	36,337	17,255	207,711	40,830
<b>Total Operating Revenues</b>	<b>8,211,086</b>	<b>5,666,381</b>	<b>2,195,129</b>	<b>657,650</b>	<b>16,730,246</b>	<b>484,664</b>
<b>Operating Expenses:</b>						
Contracted Services	189,718	2,867,364	1,699,377	189,724	4,946,183	1,126
Personnel Expenses	1,414,114	493,763	173,497	267,549	2,348,923	181,334
Depreciation and Amortization	572,054	981,530	8,907	125,044	1,687,535	12,505
Utilities	668,998	-	-	104,826	773,824	5,958
Landfill Expenses	-	-	586,317	-	586,317	-
Supplies	388,339	10,709	1,977	41,422	442,447	19,145
Insurance	-	-	-	-	-	339,579
Repairs, Maintenance, Studies & Projects	182,627	(133,186)	5,358	52,190	106,989	11,743
Vehicle Expenses	127,397	45,747	5,289	27,974	206,407	702
Small Equipment	-	353,015	-	12,563	365,578	-
Rental Expense	117,946	-	-	389	118,335	-
Miscellaneous Expense	34,249	33,334	11,660	3,290	82,533	1,470
Testing and Monitoring	44,029	-	-	-	44,029	-
Telephone	-	-	-	-	-	-
Travel and Meetings	2,001	-	-	865	2,866	-
<b>Total Operating Expenses</b>	<b>3,741,472</b>	<b>4,652,276</b>	<b>2,492,382</b>	<b>825,836</b>	<b>11,711,966</b>	<b>573,562</b>
<b>Operating Income (Loss)</b>	<b>4,469,614</b>	<b>1,014,105</b>	<b>(297,253)</b>	<b>(168,186)</b>	<b>5,018,280</b>	<b>(88,898)</b>
<b>Non-Operating Revenues (Expenses):</b>						
Development Fees	-	106,048	-	-	106,048	-
Interest Income	89,972	15,481	6,526	1,636	113,615	-
Rent and Royalties	65,010	-	-	-	65,010	-
Federal Grants	-	58,969	-	-	58,969	-
Intergovernmental	-	-	-	175,131	175,131	-
Interest Expense	(1,064,409)	(276,292)	-	443	(1,340,258)	-
<b>Total Non-Operating Revenues (Exp.)</b>	<b>(909,427)</b>	<b>(95,794)</b>	<b>6,526</b>	<b>177,210</b>	<b>(821,485)</b>	<b>-</b>
<b>Income (Loss) Before Interfund Transfers and Contributions</b>	<b>3,560,187</b>	<b>918,311</b>	<b>(290,727)</b>	<b>9,024</b>	<b>4,196,795</b>	<b>(88,898)</b>
<b>Interfund Transfers, Contributions and Changes:</b>						
Contribution of Assets	-	-	-	-	-	-
Operating Transfers In	247,072	-	-	7,172	254,244	224,534
Operating Transfers Out	(792,082)	(519,908)	(149,957)	(30,070)	(1,492,017)	(47,936)
<b>Net Transfers and Contributions</b>	<b>(545,010)</b>	<b>(519,908)</b>	<b>(149,957)</b>	<b>(22,898)</b>	<b>(1,237,773)</b>	<b>176,598</b>
<b>Net Income</b>	<b>3,015,177</b>	<b>398,403</b>	<b>(440,684)</b>	<b>(13,874)</b>	<b>2,959,022</b>	<b>87,700</b>
<b>Total Net Assets, October 1, 2010</b>	<b>19,138,024</b>	<b>21,177,348</b>	<b>1,245,758</b>	<b>1,863,848</b>	<b>43,424,978</b>	<b>882,116</b>
<b>Total Net Assets, September 30, 2011</b>	<b>\$ 22,153,201</b>	<b>\$ 21,575,751</b>	<b>\$ 805,074</b>	<b>\$ 1,849,974</b>	<b>\$ 46,384,000</b>	<b>\$ 969,816</b>

See accompanying notes and accountants' report.

**City of Twin Falls, Idaho**  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended September 30, 2011

	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	\$ 8,162,271	\$ 5,641,193	\$ 2,218,550	\$ 650,611	\$ 16,672,625	\$ 275,618
Special Assessments	-	-	-	-	-	177,116
Payments to Suppliers	(3,854,455)	(3,499,445)	(2,264,475)	(435,195)	(10,053,570)	(226,861)
Payments to Employees	(1,432,580)	(494,443)	(166,848)	(267,866)	(2,361,737)	(179,933)
Other Receipts (Payments)	100,617	53,502	36,335	17,255	207,709	40,830
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>2,975,853</b>	<b>1,700,807</b>	<b>(176,438)</b>	<b>(35,195)</b>	<b>4,465,027</b>	<b>86,770</b>
<b>Cash Flows from Non-Capital Financing Activities</b>						
Operating Subsidies and Transfers to Other Funds	(545,010)	(519,908)	(149,955)	(22,898)	(1,237,771)	176,598
Other Revenue Sources - Non-Operating	65,010	165,017	-	175,131	405,158	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(480,000)</b>	<b>(354,891)</b>	<b>(149,955)</b>	<b>152,233</b>	<b>(832,613)</b>	<b>176,598</b>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Proceeds from Capital Debt	-	-	-	-	-	-
Purchase of Capital Assets	(11,430,845)	(499,491)	-	(61,358)	(11,991,694)	(5,745)
Disposals, Transfers of Capital Assets	14,734	20,252	-	400	35,386	(34,175)
Principal Paid on Capital Debt	(1,813,820)	(710,232)	-	(25,409)	(2,549,461)	-
Increase in Amounts Due to Other Funds	-	-	-	-	-	-
Interest Paid on Capital Debt	(1,070,430)	(281,467)	-	-	(1,351,897)	-
Increase in Restricted Assets	(21,200)	(545)	-	-	(21,745)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(14,321,561)</b>	<b>(1,471,483)</b>	<b>-</b>	<b>(86,367)</b>	<b>(15,879,411)</b>	<b>(39,920)</b>
<b>Cash Flows from Investing Activities</b>						
Purchase of Securities	(979,192)	(294,826)	(43,506)	-	(1,317,524)	(47,534)
Interest, Dividends and Changes in Market Value	84,541	13,392	6,050	1,300	105,283	(176)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(894,651)</b>	<b>(281,434)</b>	<b>(37,456)</b>	<b>1,300</b>	<b>(1,212,241)</b>	<b>(47,710)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents Balances - Beginning of the Year</b>	<b>(12,720,359)</b> <b>18,250,732</b>	<b>(407,001)</b> <b>1,879,285</b>	<b>(363,849)</b> <b>1,016,078</b>	<b>31,971)</b> <b>47,722</b>	<b>(13,459,238)</b> <b>21,193,817</b>	<b>175,738)</b> <b>356,946</b>
<b>Balances - End of the Year</b>	<b>\$ 5,530,373</b>	<b>\$ 1,472,284</b>	<b>\$ 652,229</b>	<b>\$ 79,693</b>	<b>\$ 7,734,579</b>	<b>\$ 532,684</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>						
Operating Income	\$ 4,469,614	\$ 1,014,105	\$ (297,253)	\$ (168,186)	\$ 5,018,280	\$ (88,898)
Adjustments to Reconcile Operating Income to net Cash Provided (Used) by Operating Activities:						
Depreciation and Amortization	572,054	981,530	8,907	125,044	1,687,535	12,505
Change in Assets and Liabilities:						
Receivables, Net	35,389	28,363	59,756	10,656	134,164	11,814
Prepaid Expenses	-	-	-	-	-	153,353
Inventories	8,798	-	-	-	8,798	-
Due From Other Funds	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	(2,914)
Accounts Payable	(2,107,949)	(322,461)	45,503	(1,952)	(2,386,859)	(491)
Customer Deposits	16,413	(50)	-	(440)	15,923	-
Compensated Absences	(18,466)	(680)	6,649	(317)	(12,814)	1,401
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 2,975,853</b>	<b>\$ 1,700,807</b>	<b>\$ (176,438)</b>	<b>\$ (35,195)</b>	<b>\$ 4,465,027</b>	<b>\$ 86,770</b>

See accompanying notes and accountants' report.

**City of Twin Falls, Idaho**  
Statement of Fiduciary Net Assets - Fiduciary Fund  
September 30, 2011

	Agency Fund
<b><u>Assets</u></b>	
Cash and Cash Equivalents	\$ -
Receivables (net of allowance for uncollect.)	
Intergovernmental	10,625
<b>Total Assets</b>	<b>\$ 10,625</b>
 <b><u>Liabilities</u></b>	
Pooled Cash Deficit	-
Accounts Payable	10,625
<b>Total Liabilities</b>	10,625
 <b><u>Net Assets</u></b>	
Held in Trust for Specific Purposes	-
<b>Total Net Assets</b>	<b>\$ -</b>

See accountants' report.

## **NOTES TO FINANCIAL STATEMENTS**

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2011

**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.

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

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

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

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2011

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

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

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

**Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2011

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

**Fund Types and Major Funds**

The City reports the following major governmental funds:

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

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

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

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

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

**Other Fund Types**

The City also reports the following fund types:

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

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

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

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

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2011

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

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

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

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

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

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

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

**Budgets**

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

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2011

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

**Deposits and Investments**

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

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

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

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

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

**Receivables and Payables**

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

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

**Inventories and Prepaid Items**

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

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

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2011

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

**Restricted Assets**

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

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

**Capital Assets, Depreciation, and Amortization**

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

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

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

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

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

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

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
September 30, 2011

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

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

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

**Fund Overdrafts**

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

**Compensated Absences**

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

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

**Long-Term Obligations**

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

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

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2011

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

**Fund Equity**

**Net Assets and Fund Balances**

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

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

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

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

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

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

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

Beginning fund balances for the City's governmental funds have been restated to reflect the above classifications.

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
 September 30, 2011

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

**Estimates**

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

**1. LEGAL COMPLIANCE - BUDGETS**

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

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

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

**Excess of Expenditures over Appropriations**

For the fund year ended September 30, 2011, expenditures exceeded appropriation in the Wastewater Fund by \$322,320, the Sanitation Fund by \$120,684, the Street Light Fund by \$5,032, the Historic Preservation Fund by \$4,000, the Park Development Fund by \$27,375, the CDBG Fund by \$61, the Golf Fund by \$96,383, the Fireworks Fund by \$11,085 and the Pool Fund by \$11,949.

**2. DEPOSITS AND INVESTMENTS**

**Cash and Cash Equivalents** - A reconciliation of cash and cash equivalents at September 30, 2011 is as follows:

Reconciled Bank Accounts	\$ 13,626,310
State Investment Pool	5,096,092
Certificates of Deposit	740,753
Money Market Mutual Funds	6,714,097
Library Operating Fund	56,671
Petty Cash	<u>1,952</u>
	26,235,875
Reported as Restricted	<u>(1,638,520)</u>
Total Net Cash	<u>\$24,597,355</u>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2011

**2. DEPOSITS AND INVESTMENTS-Continued**

At September 30, 2011, the Urban Renewal Agency's reconciliation of cash and cash equivalents is as follows:

Cash in Bank	\$ 56,586
Money-Market Bond Funds	<u>3,922,731</u>
Total	3,979,317
Reported as Restricted	<u>(699,912)</u>
Total Net Cash	<u>\$ 3,279,405</u>

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

**Investments** – The City held the following investments at September 30, 2011.

Federal National Mortgage Association (FNMA)	\$ 2,192,447
Federal Home Loan Mortgage Corporation (FHLM)	627,891
Federal Home Loan Bank (FHLB)	2,001,670
Government National Mortgage Association (GNMA)	2,169,282
Federal Farm Credit Bank (FFCB)	303,825
Corporate Obligations	<u>3,655,420</u>
Total	<u>\$ 10,950,535</u>

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

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the exposure of the City's debt type investments to this risk, using the segmented time distribution model is as follows:

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2011

**2. DEPOSITS AND INVESTMENTS-Continued**

Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
FNMA	\$ 2,192,447	\$ -	\$1,294,907	\$ 258,790	\$ 638,750
FHLM	627,891	-	102	10,481	617,891
FFCB	303,825	-	303,825	-	-
GNMA	2,169,282	205,549	104,118	-	1,859,615
FHLB	2,001,670	-	2,001,670	-	-
Corporate	<u>3,655,420</u>	<u>504,590</u>	<u>3,150,830</u>	-	-
Total	<u>\$ 10,950,535</u>	<u>\$ 710,139</u>	<u>\$ 6,855,452</u>	<u>\$ 269,271</u>	<u>\$ 3,115,673</u>

**Disclosures Relating to Credit Risk**

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

Investments subject to credit risk:	Fair Value	Rating
Agency Bonds	\$ 7,295,115	AAA
Idaho Local Government Investment Pool	5,096,092	Not rated
Money Market Funds	6,714,097	Not rated
Corporate Bonds	1,065,300	A+
Corporate Bonds	2,590,120	A-

**Concentration of Credit Risk**

The City's investment policy has limits on the amount that can be invested in any one issuer. Investments in any one issuer (other than State investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount	Percentage
Federal National Mortgage Assn (FNMA)	U.S. Agency Bond	\$ 2,192,447	20.02%
Federal Home Loan Mortgage Corporation (FHLM)	U.S. Agency Bond	627,891	5.73%
Federal Home Loan Bank (FHLB)	U.S. Agency Bond	2,001,670	18.28%
Government National Mortgage Assn. (GNMA)	U.S. Agency Bond	2,169,282	19.81%
Corporate Bonds	Corporate Obligations	3,655,420	33.38%

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
September 30, 2011

**3. DEPOSITS AND INVESTMENTS-Continued**

**Custodial Credit Risk**

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

**4. RESTRICTED ASSETS**

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

	<b>2011</b>
General Fund	
Customer or Developer Deposits	\$ 330,259
Custody/Evidence Account	39,747
Other	5,913
Trail Fund	40
Park Development Fund	293,882
Capital Projects Funds	
Public Art Fund	24,515
Passenger Facility Charges Held for Lease Payments	255,419
Enterprise Funds	
Cash within Fund to Pay Obligation of Certificates of Deposit	544,680
Refundable Customer Utility Deposits	144,065
<b>Total Restricted Assets</b>	<b>\$ 1,638,520</b>

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

	Total
Cash reserved to pay interest and principal on the revenue bonds	\$ 699,912

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
September 30, 2011

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

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

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

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

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

Property taxes uncollected by November 30, 2011, are considered to be deferred revenue.

