

**FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**CITY OF CALDWELL, IDAHO**

## CITY OF CALDWELL

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CITY OF CALDWELL, IDAHO

CITY OFFICIALS

September 30, 2009

MAYOR

Garret L. Nancolas

COUNCIL

Jim Blacker, President

Robert Hopper

Rob Oates

Jim Dakan

Robert Sobba

Dennis Callsen

CITY CLERK

Debbie Geyer

CITY TREASURER / FINANCE DIRECTOR

ElJay Waite



CPAs & BUSINESS ADVISORS

## INDEPENDENT AUDITORS' REPORT

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Members of City Council  
**City of Caldwell, Idaho**  
Caldwell, Idaho

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Caldwell, Idaho (the City), as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Caldwell, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Caldwell, Idaho, as of September 30, 2009, 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 13, 2010 on our consideration of the City of Caldwell, 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.

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The management's discussion and analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho  
January 13, 2010

**CITY OF CALDWELL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009**

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Management of the City of Caldwell, (the City) offers readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2009.

**FINANCIAL HIGHLIGHTS**

- The assets of the City of Caldwell exceeded its liabilities at September 30, 2009 by \$184,384,611. This is an increase of \$3,903,041 over the September 30, 2008 balance of \$180,481,570. Of this amount, unrestricted net assets of \$33,316,808 may be used to meet the government's ongoing obligations to citizens and creditors compared to \$36,295,951 on September 30, 2008.
- As of September 30, 2009, the City of Caldwell's governmental funds reported combined ending fund balances of \$16,367,112. This is a decrease of \$1,467,493 over the September 30, 2008 balance of \$17,834,605. Of this amount, \$12,465,945 is unreserved and available for spending compared to \$14,250,713 on September 30, 2008 and \$3,901,167 is reserved for specific future purposes compared to \$3,583,892 last year.
- At the end of the current fiscal year, unreserved undesignated fund balance for the general fund was \$5,518,162 compared to \$7,135,589 last year. These amounts are respectively 27.8% and 37.7% of total general fund expenditures.
- The City of Caldwell's total debt obligation was \$15,671,016 compared to \$17,083,793 last year.

An explanation of the events and activities giving rise to the increases or decreases between years is provided in the main body of this report.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. These financial statements are comprised of three components:

- 1) government-wide financial statements
- 2) fund financial statements
- 3) other supplementary information

**Government-wide financial statements.**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all City assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator as to whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental

**CITY OF CALDWELL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009**

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activities of the City include general government, public safety, parks and recreation, community services, community development, streets and other charges. The business-type activities of the City include water, wastewater treatment, solid waste disposal, golf, street lighting, and irrigation. The government-wide financial statements include the City of Caldwell (known as the primary government) and the Caldwell East Urban Renewal Agency (known as the component unit).

**Fund financial statements.**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Caldwell can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of available resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between the two.

The City maintains ten governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and street fund, which are considered major funds. Data from the other eight funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary funds.** The City maintains two different types of proprietary funds, namely enterprise funds and internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains six individual enterprise funds. Information is presented separately in the proprietary statement of net assets and the proprietary statement of revenues, expenses and changes in fund net assets for the Water, Sewer and Sanitation funds, which are considered major funds. Data from the other three funds are combined into a single, aggregated presentation. Nonmajor proprietary funds are provided in the form of combining statements elsewhere in this report.

Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its employee section 125-benefit plan and to maintain and administer wellness initiatives, employee life insurance plans and cash reserves to protect against catastrophic medical costs and uninsured events. Data from these funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the report.

**CITY OF CALDWELL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009**

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**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. Required supplementary information includes the budget to actual for the general and street funds. The combining statements referred to earlier in connection with nonmajor funds and internal service funds are presented immediately after the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Over time, net assets may serve as a useful indicator of a government's financial position. At September 30, 2009, the City's assets exceeded liabilities by \$184,384,611, an increase of \$3,903,041 over the September 30, 2008 balance of \$180,481,570. Other assets, capital assets and liabilities totaled \$54,003,040, \$163,373,596 and \$32,992,025, respectively. As compared to 2008 balances, other assets decreased \$2,090,041, capital assets increased \$5,511,770 and liabilities decreased \$481,312.