Taxes receivable and deferred revenue as of September 30, 2011, consist of the following for the City:

<u>Fund</u>	<u>Taxes Receivable</u>	<u>Deferred Revenue</u>
General	\$ 344,741	\$ 266,485
Street	48,212	37,268
Street Lighting	3,157	2,441
Airport	9,087	694,433
Library Revenue	42,161	32,590
Capital Improvement	15,209	11,756
Insurance	5,155	3,985
Total	<u>\$ 467,722</u>	<u>\$ 1,048,958</u>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2011

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

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

Property Taxes	\$ 361,549
Prepaid Rent & Parking	<u>687,409</u>
Total	<u>\$ 1,048,958</u>

Urban Renewal Agency taxes receivable and deferred revenue at September 30, 2011 consist of 2010 property tax revenue to be collected after November 30, 2011.

Amounts due from other governments at September 30, 2011, are presented as follows for the City:

Fund	Federal	State	County	Local	Total
General	\$ 41,046	\$ 468,238	\$ 211,383	\$ 76,698	\$ 797,365
Street	-	346,763	20,675	-	367,438
Street Light	-	-	1,051	-	1,051
Library	-	-	23,540	-	23,540
Airport	-	5	5,045	-	5,050
Capital Improvement	-	352,786	7,565	-	360,351
Liability Insurance	-	-	3,308	-	3,308
Pool	-	47,087	-	-	47,087
Library Bond	-	-	2	-	2
CDBG	-	12,000	-	-	12,000
Water Works	10,625	-	-	-	10,625
Airport Improvements	237,293	-	-	-	237,293
	<u>\$ 288,964</u>	<u>\$ 1,226,879</u>	<u>\$ 272,569</u>	<u>\$ 76,698</u>	<u>\$ 1,865,110</u>

Urban Renewal Agency receivable from other governments consists of property taxes collected by the County prior to December 1, 2011.

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
 September 30, 2011

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

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

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

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

Accordingly, the \$676,350 principal balance on this lease is reported as a receivable in the Statement of Net Assets.

Annual Maturities of this lease follows:

<b>Year Ending September</b>	<b>Total</b>	<b>Interest</b>	<b>Principal</b>
2012	\$ 230,076	\$ 24,915	\$ 205,161
2013	230,076	15,932	214,144
2014	230,076	6,261	223,815
2015	34,237	1,007	33,230
<b>Totals</b>	<b>\$ 724,465</b>	<b>\$ 48,115</b>	<b>\$ 676,350</b>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2011

**7. FIXED ASSETS**

Changes in the fixed asset groups for the City for the year ended September 30, 2011, are as follows:

	Balance October 1, 2010	Additions/ Transfers	Disposals	Balance September 30, 2011
<b>Government-wide Assets</b>				
Land	\$ 6,680,546	\$ 14,331	\$ -	\$ 6,694,877
Buildings and Structures	16,676,135	195,106	(16,701)	16,854,540
Infrastructure	242,576,662	1,051,475	-	243,628,137
Improvements	15,626,085	77,578	(23,978)	15,679,685
Machinery and Equipment	12,718,912	1,906,701	(321,232)	14,304,381
Construction in Progress	11,473,725	2,902,197	-	14,375,922
Total	<u>\$ 305,752,065</u>	<u>\$ 6,147,388</u>	<u>\$ (361,911)</u>	<u>\$ 311,537,542</u>
<b>Accum. Deprec. For Govt. Wide</b>				
Buildings and Structures	\$ 4,663,747	\$ 385,809	\$ (7,911)	\$ 5,041,645
Infrastructure	130,052,464	6,268,408	-	136,320,872
Improvements	6,128,784	552,534	(12,066)	6,669,252
Machinery and Equipment	7,264,041	810,608	(164,989)	7,909,660
Total Accum. Deprec.	<u>\$ 148,109,036</u>	<u>\$ 8,017,359</u>	<u>\$ (184,966)</u>	<u>\$ 155,941,429</u>
<b>Business Type Activity Assets:</b>				
Land	\$ 11,252,388	\$ -	\$ -	\$ 11,252,388
Buildings and Structures	18,925,371	-	-	18,925,371
Infrastructure	796,956	82,744	-	879,700
Improvements	40,424,416	6,485	(11,342)	40,419,559
Machinery and Equipment	6,625,714	176,677	(212,838)	6,589,553
Construction in Progress	9,179,471	11,725,789	-	20,905,260
Total	<u>\$ 87,204,316</u>	<u>\$ 11,991,695</u>	<u>\$ (224,180)</u>	<u>\$ 98,971,831</u>
<b>Accum. Deprec. For Business Type Activities</b>				
Buildings and Structures	\$ 11,017,869	\$ 457,924	\$ -	\$ 11,475,793
Infrastructure	53,130	53,682	-	106,812
Improvements	11,302,556	864,550	(11,214)	12,155,892
Machinery and Equipment	3,487,878	278,109	(177,580)	3,588,407
Total Accum. Deprec.	<u>\$ 25,861,433</u>	<u>\$ 1,654,265</u>	<u>\$ (188,794)</u>	<u>\$ 27,326,904</u>

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
 September 30, 2011

**7. FIXED ASSETS - Continued**

Changes in the fixed asset group for the Urban Renewal Agency for the year ended September 30, 2011, is as follows:

	Balance October 1, 2010	Additions	Disposals	Balance September 30, 2011
<b>Government-wide Assets</b>				
Land and Buildings	\$ 2,631,089	\$ -	\$ -	\$ 2,631,089
<b>Business Type Activities:</b>				
Land	\$ 1,350,000	\$ -	\$ -	\$ 1,350,000
Buildings & Improvments	3,500,000	-	-	3,500,000
Equipment	475,000	215,264	-	690,264
<b>Total</b>	<b>\$ -</b>	<b>\$ 215,264</b>	<b>\$ -</b>	<b>\$ 5,540,264</b>
<b>Accumulated Depreciation for Business-Type Activities</b>				
Building & Improvements	\$ 46,667	\$ 70,000	\$ -	\$ 116,667
Equipment	55,000	82,500	-	137,500
<b>Total</b>	<b>\$ 101,667</b>	<b>\$ 152,500</b>	<b>\$ -</b>	<b>\$ 254,167</b>

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

General Government	\$ 6,242,003
Fire	85,668
Police	233,582
Library	86,118
Culture and Recreation	209,945
Highway and Street	385,161
Airport	762,377
	<u>8,004,854</u>
Depreciation on Capital Assets held by the City's Internal Service Fund.	<u>12,505</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b><u>\$ 8,017,359</u></b>

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
September 30, 2011

**8. LONG-TERM LIABILITIES**

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

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

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

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>PRIMARY GOVERNMENT</b>					
<b>Governmental Activities:</b>					
Other long-term liabilities	\$ 119,494	\$ -	\$ (119,494)	\$ -	\$ -
Compensated absences	1,316,192	-	15,576	1,300,616	-
Total	1,435,68	-	(135,070)	1,300,616	-
<b>Business-type activities:</b>					
Certificate of Participation and Revenue Bonds	\$ 29,059,427	\$ -	(1,806,728)	\$ 27,252,699	\$1,914,818
State revolving fund loan	10,302,049	-	(684,052)	9,617,997	711,687
Other long-term liabilities	52,144	-	(25,408)	26,736	26,736
Compensated absences	148,722	-	(12,817)	135,905	-
Total	39,562,342	-	(2,529,005)	37,033,337	2,653,241
Total Long-Term Liabilities	\$ 40,998,028	\$ -	\$ (2,664,075)	\$ 38,333,953	\$ 2,653,241

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
 September 30, 2011

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

**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.

**Business Type Activities:**

GE Capital, payable in annual installments of \$28,131.35 including interest at 5.22% for Golf Course Equipment	<u>\$ 26,736</u>
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**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.*

	\$685,000	
Less: Unamortized discount	<u>(24,183)</u>	
Total		\$ 660,817

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

	\$ 9,135,000	
Less: Unamortized discount	<u>(100,785)</u>	
Total		9,034,215

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
September 30, 2011

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

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

\$ 17,640,000

Less: Unamortized discount

(82,333)

Total

17,557,667

Total

\$ 27,252,699

*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.

\$ 5,486,777

*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.

4,131,220

Total

\$ 9,617,997

Debt service requirements to maturity are as follows:

	2012	2013	2014	2015	2016	2017-2021	2022-2026
<b>Governmental Activities:</b>							
Other long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Governmental Activities	-	-	-	-	-	-	-
<b>Business-type activities:</b>							
Certificate of Participation	335,000	350,000	-	-	-	-	-
Unamortized discount	(13,194)	(10,989)	-	-	-	-	-
Total COP	321,806	339,011	-	-	-	-	-
Revenue Bonds	1,560,000	1,620,000	1,655,000	1,710,000	1,760,000	9,565,000	8,905,000
Unamortized discount	33,012	(28,852)	(28,852)	(28,852)	(28,852)	(37,993)	(62,729)
Total Revenue Bonds	1,593,012	1,591,148	1,626,148	1,681,148	1,731,148	9,527,007	8,842,271
State revolving fund loans	711,687	740,440	770,354	801,476	833,856	4,702,654	1,057,530
Other long-term liabilities	26,736	-	-	-	-	-	-
Total Other	738,423	740,440	770,354	801,476	833,856	4,702,654	1,057,530
Total Business Type	2,653,241	2,670,599	2,396,502	2,482,624	2,565,004	14,229,661	9,899,801
Total Amounts Due	<u>\$ 2,653,241</u>	<u>\$ 2,670,599</u>	<u>\$ 2,396,502</u>	<u>\$ 2,482,624</u>	<u>\$ 2,565,004</u>	<u>\$ 14,229,661</u>	<u>\$ 9,899,801</u>

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2011

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

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

*Sewer Revenue Certificates of Participation, Series 1999*

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

*Item 2 (a), Status of Certificates*

<u>Maturity-October 1</u>	<u>Interest Rate</u>	<u>Original Principal</u>	<u>Outstanding Principal</u>
1999	4.00%	\$ 230,000	\$ -
2000	4.25%	195,000	-
2001	4.50%	200,000	-
2002	4.50%	210,000	-
2003	4.50%	220,000	-
2004	4.50%	230,000	-
2005	4.50%	240,000	-
2006	4.55%	250,000	-
2007	4.70%	260,000	-
2008	4.70%	275,000	-
2009	4.75%	290,000	-
2010	4.90%	305,000	-
2011	5.00%	320,000	-
2012	5.00%	335,000	335,000
2013	5.00%	350,000	350,000
<b>Total</b>		<u>\$ 3,910,000</u>	<u>\$ 685,000</u>

*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*

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2011

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

**Year Ended September 30, 2011**

<u>Revenues</u>	
Sewer Service	\$ 5,611,424
Connection Fees	1,455
Development Fees	106,048
Investment Income	15,481
Grant Revenues	58,969
Miscellaneous Fees	<u>53,502</u>
Total	5,846,879
 <u>Expenditures</u>	
Personnel	493,763
Administration	309,619
Operation & Maintenance	<u>2,867,364</u>
Total	<u>3,670,746</u>
 Net Available for Debt Service	 <u>\$ 2,176,133</u>
 State Revolving Fund	 \$ 621,448
Certificates of Participation Services 1999	<u>362,723</u>
Total Debt Service	<u>\$ 984,171</u>
 Coverage Ratio	 <u>2.21</u>

There are no Continuing Disclosure Significant Events to report.

**Urban Renewal Agency**

***Continuing Disclosure***

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

Continuing Disclosure Bond Information

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

**CITY OF TWIN FALLS, IDAHO**

*Notes to Financial Statements*

September 30, 2011

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

Amounts on deposit	
Revenue Allocation Fund	\$ 3,220,688
Bond Fund	2,132
Reserve Fund	<u>699,913</u>
Total on deposit	<u>\$ 3,922,733</u>

Revenue Allocation Revenues	
Property Taxes – 2008 (2009 budget & reporting period)	\$ 2,090,723
Property Taxes for prior periods	<u>21,404</u>
Total reported in Governmental Funds	<u>\$ 2,112,127</u>

Assessed values of property within Revenue Allocation Area Total assessed value for 2008	<u>\$ 225,864,856</u>
--	-----------------------

Tax increment value for 2008	<u>\$ 150,796,493</u>
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There are no Continuing Disclosure Significant Events to report.

Long term debt of the Urban Renewal Agency outstanding at September 30, 2011, is as follows:

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

\$ 5,695,000

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
September 30, 2011

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

<p><i>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.</i></p>	676,350
<p><i>Promissory Note due Larry and Karen Tucker, dated June 8, 2009, for the purchase of real estate. This note is payable in monthly installments of \$3,663.68, beginning August 1, 2009, including interest of 6.00% and matures August 1, 2019.</i></p>	274,238
<p><i>Promissory Note due Larry McElliott, dated November 20, 2007, for the purchase of land. This note is payable in monthly installments of \$1,449.96, beginning December 1, 2007, including interest of 6.00% and matures November 1, 2012.</i></p>	<u>19,558</u>
<p>Total</p>	<u>\$ 6,665,146</u>

Expected annual maturities of the obligations, are as follows:

Year Ending September	Total	Interest	Principal
2012	\$ 991,152	\$ 341,032	\$ 650,120
2013	976,852	309,806	667,046
2014	973,162	277,840	695,322
2015	775,078	247,639	527,439
2016	742,616	221,688	520,928
2017-2021	3,611,396	667,105	2,944,291
2022	695,970	35,970	660,000
<b>Total</b>	<b>\$ 8,766,226</b>	<b>\$ 2,101,080</b>	<b>\$ 6,665,146</b>

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
September 30, 2011

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

Changes in Long-Term Debt of the Agency for the year ended September 30, 2011 is as follows:

	09/30/10	Additions	Repayments	09/30/11
Promissory note payable to Larry McElliot	\$ 35,268	\$ -	\$ 15,710	\$ 19,558
Promissory note payable to Larry Tucker	873,435	-	197,085	676,350
Promissory note payable to D.L. Evans Bank	300,874	-	26,636	274,238
Revenue Allocation Bond, Series 2005A	6,075,000	-	380,000	5,695,000
Total	<u>\$ 7,284,577</u>	<u>-</u>	<u>\$ 619,431</u>	<u>\$ 6,665,146</u>

**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, 2011:

	Interfund Receivable	Interfund Payable
General Fund	\$ 1,558,033	\$ -
Street Fund	-	233,920
Historic Preservation	-	3,987
Airport Construction	-	295,973
Golf Fund	-	362,021
Pool	-	337,286
Fireworks	-	666
Capital Improvements	-	53,854
Waterworks	-	291,120
Waste Water	20,794	-
<b>Total</b>	<u>\$ 1,578,827</u>	<u>\$ 1,578,827</u>

## CITY OF TWIN FALLS, IDAHO

### *Notes to Financial Statements*

September 30, 2011

#### **10. RISK MANAGEMENT**

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

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

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

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

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

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

The actuarially determined contribution requirements of the City and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended September 30, 2009, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.65% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. The City employer contributions required and paid were \$1,668,948, \$1,708,061 and \$1,698,170 for the three years ended September 30, 2011, 2010 and 2009, respectively.

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
September 30, 2011

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

Fund deficits as of September 30, 2011, which are significant, are as follows:

Golf Fund- The deficit of \$208,510 is due to accumulated costs exceeding revenues over a number of years. The City has entered into a new lease agreement where the lessor will be responsible for golf course costs in the future.

Street Light- The deficit of \$194,358 is being reduced through excess revenues.

**13. URBAN RENEWAL SUMMARIZED INFORMATION**

	<b>Year Ended September 30, 2011</b>
<b>Assets</b>	\$ 12,799,031
<b>Total Assets</b>	\$ 12,799,031
 <b>Liabilities &amp; Net Assets</b>	
Liabilities	\$ 7,278,966
Net Assets:	
Invested in Capital Assets	\$ 1,252,040
Restricted	699,912
Unrestricted	3,568,113
<b>Total Liabilities &amp; Net Assets</b>	\$ 12,799,031
 <b>Revenues</b>	\$ 2,632,236
<b>Expenditures</b>	2,180,746
<b>Excess (Deficiency) Revenues over Expenditures</b>	451,490
 <b>Fund Balance - Beginning of Year</b>	5,068,575
 <b>Fund Balance - End of Year</b>	\$ 5,520,065

**14. COMMITMENTS AND SUBSEQUENT EVENTS**

***City of Twin Falls***

Subsequent to year end, the City entered into a development agreement with the The Urban Renewal Agency of the City of Twin Falls and Agro-Farma Idaho, Inc., an Idaho Corporation. Agro-Farma Idaho, Inc. desires to open and operate a dairy processing facility in Twin Falls. The City has agreed to improve its wastewater collection and treatment systems to meet the increased capacity needs; complete a sewer trunk line; and construct a public pre-treatment wastewater treatment system near the site.

**CITY OF TWIN FALLS, IDAHO**  
*Notes to Financial Statements*  
September 30, 2011

**14. COMMITMENTS AND SUBSEQUENT EVENTS- Continued**

The City has also agreed to waive associated fees and submit applications to secure two ICDBG grants. The City estimates that the costs of construction will approximate \$6,750,000. The City will provide the funding for the projects from the City's reserves.

The City has evaluated subsequent events through January 25, 2012, the date which the financial statements were available to be issued.

**Urban Renewal Agency**

Subsequent to year end, the Agency entered into a development agreement with the City of Twin Falls, Idaho and Agro-Farma Idaho, Inc., an Idaho Corporation. Agro-Farma Idaho, Inc. desires to open and operate a dairy processing facility in Twin Falls and the Agency has agreed to provide a minimum of \$17,340,000, to support this project. Funds, from new debt, would be expended on property acquisition, pretreatment facilities, sewer trunk line improvements, water line improvements, power and gas line extensions, as well as other expenses related to the project.

To repay the debt the Agency will establish a new revenue allocation area, also known as a "tax increment financing district" or a "TIF district" and collect taxes on the increment value (the difference between the current value after improvements of all taxable properties within the TIF District and the base assessment value before the improvements were made).

During the year the Agency entered into a contract for the construction of a new water line. The Contractor is invoicing as work progresses. At year end the balance on that contract yet to be invoiced was \$824,853.

The Agency has evaluated subsequent events through November 11, 2011, the date which the financial statements were available to be issued.

**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, 2011, the City did not comply with the following covenants:

*1999 Sewer Certificates of Participation*

One covenant requires that the City provide no free service, including usage by the City departments. During 2011, 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, 2011

With Comparative Actual Amounts from the Previous Year

	2011				2010
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenues:</b>					
Property Taxes, Including Penalty and Interest	\$11,779,899	\$11,779,899	\$12,028,814	\$ 248,915	\$11,325,088
Non-property Taxes	676,950	676,950	574,162	(102,788)	655,413
Fines and Forfeitures	6,700	6,700	5,499	(1,201)	7,016
Licenses and Permits	774,000	774,000	579,772	(194,228)	730,679
Fees and Services	1,180,852	1,180,852	1,112,196	(68,656)	1,188,042
Intergovernmental	1,727,886	1,727,886	1,859,432	131,546	1,796,802
Federal Grants	73,000	73,000	86,099	13,099	114,227
Miscellaneous	649,203	649,203	610,827	(38,376)	736,625
<b>Total Revenues</b>	<b>16,868,490</b>	<b>16,868,490</b>	<b>16,856,801</b>	<b>(11,689)</b>	<b>16,553,892</b>
<b>Expenditures:</b>					
Current					
General Government	3,046,311	3,046,311	2,662,276	384,035	2,721,493
Public Safety	12,123,064	12,123,064	11,255,102	867,962	11,314,593
Engineering	1,600,130	1,600,130	1,260,708	339,422	1,254,318
Economic Development	173,801	173,801	120,194	53,607	103,533
Culture and Recreation	1,473,559	1,473,559	1,305,154	168,405	1,289,383
Total Expenditures	18,416,865	18,416,865	16,603,434	1,813,431	16,683,320
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>(1,548,375)</b>	<b>(1,548,375)</b>	<b>253,367</b>	<b>1,801,742</b>	<b>(129,428)</b>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	1,548,375	1,548,375	1,548,375	-	1,417,500
Operating Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	1,548,375	1,548,375	1,548,375	-	1,417,500
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,801,742</b>	<b>\$ 1,801,742</b>	<b>1,288,072</b>
<b>Fund Balance, October 1st</b>			<b>15,368,757</b>		<b>14,080,685</b>
<b>Fund Balance, September 30th</b>			<b>\$17,170,499</b>		<b>\$ 15,368,757</b>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
 General Fund  
 Statement of Expenditures - Budget and Actual  
 For the Fiscal Year Ended September 30, 2011  
 With Comparative Actual Amounts from the Previous Year

	2011				2010
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Expenditures:</b>					
Data Processing	\$ 1,227,945	\$ 1,227,945	1,099,852	\$ 128,093	\$ 1,053,547
Council	145,698	145,698	145,353	345	144,432
Manager	517,215	517,215	361,475	155,740	405,495
Finance	640,213	640,213	585,321	54,892	632,398
Attorney	179,050	179,050	176,150	2,900	178,098
Personnel	336,190	336,190	294,125	42,065	307,524
Total General Government	<u>3,046,311</u>	<u>3,046,311</u>	<u>2,662,276</u>	<u>384,035</u>	<u>2,721,494</u>
Police	7,644,966	7,644,966	6,913,324	731,642	7,018,593
Fire	3,666,105	3,666,105	3,572,650	93,455	3,521,043
Inspection	471,993	471,993	428,856	43,137	433,086
Animal Control	340,000	340,000	340,272	(272)	341,871
Total Public Safety	<u>12,123,064</u>	<u>12,123,064</u>	<u>11,255,102</u>	<u>867,962</u>	<u>11,314,593</u>
Engineering	1,234,260	1,234,260	906,144	328,116	901,562
Planning and Zoning	365,870	365,870	354,564	11,306	352,756
Total Engineering and Planning	<u>1,600,130</u>	<u>1,600,130</u>	<u>1,260,708</u>	<u>339,422</u>	<u>1,254,318</u>
Economic Development	173,801	173,801	120,194	53,607	103,533
Parks	1,034,529	1,034,529	913,967	120,562	903,690
Recreation	439,030	439,030	391,187	47,843	385,693
Total Culture and Recreation	<u>1,473,559</u>	<u>1,473,559</u>	<u>1,305,154</u>	<u>168,405</u>	<u>1,289,383</u>
<b>Total Expenditures</b>	<u><u>\$18,416,865</u></u>	<u><u>\$18,416,865</u></u>	<u><u>\$16,603,434</u></u>	<u><u>\$ 1,813,431</u></u>	<u><u>\$ 16,683,321</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, 2011

With Comparative Actual Amounts from the Previous Year

	2011				2010 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Revenues:</b>					
Property Taxes	\$ 1,633,028	\$ 1,633,028	\$ 1,611,936	\$ (21,092)	\$ 1,626,486
Fees and Services	250,000	250,000	290,442	40,442	250,934
Intergovernmental	2,102,000	2,102,000	2,182,595	80,595	2,159,886
Grants	-	-	-	-	903,082
Miscellaneous	879,485	879,485	791,656	(87,829)	677,654
<b>Total Revenues</b>	<u>4,864,513</u>	<u>4,864,513</u>	<u>4,876,629</u>	<u>12,116</u>	<u>5,618,042</u>
<b>Expenditures:</b>					
Current					
Highways and Streets	1,468,925	1,468,925	1,206,595	262,330	1,195,028
Capital Outlay	3,235,727	3,235,727	3,363,350	(127,623)	7,257,735
Debt Service					
Principal Retirement	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<u>4,704,652</u>	<u>4,704,652</u>	<u>4,569,945</u>	<u>134,707</u>	<u>8,452,763</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	159,861	159,861	306,684	146,823	(2,834,721)
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	78,744	78,744	78,744	-	265,994
Operating Transfers Out	(238,605)	(238,605)	(238,605)	-	(205,532)
<b>Total Other Sources (Uses)</b>	<u>(159,861)</u>	<u>(159,861)</u>	<u>(159,861)</u>	<u>-</u>	<u>60,462</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ -</u>	146,823	<u>\$ 146,823</u>	(2,774,259)
<b>Fund Balances, October 1st</b>			<u>2,623,817</u>		<u>5,398,076</u>
<b>Fund Balances, September 30th</b>			<u><u>\$2,770,640</u></u>		<u><u>\$2,623,817</u></u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
Special Revenue - Airport Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended September 30, 2011  
With Comparative Actual Amounts from the Previous Year