In governmental activities, unrestricted cash and cash equivalents decreased \$695,753 and property taxes receivable increased \$821,653 due largely to increases in delinquent property taxes of \$300,331 and new property taxes of \$521,322. Restricted net assets for capital projects increased \$277,244 impacted mostly by increases in impact fees. Unrestricted cash balances in business-type activities increased \$372,921 because of the need to grow cash balances in the municipal irrigation fund.

Capital assets, less any related outstanding debt used to acquire those assets, totaling \$148,082,580 represent by far the largest portion of the City's net assets (80.3%). Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets, net of accumulated depreciation, increased \$1,523,170 for governmental activities while business-type activities increased \$5,116,377. Major asset additions are scheduled on page 9.

Total liabilities in governmental activities increased \$702,409 caused by increases in vouchers payable of \$785,685 and property tax deferred revenue of \$374,258. Decreases occurred in capital lease of \$73,431 and bonds and notes payable of \$462,246. Total liabilities in business-type activities decreased \$1,183,721 caused by increases in consumer deposits of \$1,945 and current portion of long-term liabilities of \$35,487. Decreases occurred in vouchers payable of \$309,423, notes payable of \$101,670, bonds payable of \$753,369 and capital lease obligations of \$57,548 (see schedule on page 11).

**CITY OF CALDWELL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2009**

**City of Caldwell's Net Assets (000's)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Other Assets	\$ 34,407	\$ 34,230	\$ 19,596	\$ 21,863	\$ 54,003	\$ 56,093
Capital Assets	79,131	77,859	84,242	80,003	163,373	157,862
Total Assets	<u>113,538</u>	<u>112,089</u>	<u>103,838</u>	<u>101,866</u>	<u>217,376</u>	<u>213,955</u>
Short-Term Liabilities	16,370	15,139	2,367	2,638	18,737	17,777
Long-Term Liabilities	3,434	3,963	10,821	11,733	14,255	15,696
Total Liabilities	<u>19,804</u>	<u>19,102</u>	<u>13,188</u>	<u>14,371</u>	<u>32,992</u>	<u>33,473</u>
Invested in Capital Assets (net of related debt)	75,561	74,037	72,522	67,406	148,083	141,443
Restricted for:						
Capital Projects	2,423	2,146	-	-	2,423	2,146
Debt Service	562	597	-	-	562	597
Unrestricted	15,188	16,207	18,128	20,089	33,316	36,296
Total Net Assets	<u>\$ 93,734</u>	<u>\$ 92,987</u>	<u>\$ 90,650</u>	<u>\$ 87,495</u>	<u>\$ 184,384</u>	<u>\$ 180,482</u>

At the end of the current fiscal year the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

**City of Caldwell's Statement of Activities (000's)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Revenues:</u>						
Program revenues:						
Charges for services	\$ 5,676	\$ 6,122	\$ 13,886	\$ 14,493	\$ 19,562	\$ 20,615
Operating grants and contributions	5,484	5,080	-	-	5,484	5,080
Capital grants and contributions	681	6,279	2,194	12,379	2,875	18,658

**CITY OF CALDWELL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2009**

**City of Caldwell's Statement of Activities (000's)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
General revenues:						
Property taxes-general purpose	10,116	9,408	-	-	10,116	9,408
Property taxes-debt service	461	461	-	-	461	461
Franchise fees	717	681	-	-	717	681
Sales tax and other government	1,748	1,905	-	-	1,748	1,905
Special assessments for debt service of LIDs	170	126	-	-	170	126
Unrestricted investment earnings	442	764	311	579	753	1,343
Unrestricted unrealized gain (loss) on investments	316	(81)	335	(63)	651	(144)
Miscellaneous	78	434	57	65	135	499
Internal transfers	330	284	(330)	(284)	-	-
Total revenues	<u>26,219</u>	<u>31,463</u>	<u>16,453</u>	<u>27,169</u>	<u>42,672</u>	<u>58,632</u>
Expenses:						
General government	5,072	3,593	13,298	12,864	18,370	16,457
Public safety	12,681	12,176	-	-	12,681	12,176
Parks and recreation	1,688	1,488	-	-	1,688	1,488
Community services and development	1,725	1,631	-	-	1,725	1,631
Streets	4,091	3,381	-	-	4,091	3,381
Interest on long-term debt	214	319	-	-	214	319
Total expenses	<u>25,471</u>	<u>22,588</u>	<u>13,298</u>	<u>12,864</u>	<u>38,769</u>	<u>35,452</u>
Net Revenue	<u>\$ 748</u>	<u>\$ 8,875</u>	<u>\$ 3,155</u>	<u>\$ 14,305</u>	<u>\$ 3,903</u>	<u>\$ 23,180</u>