	2011			Variance Favorable (Unfavorable)	2010 Actual
	Proposed Budget	Final Budget	Actual		
<b>Revenues:</b>					
Property Taxes	\$ 307,358	\$ 307,358	\$ 314,855	\$ 7,497	\$ 296,020
Fees and Services	500,826	500,826	580,655	79,829	533,832
Intergovernmental	307,358	307,358	268,072	(39,286)	316,812
Federal Grants	-	-	-	-	-
Farm Income	26,300	26,300	30,688	4,388	29,096
Miscellaneous	5,539	5,539	77,481	71,942	74,847
<b>Total Revenues</b>	<u>1,147,381</u>	<u>1,147,381</u>	<u>1,271,751</u>	<u>124,370</u>	<u>1,250,607</u>
<b>Expenditures:</b>					
Current					
Airport	793,738	793,738	712,731	81,007	753,309
<b>Total Expenditures</b>	<u>793,738</u>	<u>793,738</u>	<u>712,731</u>	<u>81,007</u>	<u>753,309</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	353,643	353,643	559,020	205,377	497,298
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(353,643)	(353,643)	(353,643)	-	(1,350,059)
<b>Total Other Sources (Uses)</b>	<u>(353,643)</u>	<u>(353,643)</u>	<u>(353,643)</u>	<u>-</u>	<u>(1,350,059)</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ -</u>	205,377	<u>\$ 205,377</u>	(852,761)
<b>Fund Balances, October 1st</b>			<u>445,705</u>		<u>1,298,466</u>
<b>Fund Balances, September 30th</b>			<u>\$ 651,082</u>		<u>\$ 445,705</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, 2011

With Comparative Actual Amounts from the Previous Year

	2011				
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2010 Actual
<b>Revenues:</b>					
Property Taxes	\$ 389,655	\$ 389,655	\$ 405,317	\$ 15,662	\$ 606,799
Intergovernmental	1,207,714	1,207,714	1,244,218	36,504	1,149,256
Federal Grants	-	-	102,306	102,306	91,625
Miscellaneous or Reserves	26,961	26,961	26,917	(44)	361,167
<b>Total Revenues</b>	1,624,330	1,624,330	1,778,758	154,428	2,208,847
<b>Expenditures:</b>					
Current					
General Government	55,500	55,500	60,614	(5,114)	221,240
Public Safety	233,936	233,936	252,769	(18,833)	415,018
Culture and Recreation	345,300	345,300	201,151	144,149	256,285
Highways and Streets	27,500	27,500	14,445	13,055	3,984
Capital Outlay	954,922	954,922	316,383	638,539	596,348
<b>Total Expenditures</b>	1,617,158	1,617,158	845,362	771,796	1,492,875
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,172	7,172	933,396	926,224	715,972
<b>Other Financing Sources (Uses)</b>					
Contribution of Assets			60,938	60,938	30,243
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(7,172)	(7,172)	(205,169)	(197,997)	(188,327)
<b>Total Other Sources (Uses)</b>	(7,172)	(7,172)	(144,231)	(137,059)	(158,084)
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	\$ -	\$ -	789,165	\$ 789,165	557,888
<b>Fund Balances, October 1st</b>			2,985,878		2,427,990
<b>Fund Balances, September 30th</b>			\$ 3,775,043		\$ 2,985,878

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, 2011  
 With Comparative Actual Amounts from the Previous Year

	2011				2010 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Revenues:</b>					
Fees and Services	\$ 95,000	\$ 95,000	\$ 163,516	\$ 68,516	\$ 102,318
Intergovernmental	-	-	20,000	20,000	-
Federal Grants	1,000,000	1,302,200	1,011,752	(290,448)	762,297
Miscellaneous	150	150	89	(61)	105
<b>Total Revenues</b>	<u>1,095,150</u>	<u>1,397,350</u>	<u>1,195,357</u>	<u>(201,993)</u>	<u>864,720</u>
<b>Expenditures:</b>					
Current					
Airport	1,147,800	1,450,000	1,056,427	393,573	967,001
<b>Total Expenditures</b>	<u>1,147,800</u>	<u>1,450,000</u>	<u>1,056,427</u>	<u>393,573</u>	<u>967,001</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,650)	(52,650)	138,930	191,580	(102,281)
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	52,650	52,650	52,650	-	1,066,064
Operating Transfers Out	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	<u>52,650</u>	<u>52,650</u>	<u>52,650</u>	<u>-</u>	<u>1,066,064</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ -</u>	191,580	<u>\$ 191,580</u>	963,783
<b>Fund Balances, October 1st</b>			<u>(79,826)</u>		<u>(1,043,609)</u>
<b>Fund Balances, September 30th</b>			<u>\$ 111,754</u>		<u>\$ (79,826)</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, 2011  
With Comparative Actual Amounts from the Previous Year

	2011			Variance Favorable (Unfavorable)	2010 Actual
	Proposed Budget	Final Budget	Actual		
<b>Operating Revenues:</b>					
Charges for Services	\$ 8,205,986	\$8,205,986	8,081,699	\$ (124,287)	\$ 6,606,158
Taps, Connection and Other Fees	127,100	127,100	28,770	(98,330)	87,010
Miscellaneous	94,487	94,487	100,617	6,130	98,805
<b>Total Operating Revenues</b>	<u>8,427,573</u>	<u>8,427,573</u>	<u>8,211,086</u>	<u>(216,487)</u>	<u>6,791,973</u>
<b>Operating Expenses:</b>					
Contracted Expenses	423,336	423,336	189,718	233,618	199,926
Personnel Expenses	1,647,257	1,647,257	1,414,114	233,143	1,556,526
Depreciation and Amortization	-	-	572,054	(572,054)	610,647
Utilities	775,913	775,913	668,998	106,915	699,707
Supplies	458,886	458,886	388,339	70,547	662,221
Repairs, Maintenance, Studies & Projects	1,454,797	1,454,797	182,627	1,272,170	195,639
Vehicle Expense	127,855	127,855	127,397	458	111,982
Rental Expense	190,450	190,450	117,946	72,504	116,426
Miscellaneous Expenses	18,970	18,970	34,249	(15,279)	8,639
Testing and Monitoring	32,600	32,600	44,029	(11,429)	50,072
Telephone	-	-	-	-	-
Travel and Meetings	4,600	4,600	2,001	2,599	1,389
<b>Total Operating Expenses</b>	<u>5,134,664</u>	<u>5,134,664</u>	<u>3,741,472</u>	<u>1,393,192</u>	<u>4,213,174</u>
Operating Income (Loss)	3,292,909	3,292,909	4,469,614	1,176,705	2,578,799
<b>Non-operating Revenues (Expenses):</b>					
Interest Income	75,000	75,000	89,972	14,972	117,720
Rent and Royalties	65,000	65,000	65,010	10	65,010
Federal Grants	-	-	0	-	20,780
Interest Expense	(1,074,079)	(1,074,079)	(1,064,409)	9,670	(736,492)
<b>Total Non-operating Revenues (Exp)</b>	<u>(934,079)</u>	<u>(934,079)</u>	<u>(909,427)</u>	<u>24,652</u>	<u>(532,982)</u>
Income (Loss) before operating transfers	2,358,830	2,358,830	3,560,187	1,201,357	2,045,817
<b>Interfund Transfers and Donations:</b>					
Donation of Assets			-	-	0
Operating Transfers In	247,072	247,072	247,072	-	235,306
Operating Transfers Out	(792,082)	(792,082)	(792,082)	-	(920,401)
Net Transfers and Donations	<u>(545,010)</u>	<u>(545,010)</u>	<u>(545,010)</u>	<u>-</u>	<u>(685,095)</u>
Net Income (Loss)	<u>\$ 1,813,820</u>	<u>\$1,813,820</u>	3,015,177	<u>\$ 1,201,357</u>	1,360,722
<b>Net Assets, October 1st</b>			19,138,024		17,777,302
Prior Period Adjustment			-		-
<b>Net Assets, September 30th</b>			<u>\$22,153,201</u>		<u>\$19,138,024</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, 2011

With Comparative Actual Amounts from the Previous Year

	2011				2010 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Operating Revenues:</b>					
Charges for Services	\$ 5,997,124	\$ 5,997,124	5,611,424	\$ (385,700)	\$ 5,555,071
Taps, Connection and Other Fees	5,750	5,750	1,455	(4,295)	2,680
Miscellaneous	32,501	32,501	53,502	21,001	222,025
<b>Total Operating Revenues</b>	<u>6,035,375</u>	<u>6,035,375</u>	<u>5,666,381</u>	<u>(368,994)</u>	<u>5,779,776</u>
<b>Operating Expenses:</b>					
Contracted Expenses	3,051,429	3,051,429	2,862,021	189,408	2,990,098
Personnel Expenses	481,314	481,314	493,763	(12,449)	514,560
Depreciation and Amortization	-	-	981,530	(981,530)	952,406
Utilities	-	-	-	-	-
Supplies	22,610	22,610	10,709	11,901	8,579
Repairs and Maintenance	944,550	944,550	(133,186)	1,077,736	510,311
Vehicle Expense	41,650	41,650	45,747	(4,097)	36,796
Small Equipment	-	-	353,015	(353,015)	-
Studies and Projects	-	-	-	-	-
Rental Expense	-	-	-	-	-
Miscellaneous Expenses	2,400	2,400	38,677	(36,277)	(979)
Telephone	-	-	-	-	-
Travel and Meetings	1,000	1,000	-	1,000	602
<b>Total Operating Expenses</b>	<u>4,544,953</u>	<u>4,544,953</u>	<u>4,652,276</u>	<u>(107,323)</u>	<u>5,012,373</u>
Operating Income (Loss)	1,490,422	1,490,422	1,014,105	(476,317)	767,403
<b>Non-operating Revenues (Expenses):</b>					
Development Fees	264,337	264,337	106,048	(158,289)	179,717
Interest Income	52,312	52,312	15,481	(36,831)	48,831
Interest Expense	(566,440)	(566,440)	(276,292)	290,148	(305,856)
Federal Grant	-	-	58,969	58,969	88,652
<b>Total Non-operating Revenues (Exp)</b>	<u>(249,791)</u>	<u>(249,791)</u>	<u>(95,794)</u>	<u>153,997</u>	<u>11,344</u>
Income (Loss) before operating transfers	1,240,631	1,240,631	918,311	(322,320)	778,747
<b>Interfund Transfers and Donations:</b>					
Donation of Assets	-	-	-	-	-
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(519,908)	(519,908)	(519,908)	-	(459,768)
Net Transfers and Donations	<u>(519,908)</u>	<u>(519,908)</u>	<u>(519,908)</u>	<u>-</u>	<u>(459,768)</u>
Net Income (Loss)	<u>\$ 720,723</u>	<u>\$ 720,723</u>	398,403	<u>\$ (322,320)</u>	318,979
<b>Net Assets, October 1st</b>			<u>21,177,348</u>		<u>20,858,369</u>
<b>Net Assets, September 30th</b>			<u>\$ 21,575,751</u>		<u>\$ 21,177,348</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, 2011

With Comparative Actual Amounts from the Previous Year

	2011			Variance Favorable (Unfavorable)	2010
	Proposed Budget	Final Budget	Actual		Actual
<b>Operating Revenues:</b>					
Charges for Services	\$ 2,162,000	\$ 2,162,000	\$ 2,158,792	\$ (3,208)	\$ 2,214,149
Miscellaneous	15,000	15,000	36,337	21,337	8,538
<b>Total Operating Revenues</b>	<u>2,177,000</u>	<u>2,177,000</u>	<u>2,195,129</u>	<u>18,129</u>	<u>2,222,687</u>
<b>Operating Expenses:</b>					
Contracted Expenses	1,442,657	1,442,657	1,699,377	(256,720)	1,159,136
Personnel Expenses	201,159	201,159	173,497	27,662	168,829
Depreciation and Amortization	-	-	8,907	(8,907)	10,296
Landfill Expenses	695,000	695,000	586,317	108,683	610,482
Supplies	2,200	2,200	1,977	223	1,496
Repairs and Maintenance	6,800	6,800	4,243	2,557	2,530
Vehicle Expense	5,878	5,878	5,289	589	4,650
Studies and Projects	1,550	1,550	1,115	435	1,154
Miscellaneous Expenses	1,800	1,800	11,660	(9,860)	75
Telephone	-	-	-	-	-
Travel and Meetings	1,000	1,000	-	1,000	300
<b>Total Operating Expenses</b>	<u>2,358,044</u>	<u>2,358,044</u>	<u>2,492,382</u>	<u>(134,338)</u>	<u>1,958,948</u>
Operating Income (Loss)	(181,044)	(181,044)	(297,253)	(116,209)	263,739
<b>Non-operating Revenues (Expenses):</b>					
Interest Income	11,000	11,000	6,526	(4,474)	15,690
Interest Expense	-	-	-	-	-
<b>Total Non-operating Revenues (Exp)</b>	<u>11,000</u>	<u>11,000</u>	<u>6,526</u>	<u>(4,474)</u>	<u>15,690</u>
Income (Loss) before operating transfers	(170,044)	(170,044)	(290,727)	(120,683)	279,429
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(149,956)	(149,956)	(149,957)	(1)	(142,148)
Net Transfers	<u>(149,956)</u>	<u>(149,956)</u>	<u>(149,957)</u>	<u>(1)</u>	<u>(142,148)</u>
Net Income (Loss)	<u>\$ (320,000)</u>	<u>\$ (320,000)</u>	(440,684)	<u>\$ (120,684)</u>	137,281
<b>Net Assets, October 1st</b>			<u>1,245,758</u>		<u>1,108,477</u>
<b>Net Assets, September 30th</b>			<u>\$ 805,074</u>		<u>\$ 1,245,758</u>

See accountants' report.