**Governmental activities.** Governmental activities increased the City's net assets by \$747,119 accounting for 19.1% of the total growth in the net assets. Under program revenues, capital contributions from other governments for street projects added \$330,000 and \$300,000 for the airport terminal project. Under general revenues, savings in safety services expenditures account for the majority of the remaining \$117,119 increase in net assets.

**Business-type activities.** Business-type activities increased the City's net assets by \$3,155,922 accounting for 80.9% of the total growth in the City's net assets. Under program revenues, contributions from developers for water lines, sewer lines and streetlights in new subdivisions and urban renewal capital project reimbursements added \$2,193,927. Hook-on fees and charges for services contributed the majority of the remaining \$961,995 in net assets.

**CITY OF CALDWELL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009**

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**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City of Caldwell uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Funds.** The purpose of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of cash and near cash resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At September 30, 2009, the City's governmental funds reported combined ending fund balances of \$16,367,112. Of this amount, \$12,465,945 (72.2%) is unreserved undesignated fund balance. Of this amount \$5,518,162 will be used to fund budgeted expenditures in general fund between October and January until property tax revenues are received in late January. An additional \$4,486,612 can only be used for street projects and operations costs. The remaining balance of \$2,461,171 can only be used to fund activities in the City's special revenue funds. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed; 1) to pay debt service \$562,002, 2) to meet library requirements \$737,183, 3) reserved for impact fee capital projects \$2,423,221, 4) for a variety of other purposes \$178,761.

The general fund is the City's chief operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,518,162, which is \$1,617,427 lower than last year. Within this unreserved fund balance, the City should maintain \$6,500,000 to pay personnel, operations and capital expenses from October 1st until property tax revenues are received in late January. Even though current fund balances do not adequately fund these expenditures, the City will use revenues collected during the same period to meet these obligations. Total fund balance amounted to \$7,941,383, which is \$1,808,952 lower than last year. Legal expenditures to protect the City's storm water runoff position make up the majority of this decline in fund balance. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures of \$19,842,710. Unreserved fund balance represents 27.8% and total fund balance represents 40.0% of total general fund expenditures.

Major components affecting the general fund's total fund balance are cash and cash equivalents of \$5,518,162 required to maintain operational needs as authorized by city council, restricted cash reserves for new parks and safety services capital expenditures of \$2,423,221 generated from impact fees. Receivables for property taxes due within one year amount to \$11,340,669.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water, sewer, and sanitation funds (the major funds) were, respectively, \$3,202,475, \$12,494,773, and \$584,075 at year-end. Changes in unrestricted net assets in the Water, Sewer, and Sanitation funds were, respectively, (\$35,378), \$(2,379,098), and \$(77,149). The total changes in net assets for these funds were \$974,263, \$1,664,208, and \$(77,149), respectively. The decrease in unrestricted net assets in the sewer fund is offset by increases in capital assets purchased unrestricted funds. Transfers from sanitation assets to governmental funds were \$350,000 to fund the airport terminal.

**CITY OF CALDWELL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009**

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*BUDGETARY HIGHLIGHTS*

An amendment to the 2009 Budget added \$1,294,200 to expenditures and \$291,750 to revenues. Of these totals, general fund expenditures increased \$799,500 for legal fees and \$261,000 for liability insurance and insurance revenues increased \$245,000. Amendments to the airport budget added \$200,000 to expenditures to cover terminal construction costs completed in 2009 but scheduled for 2010. An amendment to CDBG grant expenditures of \$33,700 and a revenue amendment of \$46,750 were required to complete depot and parking reconstruction.