## **SUPPLEMENTARY INFORMATION**

**City of Twin Falls, Idaho**  
 Combining Statement - Other Governmental Funds  
 Fund Balance Sheets  
 September 30, 2011

	Special Revenue Funds			Debt Service Fund			Historic Preservation
	Street Light	Library	Total	LID Guarantee Bond	Library Bond	Total	
<b>Assets</b>							
Cash and Cash Equivalents	\$ 56,751	\$ 989,025	\$1,045,776	\$ 18,358	\$ 20,170	\$ 38,528	\$ (16,135)
Restricted Cash	-	-	-	-	-	-	-
Investments	-	4,352	4,352	-	-	-	-
Receivables (net of allowance)							
Taxes	3,157	42,161	45,318	-	-	-	-
Fees and Services	-	-	-	-	-	-	-
Intergovernmental	1,051	23,540	24,591	-	2	2	12,000
Interest	-	1,365	1,365	24	26	50	-
Accounts	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-
Deferred Charges	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 60,959</b>	<b>\$ 1,060,443</b>	<b>\$1,121,402</b>	<b>\$ 18,382</b>	<b>\$ 20,198</b>	<b>\$ 38,580</b>	<b>\$ (4,135)</b>
<b>Liabilities</b>							
Accounts Payable	18,956	11,226	30,182	-	-	-	-
Accrued Expenses	-	8,562	8,562	-	-	-	-
Deferred Revenue	2,441	32,590	35,031	-	-	-	-
Customer Deposits Payable	-	-	-	-	-	-	-
Due to Other Funds	233,920	-	233,920	-	-	-	3,987
<b>Total Liabilities</b>	<b>255,317</b>	<b>52,378</b>	<b>307,695</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,987</b>
<b>Fund Balance</b>							
Nonspendable Fund Balance	-	-	-	-	-	-	-
Restricted Fund Balance	-	-	-	-	-	-	-
Committed Fund Balance	-	1,008,065	1,008,065	18,382	20,198	38,580	-
Assigned Fund Balance	-	-	-	-	-	-	-
Unassigned Fund Balance	(194,358)	-	(194,358)	-	-	-	(8,122)
<b>Total Fund Balance</b>	<b>(194,358)</b>	<b>1,008,065</b>	<b>813,707</b>	<b>18,382</b>	<b>20,198</b>	<b>38,580</b>	<b>(8,122)</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 60,959</b>	<b>\$ 1,060,443</b>	<b>\$1,121,402</b>	<b>\$ 18,382</b>	<b>\$ 20,198</b>	<b>\$ 38,580</b>	<b>\$ (4,135)</b>

See accountants' report.

**City of Twin Falls, Idaho**  
 Combining Statement - Other Governmental Funds  
 Fund Balance Sheets  
 September 30, 2011

Capital Projects Fund					Other Permanent Funds				Total Other Government Funds
Park Develop.	Trail Fund	Impact Fee	CDBG	Total	Drug Seizure	Historic Downtown	Fireworks	Total	
\$ -	\$ 1	\$ 444,037	\$ (61)	\$ 427,842	\$ 90,489	\$ 16,284	\$ (10,090)	\$ 96,683	\$ 1,608,829
293,882	40	-	-	293,922	-	-	-	-	293,922
-	-	-	-	-	-	-	-	-	4,352
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	45,318
-	-	-	-	-	-	-	-	-	-
-	-	-	-	12,000	-	-	-	-	36,593
376	-	555	-	931	-	-	-	-	2,346
-	-	-	-	-	166,887	-	-	166,887	166,887
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>\$ 294,258</u>	<u>\$ 41</u>	<u>\$ 444,592</u>	<u>\$ (61)</u>	<u>\$ 734,695</u>	<u>\$ 257,376</u>	<u>\$ 16,284</u>	<u>\$ (10,090)</u>	<u>\$ 263,570</u>	<u>\$ 2,158,247</u>
-	-	-	-	-	218	-	-	218	30,400
-	-	-	-	-	-	-	-	-	8,562
-	-	-	-	-	-	-	-	-	35,031
-	-	-	-	-	-	-	150	150	150
-	-	-	-	3,987	-	-	666	666	238,573
-	-	-	-	3,987	218	-	816	1,034	312,716
-	-	-	-	-	-	-	-	-	-
294,258	41	444,592	-	738,891	257,158	16,284	-	273,442	2,058,978
-	-	-	-	-	-	-	-	-	-
-	-	-	(61)	(8,183)	-	-	(10,906)	(10,906)	(213,447)
<u>294,258</u>	<u>41</u>	<u>444,592</u>	<u>(61)</u>	<u>730,708</u>	<u>257,158</u>	<u>16,284</u>	<u>(10,906)</u>	<u>262,536</u>	<u>1,845,531</u>
<u>\$ 294,258</u>	<u>\$ 41</u>	<u>\$ 444,592</u>	<u>\$ (61)</u>	<u>\$ 734,695</u>	<u>\$ 257,376</u>	<u>\$ 16,284</u>	<u>\$ (10,090)</u>	<u>\$ 263,570</u>	<u>\$ 2,158,247</u>

See accountants' report.

**City of Twin Falls, Idaho**  
Combining Statement - Other Governmental Funds  
Statements of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended September 30, 2011

	Special Revenue Funds			Debt Service Fund			Historic Preservation
	Street Light	Library	Total	LID Guarantee Bond	Library Bond	Total	
<b>Revenues</b>							
Property Taxes, Including Interest	\$ 95,717	\$ 1,450,093	\$ 1,545,810	\$ -	\$ 11	\$ 11	\$ -
Other Taxes	189,820	-	189,820	-	-	-	-
Special Assessments, Including Interest	-	-	-	-	-	-	-
Fines and Forfeitures	-	37,895	37,895	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-
Fees and Services	-	32,482	32,482	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Federal Grants	-	42,660	42,660	-	-	-	12,000
Miscellaneous	-	31,774	31,774	119	131	250	-
<b>Total Revenue</b>	<b>285,537</b>	<b>1,594,904</b>	<b>1,880,441</b>	<b>119</b>	<b>142</b>	<b>261</b>	<b>12,000</b>
<b>Expenditures</b>							
<b>Current</b>							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	16,000
Culture and Recreation	-	1,532,667	1,532,667	-	-	-	-
Highway and Streets	271,395	-	271,395	-	-	-	-
Airport	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Principal Retirement	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>271,395</b>	<b>1,532,667</b>	<b>1,804,062</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,000</b>
Excess of Revenues Over (Under) Expenditures	14,142	62,237	76,379	119	142	261	(4,000)
<b>Operating Transfers</b>							
Transfers In	-	197,997	197,997	-	-	-	-
Transfers Out	19,174	-	19,174	-	-	-	-
<b>Net Transfers</b>	<b>(19,174)</b>	<b>197,997</b>	<b>178,823</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(5,032)</b>	<b>260,234</b>	<b>255,202</b>	<b>119</b>	<b>142</b>	<b>261</b>	<b>(4,000)</b>
<b>Fund Balance October 1, 2010</b>	<b>(189,326)</b>	<b>747,831</b>	<b>558,505</b>	<b>18,263</b>	<b>20,056</b>	<b>38,319</b>	<b>(4,122)</b>
Transfer of Historic Downtown to the Urban Renewal Agency	-	-	-	-	-	-	-
<b>Fund Balance September 30, 2011</b>	<b>\$(194,358)</b>	<b>\$ 1,008,065</b>	<b>\$ 813,707</b>	<b>\$ 18,382</b>	<b>\$ 20,198</b>	<b>\$ 38,580</b>	<b>\$ (8,122)</b>

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, 2011

Capital Projects Fund					Other Permanent Funds				Total Other
Park Develop.	Trail Fund	Impact Fee	CDBG	Total	Drug Seizure	Historic Downtown	Fireworks	Total	Government Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,545,821
-	-	-	-	-	-	-	-	-	189,820
-	-	-	-	-	93,964	-	-	93,964	93,964
-	-	-	-	-	-	-	-	-	37,895
-	-	-	-	-	-	-	-	-	-
-	-	209,567	-	209,567	-	-	1,999	1,999	244,048
-	-	-	-	-	-	-	-	-	-
-	-	-	332,722	344,722	-	-	-	-	387,382
2,957	-	1,846	-	4,803	-	-	5,233	5,233	42,060
<u>2,957</u>	<u>-</u>	<u>211,413</u>	<u>332,722</u>	<u>559,092</u>	<u>93,964</u>	<u>-</u>	<u>7,232</u>	<u>101,196</u>	<u>2,540,990</u>
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	83,740	-	-	83,740	83,740
-	-	-	-	-	-	-	-	-	-
161,379	-	-	332,783	510,162	-	-	18,317	18,317	528,479
-	-	-	-	-	-	-	-	-	1,532,667
-	-	-	-	-	-	-	-	-	271,395
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>161,379</u>	<u>-</u>	<u>-</u>	<u>332,783</u>	<u>510,162</u>	<u>83,740</u>	<u>-</u>	<u>18,317</u>	<u>102,057</u>	<u>2,416,281</u>
(158,422)	-	211,413	(61)	48,930	10,224	-	(11,085)	(861)	124,709
-	-	-	-	-	-	-	-	-	197,997
-	-	-	-	-	-	-	-	-	19,174
-	-	-	-	-	-	-	-	-	178,823
(158,422)	-	211,413	(61)	48,930	10,224	-	(11,085)	(861)	303,532
452,680	41	233,179	-	681,778	246,934	106,590	179	353,703	1,632,305
-	-	-	-	-	-	(90,306)	-	(90,306)	(90,306)
<u>\$ 294,258</u>	<u>\$ 41</u>	<u>\$ 444,592</u>	<u>\$ (61)</u>	<u>\$ 730,708</u>	<u>\$ 257,158</u>	<u>\$ 16,284</u>	<u>\$ (10,906)</u>	<u>\$ 262,536</u>	<u>\$ 1,845,531</u>

See accountants' report.