**Budget to Actual Revenues.** General fund revenues fell short of budget by \$946,747 due largely to the economic slowdown. Impact fee revenue for capital improvements in parks, police and fire fell short of budget projections by \$434,930 due to a slower construction environment and the direct impact on building permits for residential and commercial construction. This reduction delays the need for capital acquisitions because growth triggers the demand for capital. These economic conditions also reduced license and permit revenues by \$327,817. Intergovernmental revenues for sales tax were also under budget projections by \$183,262 because of the economy. New construction commercial building permits declined from 50 in 2008 to 21 this year while residential permits also declined from 321 in 2008 to 143 this year. The percentage reductions were 58% and 55.5% respectively. Construction values declined from \$55,624,123 in 2008 to \$17,396,553 in 2009 and will reduce the values added to property tax rolls in 2010.

Park impact fee revenues fell short of budget projections by \$270,820 or 57.0%. Police and fire impact fee revenues also fell short of budget projections by \$17,882 or 36.5% and \$146,228 or 54.7% respectively. The economic downturn in the economy is the largest single factor contributing to these reductions. Residential growth has been impacted by mortgage lending practices and job loss. Building permit revenue also fell short of budget projections by \$326,419 or 52.3% for the same economic reasons. Sales tax and related intergovernmental revenues are 9.4% below budget projections or \$182,262.

**Budget to Actual Expenditures.** Under general government, budgeted items that were not spent included contingency funds of \$124,000. Cash flows improved in the golf fund therefore the general fund did not fund operations in 2009. Principal and interest on the operating loan from general fund to the golf fund totals \$683,337. Golf fund land holdings of 160 acres serve as security for this loan. This loan is recorded in due to due from balances in Note 6 and is accruing interest at 5%.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities at September 30, 2009, amounts to \$163,373,596 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings including water and sewer service lines and streetlights, automobiles and equipment, infrastructure including streets, roads and bridges, and construction in progress. The City added \$12,275,646 in capital assets during the year. Depreciation expense for the year was \$6,443,180.

**CITY OF CALDWELL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2009**

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**Major capital asset additions during the current fiscal year included the following:**

- WWTP Aeration Basin #3 \$ 4,003,773
- Contributed capital (water, sewer & street lights) \$ 2,123,927
- Roads, bridges and signals \$ 489,094
- General government vehicles and equipment \$ 474,483
- Airport Terminal and Taxiway \$ 1,562,448
- Waterlines and meter installations \$ 521,507
- Well Replacements (water) \$ 554,077
- Land, buildings and improvements (government) \$ 870,563
- Park Improvements \$ 540,549

**City of Caldwell's Assets 2009**  
**(net of depreciation)**  
**(000's)**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 7,155	\$ 6,632	\$ 876	\$ 876	\$ 8,031	\$ 7,508
Buildings	6,427	6,613	2,643	2,860	9,070	9,473
Improvements other than buildings	18,795	15,429	75,257	65,142	94,052	80,571
Machinery, equipment and licensed vehicles	4,310	4,326	5,143	5,367	9,453	9,693
Infrastructure	39,308	40,507	-	-	39,308	40,507
Construction in progress	3,136	4,352	323	5,758	3,459	10,110
<b>Total</b>	<b>\$ 79,131</b>	<b>\$ 77,859</b>	<b>\$ 84,242</b>	<b>\$ 80,003</b>	<b>\$ 163,373</b>	<b>\$ 157,862</b>

Additional information on the City's capital assets can be found in Note 5.

**CITY OF CALDWELL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2009**

**Long-term debt.** At the end of the current fiscal year, the City had \$15,671,016 in outstanding debt consisting of revenue bonds, special assessment bonds, certificates of participation, capital leases, and installment loans. Specific revenue sources or the associated equipment secured all of the debt.

**City of Caldwell's Outstanding Debt**  
**(000's)**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenue bonds	\$ 3,364	\$ 3,671	\$ 7,728	\$ 8,186	\$ 11,092	\$ 11,857
Special assessment bonds	510	665	-	-	510	665
Certificates of participation	-	-	3,495	3,760	3,495	3,760
Capital leases	77	150	156	213	233	363
Installment loan	-	-	341	438	341	438
<b>Total</b>	<b>\$ 3,951</b>	<b>\$ 4,486</b>	<b>\$ 11,720</b>	<b>\$ 12,597</b>	<b>\$ 15,671</b>	<b>\$ 17,083</b>

The City's total debt decreased \$1,412,777 during the current fiscal year. No new debt was issued in 2009. Interest cost incurred in 2009 totaled \$884,759. Additional information on the City's long-term debt can be found in Note 8.