**City of Twin Falls, Idaho**  
Combining Statement - Proprietary Funds  
Fund Balance Sheets  
September 30, 2011

	<b>Business-Type Activities</b>					<b>Total</b>
	<b>Golf</b>	<b>Pool</b>	<b>Dierkes Lake Shoshone Falls</b>	<b>Parking</b>	<b>Common Area Maintenance</b>	
<b>Assets</b>						
Cash and Cash Equivalents	\$ (337,785)	\$ 54,893	\$ 279,028	\$ 69,016	\$ 14,541	\$ 79,693
Investments	-	-	-	-	-	-
Receivables (net of allowance for uncollected.)	-	-	-	-	-	-
Fees and Services	-	-	-	-	1,816	1,816
Intergovernmental	-	47,087	-	-	-	47,087
Interest	-	-	454	-	-	454
Accounts	-	-	-	118	-	118
Inventories	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>(337,785)</b>	<b>101,980</b>	<b>279,482</b>	<b>69,134</b>	<b>16,357</b>	<b>129,168</b>
Restricted Assets	-	-	-	-	-	-
Deferred Charges	-	-	-	-	-	-
Fixed Assets (Net of Accum. Depreciation)	531,468	815,253	1,123,977	-	-	2,470,698
<b>Total Assets</b>	<b>\$ 193,683</b>	<b>\$ 917,233</b>	<b>\$ 1,403,459</b>	<b>\$ 69,134</b>	<b>\$ 16,357</b>	<b>\$ 2,599,866</b>
<b>Liabilities and Equity</b>						
Current Liabilities:						
Accounts Payable	\$ 7,695	\$ -	\$ 8,567	\$ -	\$ 66	\$ 16,328
Accrued Expenses	467	-	-	-	-	467
Due to Other Funds	362,021	337,286	-	-	-	699,307
Notes Payable - Current	26,736	-	-	-	-	26,736
Compensated Absences	5,274	-	-	-	-	5,274
<b>Total Current Liabilities</b>	<b>402,193</b>	<b>337,286</b>	<b>8,567</b>	<b>-</b>	<b>66</b>	<b>748,112</b>
Current Liab. Payable from Restricted Assets:						
Revenue Bonds Payable - Current	-	-	-	-	-	-
Customer Deposits Payable	-	-	-	1,780	-	1,780
<b>Total Curr. Liab. From Restricted Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,780</b>	<b>-</b>	<b>1,780</b>
NonCurrent Liabilities:						
Notes Payable - Equipment	-	-	-	-	-	-
Revenue Bonds Payable (Net of Discounts)	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>402,193</b>	<b>337,286</b>	<b>8,567</b>	<b>1,780</b>	<b>66</b>	<b>749,892</b>
<b>Net Assets</b>						
Invested In Capital Assets, net of related debt	504,732	815,253	1,123,977	-	-	2,443,962
Restricted	-	-	-	-	-	-
Unrestricted	(713,242)	(235,306)	270,915	67,354	16,291	(593,988)
<b>Total Equity</b>	<b>(208,510)</b>	<b>579,947</b>	<b>1,394,892</b>	<b>67,354</b>	<b>16,291</b>	<b>1,849,974</b>
<b>Total Liabilities and Equity</b>	<b>\$ 193,683</b>	<b>\$ 917,233</b>	<b>\$ 1,403,459</b>	<b>\$ 69,134</b>	<b>\$ 16,357</b>	<b>\$ 2,599,866</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, 2011

	<b>Business-Type Activities</b>					<b>Totals</b>
	<b>Dierkes Lake Shoshone</b>			<b>Common Area</b>		
	<b>Golf</b>	<b>Pool</b>	<b>Falls</b>	<b>Parking</b>	<b>Maintenance</b>	
<b>Operating Revenues:</b>						
Charges for Services	\$ 257,120	\$ -	\$ 292,277	\$ 67,034	\$ 23,964	\$ 640,395
Taps, Connection and Other Fees	-	-	-	-	-	-
Miscellaneous	2,909	-	14,166	180	-	17,255
<b>Total Operating Revenues</b>	<b>260,029</b>	<b>-</b>	<b>306,443</b>	<b>67,214</b>	<b>23,964</b>	<b>657,650</b>
<b>Operating Expenses:</b>						
Contracted Services	50,698	54,711	63,590	1,030	19,695	189,724
Personal Expenses	139,601	-	72,394	55,554	-	267,549
Depreciation and Amortization	41,131	37,397	45,703	813	-	125,044
Utilities	14,027	86,165	3,909	-	725	104,826
Landfill Expenses	-	-	-	-	-	-
Supplies	29,083	959	11,354	26	-	41,422
Insurance	-	-	-	-	-	-
Repairs and Maintenance	38,826	7,459	4,621	220	1,064	52,190
Vehicle Expenses	27,064	-	910	-	-	27,974
Small Equipment	-	-	12,563	-	-	12,563
Rental Expense	-	389	-	-	-	389
Miscellaneous Expense	1,151	-	1,492	520	127	3,290
Testing and Monitoring	-	-	-	-	-	-
Telephone	-	-	-	-	-	-
Travel and Meetings	765	-	-	100	-	865
<b>Total Operating Expenses</b>	<b>342,346</b>	<b>187,080</b>	<b>216,536</b>	<b>58,263</b>	<b>21,611</b>	<b>825,836</b>
Operating Income (Loss)	(82,317)	(187,080)	89,907	8,951	2,353	(168,186)
<b>Non-Operating Revenues (Expenses):</b>						
Development Fees	-	-	-	-	-	-
Interest Income	-	-	1,364	272	-	1,636
Rent and Royalties	-	-	-	-	-	-
Federal Grants	-	-	-	-	-	-
Intergovernmental	-	175,131	-	-	-	175,131
Loss on Transfer of Assets	-	-	-	-	-	-
Interest Expense	443	-	-	-	-	443
<b>Total Non-Operating Revenues (Exp.)</b>	<b>443</b>	<b>175,131</b>	<b>1,364</b>	<b>272</b>	<b>-</b>	<b>177,210</b>
Income (Loss) Before Operating Transfers	(81,874)	(11,949)	91,271	9,223	2,353	9,024
<b>Operating Transfers:</b>						
Operating Transfers In	7,172	-	-	-	-	7,172
Operating Transfers Out	(21,681)	-	(8,389)	-	-	(30,070)
<b>Net Transfers</b>	<b>(14,509)</b>	<b>-</b>	<b>(8,389)</b>	<b>-</b>	<b>-</b>	<b>(22,898)</b>
Net Income (Loss)	(96,383)	(11,949)	82,882	9,223	2,353	(13,874)
<b>Total Net Assets, October 1, 2010</b>	<b>(112,127)</b>	<b>591,896</b>	<b>1,312,010</b>	<b>58,131</b>	<b>13,938</b>	<b>1,863,848</b>
<b>Total Net Assets, September 30, 2011</b>	<b>\$ (208,510)</b>	<b>\$ 579,947</b>	<b>\$ 1,394,892</b>	<b>\$ 67,354</b>	<b>\$ 16,291</b>	<b>\$ 1,849,974</b>

See accountants' report.

**City of Twin Falls, Idaho**  
Combining Statement - Internal Service Funds  
Fund Balance Sheets  
September 30, 2011

	<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	\$ 113,226	\$ 419,458	\$ 532,684
Investments	115,271	-	115,271
Receivables (net of allowance for uncollect.)			-
Taxes	5,155	-	5,155
Fees and Services	-	-	-
Intergovernmental	3,311	-	3,311
Interest	286	-	286
Accounts	-	-	-
Prepaid Expenses	-	-	-
Inventories	-	-	-
Total Current Assets	<u>237,249</u>	<u>419,458</u>	<u>656,707</u>
Restricted Assets			
Deferred Charges			
Fixed Assets (Net of Accum. Depreciation)	-	336,481	336,481
<b>Total Assets</b>	<u><u>\$ 237,249</u></u>	<u><u>\$ 755,939</u></u>	<u><u>\$ 993,188</u></u>
<b><u>Liabilities and Equity</u></b>			
Current Liabilities:			
Accounts Payable	\$ -	\$ 431	\$ 431
Accrued Expenses	-	-	-
Deferred Revenue	3,985	-	3,985
Notes Payable - Current	-	-	-
Compensated Absences	-	18,956	18,956
<b>Total Current Liabilities</b>	<u>3,985</u>	<u>19,387</u>	<u>23,372</u>
<b>Total Liabilities</b>	3,985	19,387	23,372
<b><u>Net Assets</u></b>			
Invested In Capital Assets, net of related debt	-	336,481	336,481
Restricted	-	-	-
Unrestricted	233,264	400,071	633,335
<b>Total Equity</b>	<u>233,264</u>	<u>736,552</u>	<u>969,816</u>
<b>Total Liabilities and Equity</b>	<u><u>\$ 237,249</u></u>	<u><u>\$ 755,939</u></u>	<u><u>\$ 993,188</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, 2011

	<b>Governmental Activities - Internal Service Funds Shop</b>		
	<u>Insurance</u>	<u>Revolving</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Charges for Services	\$ -	\$ 266,718	\$ 266,718
Special Assessments, Including Interest Taps, Connection and Other Fees	177,116	-	177,116
Miscellaneous	909	39,921	40,830
<b>Total Operating Revenues</b>	<u>178,025</u>	<u>306,639</u>	<u>484,664</u>
<b>Operating Expenses:</b>			
Contracted Services	-	1,126	1,126
Personal Expenses	-	181,334	181,334
Depreciation and Amortization	-	12,505	12,505
Utilities	-	5,958	5,958
Landfill Expenses	-	-	-
Supplies	-	19,145	19,145
Insurance	339,579	-	339,579
Repairs and Maintenance	-	11,743	11,743
Vehicle Expenses	-	702	702
Studies and Projects	-	-	-
Rental Expense	-	-	-
Miscellaneous Expense	420	1,050	1,470
Testing and Monitoring	-	-	-
Telephone	-	-	-
Travel and Meetings	-	-	-
<b>Total Operating Expenses</b>	<u>339,999</u>	<u>233,563</u>	<u>573,562</u>
Operating Income (Loss)	(161,974)	73,076	(88,898)
<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	(161,974)	73,076	(88,898)
<b>Operating Transfers:</b>			
Operating Transfers In	224,534	-	224,534
Operating Transfers Out	(47,936)	-	(47,936)
<b>Net Transfers</b>	<u>176,598</u>	<u>-</u>	<u>176,598</u>
Net Income (Loss)	14,624	73,076	87,700
<b>Total Net Assets, October 1, 2010</b>	218,640	663,476	882,116
Prior Period Adjustment	-	-	-
<b>Total Net Assets, September 30, 2011</b>	<u>\$ 233,264</u>	<u>\$ 736,552</u>	<u>\$ 969,816</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, 2011  
With Comparative Actual Amounts from the Previous Year

	2011				2010 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Revenues:</b>					
Property Taxes	\$ 96,159	\$ 96,159	\$ 95,717	\$ (442)	\$ 120,791
Non-Property Taxes	202,515	202,515	189,820	(12,695)	151,479
Miscellaneous & Intergovernmental	-	-	-	-	-
<b>Total Revenues</b>	<u>298,674</u>	<u>298,674</u>	<u>285,537</u>	<u>(13,137)</u>	<u>272,270</u>
<b>Expenditures:</b>					
Current					
Highways and Streets	279,500	279,500	271,395	8,105	264,926
<b>Total Expenditures</b>	<u>279,500</u>	<u>279,500</u>	<u>271,395</u>	<u>8,105</u>	<u>264,926</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,174	19,174	14,142	(5,032)	7,344
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(19,174)	(19,174)	(19,174)	-	(18,261)
<b>Total Other Sources (Uses)</b>	<u>(19,174)</u>	<u>(19,174)</u>	<u>(19,174)</u>	<u>-</u>	<u>(18,261)</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ -</u>	(5,032)	<u>\$ (5,032)</u>	(10,917)
<b>Fund Balances, October 1st</b>			<u>(189,326)</u>		<u>(178,409)</u>
<b>Fund Balances, September 30th</b>			<u>\$ (194,358)</u>		<u>\$ (189,326)</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, 2011  
With Comparative Actual Amounts from the Previous Year

	2011				2010 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Revenues:</b>					
Property Taxes	\$ 1,416,174	\$ 1,416,174	\$ 1,450,093	\$ 33,919	\$ 1,376,237
Fines and Forfeits	28,000	28,000	37,895	9,895	38,475
Fees and Services	32,500	32,500	32,482	(18)	34,356
Grants	-	-	42,660	42,660	40,549
Miscellaneous	8,200	8,200	31,774	23,574	1,266
<b>Total Revenues</b>	<u>1,484,874</u>	<u>1,484,874</u>	<u>1,594,904</u>	<u>110,030</u>	<u>1,490,883</u>
<b>Expenditures:</b>					
Current					
Culture and Recreation	61,500	61,500	1,292,200	(1,230,700)	1,354,397
Capital Outlay	1,423,374	1,606,874	240,467	1,366,407	168,349
<b>Total Expenditures</b>	<u>1,484,874</u>	<u>1,668,374</u>	<u>1,532,667</u>	<u>135,707</u>	<u>1,522,746</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(183,500)	62,237	245,737	(31,863)
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	-	183,500	197,997	14,497	128,042
Operating Transfers Out	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	<u>-</u>	<u>183,500</u>	<u>197,997</u>	<u>14,497</u>	<u>128,042</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ -</u>	260,234	<u>\$ 260,234</u>	96,179
<b>Fund Balances, October 1st</b>			<u>747,831</u>		<u>651,652</u>
<b>Fund Balances, September 30th</b>			<u>\$ 1,008,065</u>		<u>\$ 747,831</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, 2011  
With Comparative Actual Amounts from the Previous Year

	2011				2010 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Revenues:</b>					
Miscellaneous	\$ -	\$ -	\$ 119	\$ 119	\$ 279
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>119</u>	<u>119</u>	<u>279</u>
<b>Expenditures:</b>					
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	-	-	119	119	279
<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>119</u>	<u>\$ 119</u>	<u>279</u>
<b>Fund Balances, October 1st</b>			<u>18,263</u>		<u>17,984</u>
<b>Fund Balances, September 30th</b>			<u>\$ 18,382</u>		<u>\$ 18,263</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, 2011  
With Comparative Actual Amounts from the Previous Year

	2011				2010 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Revenues:</b>					
Property Taxes, Including Penalty and Interest	\$ -	\$ -	\$ 11	\$ 11	\$ -
Miscellaneous	-	-	131	131	302
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>142</u>	<u>142</u>	<u>302</u>
<b>Expenditures:</b>					
Current					
General Government	-	-	-	-	-
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	-	-	142	142	302
<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>	142	<u>\$ 142</u>	302
<b>Fund Balances, October 1st</b>			<u>20,056</u>		<u>19,754</u>
<b>Fund Balances, September 30th</b>			<u>\$ 20,198</u>		<u>\$ 20,056</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, 2011  
 With Comparative Actual Amounts from the Previous Year

	2011			Variance Favorable (Unfavorable)	2010 Actual
	Proposed Budget	Final Budget	Actual		
<b>Revenues:</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	6,000	12,000	12,000	-	6,000
Miscellaneous	-	-	-	-	-
<b>Total Revenues</b>	<u>6,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>6,000</u>
<b>Expenditures:</b>					
Current					
Community Development	6,000	12,000	16,000	(4,000)	6,096
<b>Total Expenditures</b>	<u>6,000</u>	<u>12,000</u>	<u>16,000</u>	<u>(4,000)</u>	<u>6,096</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(4,000)	(4,000)	(96)
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues/Other Sources Over (Under) Expenditures/Uses	<u>\$ -</u>	<u>\$ -</u>	(4,000)	<u>\$ (4,000)</u>	(96)
<b>Fund Balances, October 1st</b>			<u>(4,122)</u>		<u>(4,026)</u>
<b>Fund Balances, September 30th</b>			<u>\$ (8,122)</u>		<u>\$ (4,122)</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
 Capital Projects - Park Development  
 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended September 30, 2011  
 With Comparative Actual Amounts from the Previous Year

	2011			Variance Favorable (Unfavorable)	2010 Actual
	Proposed Budget	Final Budget	Actual		
<b>Revenues:</b>					
Miscellaneous	\$ 34,100	\$ 34,100	2,957	\$ (31,143)	\$ 12,576
<b>Total Revenues</b>	<u>34,100</u>	<u>34,100</u>	<u>2,957</u>	<u>(31,143)</u>	<u>12,576</u>
<b>Expenditures:</b>					
Current					
Industrial Development	34,100	165,147	161,379	3,768	53,647
<b>Total Expenditures</b>	<u>34,100</u>	<u>165,147</u>	<u>161,379</u>	<u>3,768</u>	<u>53,647</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(131,047)	(158,422)	(27,375)	(41,071)
<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>\$ (131,047)</u>	(158,422)	<u>\$ (27,375)</u>	(41,071)
<b>Fund Balances, October 1st</b>			<u>452,679</u>		<u>493,750</u>
<b>Fund Balances, September 30th</b>			<u>\$ 294,257</u>		<u>\$ 452,679</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**

Capital Projects - Trail Fund

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

For the Fiscal Year Ended September 30, 2011

With Comparative Actual Amounts from the Previous Year

	2011				2010 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Revenues:</b>					
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>					
Current					
Trail Fund	-	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
<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>	-
<b>Fund Balances, October 1st</b>			<u>41</u>		<u>41</u>
<b>Fund Balances, September 30th</b>			<u>\$ 41</u>		<u>\$ 41</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**

Other Funds - Impact Fees

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

For the Fiscal Year Ended September 30, 2011

With Comparative Actual Amounts from the Previous Year

	2011				
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2010 Actual
<b>Operating Revenues:</b>					
Fees and Services	\$ -	\$ -	\$209,567	\$ 209,567	\$ 206,952
Miscellaneous	-	-	1,846	1,846	2,137
<b>Total Operating Revenues</b>	-	-	211,413	211,413	209,089
<b>Operating Expenses:</b>					
Public Safety	-	-	-	-	-
Community Development	-	-	-	-	-
Capital Outlay	-	-	-	-	-
<b>Total Operating Expenses</b>	-	-	-	-	-
Income (Loss) before operating transfers	-	-	211,413	211,413	209,089
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Net Transfers	-	-	-	-	-
Net Income (Loss)	\$ -	\$ -	211,413	\$ 211,413	209,089
<b>Net Assets, October 1st</b>			233,179		24,090
<b>Net Assets, September 30th</b>			\$444,592		\$ 233,179

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**

Other Funds - CDBG

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

For the Fiscal Year Ended September 30, 2011

With Comparative Actual Amounts from the Previous Year

	2011				
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2010 Actual
<b>Operating Revenues:</b>					
Federal Grants	\$ -	\$332,783	\$332,722	\$ (61)	\$ 120,998
Miscellaneous				-	
<b>Total Operating Revenues</b>	-	332,783	332,722	(61)	120,998
<b>Operating Expenses:</b>					
Community Development	-	332,783	332,783	-	120,998
<b>Total Operating Expenses</b>	-	332,783	332,783	-	120,998
Income (Loss) before operating transfers	-	-	(61)	(61)	-
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Net Transfers	-	-	-	-	-
Net Income (Loss)	\$ -	\$ -	(61)	\$ (61)	-
<b>Net Assets, October 1st</b>			-		-
<b>Net Assets, September 30th</b>			\$ (61)		\$ -

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
 Other Funds - Drug Seizure Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended September 30, 2011  
 With Comparative Actual Amounts from the Previous Year

	2011			Variance Favorable (Unfavorable)	2010 Actual
	Proposed Budget	Final Budget	Actual		
<b>Operating Revenues:</b>					
Special Assessments, Including Interest	\$ 50,000	\$ 50,000	\$ 93,964	\$ 43,964	\$ 91,534
Miscellaneous and Reserves	35,750	35,750	-	(35,750)	-
<b>Total Operating Revenues</b>	<u>85,750</u>	<u>85,750</u>	<u>93,964</u>	<u>8,214</u>	<u>91,534</u>
<b>Operating Expenses:</b>					
Public Safety	85,750	85,750	83,740	2,010	52,829
<b>Total Operating Expenses</b>	<u>85,750</u>	<u>85,750</u>	<u>83,740</u>	<u>2,010</u>	<u>52,829</u>
Income (Loss) before operating transfers	-	-	10,224	10,224	38,705
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Net Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	10,224	<u>\$ 10,224</u>	38,705
<b>Net Assets, October 1st</b>			<u>246,934</u>		<u>208,229</u>
<b>Net Assets, September 30th</b>			<u>\$ 257,158</u>		<u>\$ 246,934</u>

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, 2011  
 With Comparative Actual Amounts from the Previous Year

	2011				2010 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Operating Revenues:</b>					
Special Assessments, Including Interest	\$ -	\$ -	\$ -	\$ -	\$ (16,301)
Miscellaneous	-	-	-	-	33,649
<b>Total Operating Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,348</u>
<b>Operating Expenses:</b>					
Community Development	-	-	-	-	82,230
<b>Total Operating Expenses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,230</u>
Income (Loss) before operating transfers	-	-	-	-	(64,882)
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Net Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	(64,882)
<b>Net Assets, October 1st</b>			106,590		171,472
Transfer Net Assets to Urban Renewal			<u>(90,306)</u>		<u>-</u>
<b>Net Assets, September 30th</b>			<u>\$ 16,284</u>		<u>\$ 106,590</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**

Other Funds - Fireworks Fund

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

For the Fiscal Year Ended September 30, 2011

With Comparative Actual Amounts from the Previous Year

	2011				
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2010 Actual
<b>Operating Revenues:</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 4,998
Miscellaneous and Permits	8,000	8,000	7,232	(768)	23,914
<b>Total Operating Revenues</b>	8,000	8,000	7,232	(768)	28,912
<b>Operating Expenses:</b>					
Community Development	8,000	17,689	18,317	(628)	25,275
<b>Total Operating Expenses</b>	8,000	17,689	18,317	(628)	25,275
Income (Loss) before operating transfers	-	(9,689)	(11,085)	(1,396)	3,637
<b>Operating Transfers:</b>					
Operating Transfers In	-	9,689	-	(9,689)	-
Operating Transfers Out	-	-	-	-	-
Net Transfers	-	9,689	-	(9,689)	-
Net Income (Loss)	\$ -	\$ -	(11,085)	\$ (11,085)	3,637
<b>Net Assets, October 1st</b>			179		(3,458)
<b>Net Assets, September 30th</b>			\$(10,906)		\$ 179

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, 2011  
With Comparative Actual Amounts from the Previous Year

	2011				2010 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Operating Revenues:</b>					
Charges for Services	\$ 324,000	\$ 324,000	\$ 257,120	\$ (66,880)	\$ 284,438
Miscellaneous	6,000	6,000	2,909	(3,091)	8,803
<b>Total Operating Revenues</b>	<u>330,000</u>	<u>330,000</u>	<u>260,029</u>	<u>(69,971)</u>	<u>293,241</u>
<b>Operating Expenses:</b>					
Contracted Expenses	56,050	56,050	50,698	5,352	58,401
Personnel Expenses	140,896	140,896	139,601	1,295	142,156
Depreciation and Amortization	-	-	41,131	(41,131)	41,339
Utilities	11,900	11,900	14,027	(2,127)	11,173
Supplies	30,550	30,550	29,083	1,467	38,085
Repairs and Maintenance	51,200	81,200	38,826	42,374	174,219
Vehicle Expense	20,795	20,795	27,064	(6,269)	21,823
Studies and Projects	-	-	-	-	-
Rental Expense	500	500	-	500	214
Miscellaneous Expenses	2,900	2,900	1,151	1,749	2,014
Telephone	-	-	-	-	-
Travel and Meetings	700	700	765	(65)	539
<b>Total Operating Expenses</b>	<u>315,491</u>	<u>345,491</u>	<u>342,346</u>	<u>3,145</u>	<u>489,963</u>
Operating Income (Loss)	14,509	(15,491)	(82,317)	(66,826)	(196,722)
<b>Non-operating Revenues (Expenses):</b>					
Interest Income	-	-	-	-	-
Interest Expense	-	-	443	443	(3,562)
<b>Total Non-operating Revenues (Exp)</b>	<u>-</u>	<u>-</u>	<u>443</u>	<u>443</u>	<u>(3,562)</u>
Income (Loss) before operating transfers	14,509	(15,491)	(81,874)	(66,383)	(200,284)
<b>Operating Transfers:</b>					
Operating Transfers In	7,172	37,172	7,172	(30,000)	60,285
Operating Transfers Out	(21,681)	(21,681)	(21,681)	-	(20,128)
Net Transfers	<u>(14,509)</u>	<u>15,491</u>	<u>(14,509)</u>	<u>(30,000)</u>	<u>40,157</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	(96,383)	<u>\$ (96,383)</u>	(160,127)
<b>Net Assets, October 1st</b>			<u>(112,127)</u>		<u>48,000</u>
<b>Net Assets, September 30th</b>			<u>\$ (208,510)</u>		<u>\$ (112,127)</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, 2011  
With Comparative Actual Amounts from the Previous Year

	2011				2010 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Operating Revenues:</b>					
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous and Reserves	-	-	-	-	-
<b>Total Operating Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating Expenses:</b>					
Contracted Expenses	43,000	43,000	54,711	(11,711)	43,000
Personnel Expenses	-	-	-	-	(780)
Depreciation and Amortization	-	-	37,397	(37,397)	37,752
Utilities	119,900	119,900	86,165	33,735	96,899
Supplies	1,000	1,000	959	41	606
Repairs and Maintenance	7,000	7,000	7,459	(459)	2,912
Rental Expense	-	-	389	(389)	405
Telephone	-	-	-	-	-
Travel and Meetings	-	-	-	-	34
<b>Total Operating Expenses</b>	<u>170,900</u>	<u>170,900</u>	<u>187,080</u>	<u>(16,180)</u>	<u>180,828</u>
Operating Income (Loss)	(170,900)	(170,900)	(187,080)	(16,180)	(180,828)
<b>Non-operating Revenues (Expenses):</b>					
Intergovernmental	170,900	170,900	175,131	4,231	185,559
Loss on Transfer of Assets	-	-	-	-	(5,267)
Interest Expense	-	-	-	-	-
<b>Total Non-operating Revenues (Exp)</b>	<u>170,900</u>	<u>170,900</u>	<u>175,131</u>	<u>4,231</u>	<u>180,292</u>
Income (Loss) before operating transfers	-	-	(11,949)	(11,949)	(536)
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Net Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	(11,949)	<u>\$ (11,949)</u>	(536)
<b>Net Assets, October 1st</b>			<u>591,896</u>		<u>592,432</u>
<b>Net Assets, September 30th</b>			<u>\$ 579,947</u>		<u>\$ 591,896</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, 2011  
With Comparative Actual Amounts from the Previous Year

	2011				2010 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Operating Revenues:</b>					
Charges for Services	\$ 180,000	\$ 180,000	\$ 292,277	\$ 112,277	\$ 179,364
Miscellaneous and Reserves	47,905	47,905	14,166	(33,739)	(12,674)
<b>Total Operating Revenues</b>	<u>227,905</u>	<u>227,905</u>	<u>306,443</u>	<u>78,538</u>	<u>166,690</u>
<b>Operating Expenses:</b>					
Contracted Expenses	57,800	57,800	63,590	(5,790)	58,330
Personnel Expenses	71,816	71,816	72,394	(578)	75,590
Depreciation and Amortization	-	-	45,703	(45,703)	44,213
Utilities	4,000	4,000	3,909	91	3,449
Supplies	8,000	8,000	11,354	(3,354)	8,836
Repairs and Maintenance	78,000	78,000	4,621	73,379	5,857
Vehicle Expense	1,000	1,000	910	90	924
Small Equipment	-	-	12,563	(12,563)	-
Miscellaneous Expenses	1,500	1,500	1,492	8	4,060
Telephone	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>222,116</u>	<u>222,116</u>	<u>216,536</u>	<u>5,580</u>	<u>201,259</u>
Operating Income (Loss)	5,789	5,789	89,907	84,118	(34,569)
<b>Non-operating Revenues (Expenses):</b>					
Interest Income	2,600	2,600	1,364	(1,236)	3,264
Interest Expense	-	-	-	-	-
<b>Total Non-operating Revenues (Exp.)</b>	<u>2,600</u>	<u>2,600</u>	<u>1,364</u>	<u>(1,236)</u>	<u>3,264</u>
Income (Loss) before operating transfers	8,389	8,389	91,271	82,882	(31,305)
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(8,389)	(8,389)	(8,389)	-	(7,989)
Net Transfers	<u>(8,389)</u>	<u>(8,389)</u>	<u>(8,389)</u>	<u>-</u>	<u>(7,989)</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	82,882	<u>\$ 82,882</u>	(39,294)
<b>Net Assets, October 1st</b>			<u>1,312,010</u>		<u>1,351,304</u>
<b>Net Assets, September 30th</b>			<u>\$ 1,394,892</u>		<u>\$ 1,312,010</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, 2011

With Comparative Actual Amounts from the Previous Year

	2011			Variance	2010
	Proposed Budget	Final Budget	Actual	Favorable (Unfavorable)	Actual
<b>Operating Revenues:</b>					
Charges for Services	\$ 66,000	\$ 66,000	\$ 67,034	\$ 1,034	\$ 76,455
Miscellaneous	-	-	180	180	200
<b>Total Operating Revenues</b>	<b>66,000</b>	<b>66,000</b>	<b>67,214</b>	<b>1,214</b>	<b>76,655</b>
<b>Operating Expenses:</b>					
Contracted Expenses	1,100	1,100	1,030	70	1,030
Personnel Expenses	55,599	55,599	55,554	45	55,705
Depreciation and Amortization	-	-	813	(813)	813
Supplies	300	300	26	274	137
Repairs and Maintenance	3,400	3,400	220	3,180	44
Miscellaneous Expenses	5,801	5,801	520	5,281	2,536
Telephone	300	300	-	300	28
Travel	-	-	100	(100)	-
<b>Total Operating Expenses</b>	<b>66,500</b>	<b>66,500</b>	<b>58,263</b>	<b>8,237</b>	<b>60,293</b>
Operating Income (Loss)	(500)	(500)	8,951	9,451	16,362
<b>Non-operating Revenues (Expenses):</b>					
Interest Income	500	500	272	(228)	547
Interest Expense	-	-	-	-	-
<b>Total Non-operating Revenues (Expenses)</b>	<b>500</b>	<b>500</b>	<b>272</b>	<b>(228)</b>	<b>547</b>
Income (Loss) before operating transfers	-	-	9,223	9,223	16,909
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Net Transfers	-	-	-	-	-
Net Income (Loss)	<b>\$ -</b>	<b>\$ -</b>	<b>9,223</b>	<b>\$ 9,223</b>	<b>16,909</b>
<b>Net Assets, October 1st</b>			<b>58,131</b>		<b>41,222</b>
<b>Net Assets, September 30th</b>			<b>\$ 67,354</b>		<b>\$ 58,131</b>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
Enterprise - Common Area Maintenance  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended September 30, 2011  
With Comparative Actual Amounts from the Previous Year

	2011			Variance Favorable (Unfavorable)	2010 Actual
	Proposed Budget	Final Budget	Actual		
<b>Operating Revenues:</b>					
Charges for Services	\$ 30,900	\$ 30,900	\$23,964	\$ (6,936)	\$ 31,184
Miscellaneous	-	-	-	-	-
<b>Total Operating Revenues</b>	<u>30,900</u>	<u>30,900</u>	<u>23,964</u>	<u>(6,936)</u>	<u>31,184</u>
<b>Operating Expenses:</b>					
Contracted Expenses	30,900	30,900	19,695	11,205	20,686
Personnel Expenses	-	-	-	-	-
Depreciation and Amortization	-	-	-	-	-
Utilities	-	-	725	(725)	824
Supplies	-	-	-	-	-
Repairs and Maintenance	-	-	1,064	(1,064)	440
Vehicle Expense	-	-	-	-	-
Miscellaneous Expenses	-	-	127	(127)	-
Telephone	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>30,900</u>	<u>30,900</u>	<u>21,611</u>	<u>9,289</u>	<u>21,950</u>
Operating Income (Loss)	-	-	2,353	2,353	9,234
<b>Non-operating Revenues (Expenses):</b>					
Interest Income	-	-	-	-	-
Interest Expense	-	-	-	-	-
<b>Total Non-operating Revenues (Exp)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) before operating transfers	-	-	2,353	2,353	9,234
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Net Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	2,353	<u>\$ 2,353</u>	9,234
<b>Net Assets, October 1st</b>			<u>13,938</u>		<u>4,704</u>
<b>Net Assets, September 30th</b>			<u>\$16,291</u>		<u>\$ 13,938</u>

See accountants' report.

**CITY OF TWIN FALLS, IDAHO**  
Internal Service - Insurance Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended September 30, 2011  
With Comparative Actual Amounts from the Previous Year

	2011				2010 Actual
	Proposed Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>Operating Revenues:</b>					
Special Assessments, Including Interest	\$ 169,768	\$ 169,768	177,116	\$ 7,348	168,999
Miscellaneous	2,300	2,300	909	(1,391)	2,441
<b>Total Operating Revenues</b>	<u>172,068</u>	<u>172,068</u>	<u>178,025</u>	<u>5,957</u>	<u>171,440</u>
<b>Operating Expenses:</b>					
Insurance Expense	346,706	346,706	339,579	7,127	294,662
Miscellaneous Expenses	1,200	1,200	420	780	350
Travel and Meetings	760	760	-	760	-
<b>Total Operating Expenses</b>	<u>348,666</u>	<u>348,666</u>	<u>339,999</u>	<u>8,667</u>	<u>295,012</u>
Operating Income (Loss)	(176,598)	(176,598)	(161,974)	14,624	(123,572)
<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	(176,598)	(176,598)	(161,974)	14,624	(123,572)
<b>Operating Transfers:</b>					
Operating Transfers In	224,534	224,534	224,534	-	185,075
Operating Transfers Out	(47,936)	(47,936)	(47,936)	-	(45,653)
Net Transfers	<u>176,598</u>	<u>176,598</u>	<u>176,598</u>	<u>-</u>	<u>139,422</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	14,624	<u>\$ 14,624</u>	15,850
<b>Net Assets, October 1st</b>			<u>218,640</u>		<u>202,790</u>
<b>Net Assets, September 30th</b>			<u>\$ 233,264</u>		<u>\$ 218,640</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, 2011  
With Comparative Actual Amounts from the Previous Year

	2011			Variance Favorable (Unfavorable)	2010 Actual
	Proposed Budget	Final Budget	Actual		
<b>Operating Revenues:</b>					
Charges for Services	\$ 266,718	\$ 266,718	\$ 266,718	\$ -	\$ 256,664
Miscellaneous	-	-	39,921	39,921	-
<b>Total Operating Revenues</b>	<u>266,718</u>	<u>266,718</u>	<u>306,639</u>	<u>39,921</u>	<u>256,664</u>
<b>Operating Expenses:</b>					
Contracted Expenses	1,675	1,675	1,126	549	855
Personnel Expenses	216,013	216,013	181,334	34,679	179,451
Depreciation and Amortization	-	-	12,505	(12,505)	8,494
Utilities	8,800	8,800	5,958	2,842	6,224
Supplies	26,280	26,280	19,145	7,135	16,739
Repairs and Maintenance	12,500	12,500	11,743	757	7,305
Vehicle Expense	700	700	702	(2)	940
Miscellaneous Expenses	750	750	1,050	(300)	-
Telephone	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>266,718</u>	<u>266,718</u>	<u>233,563</u>	<u>33,155</u>	<u>220,008</u>
Operating Income (Loss)	-	-	73,076	73,076	36,656
<b>Non-operating Revenues (Expenses):</b>					
Interest Income	-	-	-	-	-
Interest Expense	-	-	-	-	-
<b>Total Non-operating Revenues (Exp)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) before operating transfers	-	-	73,076	73,076	36,656
<b>Operating Transfers:</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Net Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ -</u>	<u>\$ -</u>	<u>73,076</u>	<u>\$ 73,076</u>	<u>36,656</u>
<b>Net Assets, October 1st</b>			<u>663,476</u>		<u>626,820</u>
<b>Net Assets, September 30th</b>			<u>\$ 736,552</u>		<u>\$ 663,476</u>

See accountants' report.

## **SINGLE AUDIT INFORMATION**



Mahlke Hunsaker & Company PLLC

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

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**INDEPENDENT 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, 2011 and have issued our report thereon dated January 25, 2012. 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,

*Mahlke Hunsaker & Co.*

MAHLKE HUNSAKER & CO., pllc  
January 25, 2012

**CITY OF TWIN FALLS, IDAHO**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2011**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Expenditures</b>
<b>Historical Society</b>			
Historic Preservation Fund Grants	15.904		\$ 12,000
<b>Department of Transportation</b>			
Highway Planning and Construction	20.205	A009(935)	1,366
State and Community Highway Safety	20.600	AL-2010-01-00-00	2,919
Alcohol Traffic Safety & Drunk Driving Prevention	20.601	K8-2011-01-00-00	2,152
<b>Department of Justice</b>			
Bulletproof Vest Partnership Program	16.607		2,640
Juvenile Accountability Block Grants	16.523		3,012
Internet Crimes Against Children	16.800		74,009
<b>Department of Energy</b>			
Energy Efficiency and Conservation Block Grant Program	81.128		94,109
<b>Department of Homeland Security</b>			
Law Enforcement Officer Reimbursement Program	97.090		101,362
Assistance to Firefighters Grant	97.044		8,100
<b>Department of Housing and Urban Development</b>			
Community Development Block Grant	14.228		332,722
<b>Institute of Museum and Library Services</b>			
National Leadership Grants	45.312		24,151
Idaho Commission for Libraries	45.310		6,252
<b>Federal Highway Administration</b>			
CSI Safety Initiative	20.205		94,539
<b>Environmental Protection Agency</b>			
Congressionally Mandated Projects	66.202		58,969
<b>Federal Aviation Administration</b>			
Airport Improvement Program-Airport Rehabilitation	20.106	AIP-3-16-0036-028	542,510
Airport Improvement Program-Wildlife Hazard	20.106	AIP-3-16-0036-029	50,150
Airport Improvement Program-Slurry Seal	20.106	AIP-3-16-0036-030	92,008
Airport Improvement Program-SRE Building	20.106	AIP-3-16-0036-032	33,684
Airport Improvement Program-Master Plan	20.106	AIP-3-16-0036-031	171,154
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,707,808</b>

The City of Twin Falls received equipment in the amount of \$51,788 from Department of Homeland Security.

CITY OF TWIN FALLS, IDAHO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year ended September 30, 2011

**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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the City Council  
Twin Falls, ID 83301

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Twin Falls, Idaho, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

*Internal Control Over Financial Reporting*

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

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

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

Compliance and Other Matters

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

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

Sincerely,

*Mahlke Hunsaker & Co.*

MAHLKE HUNSAKER & Co., PLLC

January 25, 2012



Mahlke Hunsaker & Company PLLC

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

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**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 City of Twin Falls, Idaho's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City of Twin Falls, Idaho's major federal programs for the year ended September 30, 2011. The City of Twin Falls, Idaho's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Twin Falls, Idaho's management. Our responsibility is to express an opinion on the City of Twin Falls, Idaho's compliance based on our audit.

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

In our opinion, the City of Twin Falls, Idaho complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

Internal Control Over Compliance

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

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

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

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

Sincerely,

*Mahlke Hunsaker & Co.*

MAHLKE HUNSAKER & Co., PLLC  
January 25, 2012