*ECONOMIC FACTORS AND NEXT YEAR'S PLANS*

**Enterprise fund utility rates.** The FY 2009 budget rate increase averaged 5% for monthly services for water, sewer, sanitation and streetlights. These rates are set by council resolution each year including a public hearing for fee increases in excess of 5% of the fee previously charged.

**Pending conditions of significant importance.**

The economic crisis and financial down turn will have minimal impact on the City. The majority of funding for safety services comes from property taxes. Manpower, operations and capital funding in these departments can be adequately funded within this tax structure. Minimal, if any, downsizing will be necessary in other departments but as vacancies occur, positions will be reevaluated for potential savings and downsizing. Decreases in building permit revenue were greater than anticipated and forced reductions in full-time positions. Consulting work has been assigned to engineering staff for several capital projects. Demand for residential building permits is expected to remain low for at least another year. Commercial building activity also slowed substantially in 2009 and has been budgeted to continue in the coming year. The economic downturn is evidenced by the changes in property values added to the tax rolls over the last few years. New construction and annexations added \$95 million in 2006, \$180 million in 2007, \$101 million in 2008 and \$55 million in 2009 to the assessed property values of the City.

**Requests for Information.** This financial report is designed to provide a general overview of the City of Caldwell's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Caldwell, P.O. Box 621 Cleveland Blvd., Caldwell, Idaho 83606.

**CITY OF CALDWELL**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2009**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 16,599,151	\$ 16,595,607	\$ 33,194,758	\$ 2,594,029
Receivables				
Interest	167,962	25,034	192,996	-
Taxes	14,012,499	-	14,012,499	6,450,911
Intergovernmental	613,344	-	613,344	-
Accounts	218,975	1,763,137	1,982,112	3,095
Special assessments	507,672	-	507,672	-
Grants	532,898	-	532,898	-
Notes	60,243	-	60,243	154,509
Prepays	18,255	-	18,255	-
Due from component unit	20,000	-	20,000	-
Internal balances	683,337	(683,337)	-	-
Inventory	-	97,919	97,919	-
Total current assets	<u>33,434,336</u>	<u>17,798,360</u>	<u>51,232,696</u>	<u>9,202,544</u>
<b>NONCURRENT ASSETS</b>				
Deferred charges	66,632	238,014	304,646	428,692
Restricted cash and cash equivalents	272,090	1,559,611	1,831,701	2,981,969
Restricted investments	633,997	-	633,997	-
Capital assets				
Land and other assets not depreciated	10,290,718	1,199,730	11,490,448	1,710,468
Buildings, improvements, equipment, and infrastructure, net of depreciation	<u>68,840,718</u>	<u>83,042,430</u>	<u>151,883,148</u>	<u>-</u>
	<u>\$ 113,538,491</u>	<u>\$ 103,838,145</u>	<u>\$ 217,376,636</u>	<u>\$ 14,323,673</u>

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Vouchers and payroll payable	\$ 1,984,773	\$ 643,899	\$ 2,628,672	\$ 607,324
Compensated absences payable	460,881	54,604	515,485	-
Due to primary government	-	-	-	20,000
Deferred revenue	13,377,872	-	13,377,872	6,072,993
Customer deposits	-	662,132	662,132	-
Interest payable	30,076	106,772	136,848	78,932
Current portion of long-term liabilities	516,546	899,313	1,415,859	1,649,875
Total current liabilities	16,370,148	2,366,720	18,736,868	8,429,124
<b>NONCURRENT LIABILITIES</b>				
Capital lease obligations	-	98,834	98,834	-
Special assessment debt with government commitment	380,000	-	380,000	-
Bonds payable	3,054,193	10,482,719	13,536,912	18,332,302
Notes payable	-	239,411	239,411	-
Total liabilities	19,804,341	13,187,684	32,992,025	26,761,426
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	75,560,697	72,521,883	148,082,580	1,710,468
Restricted for				
Capital projects	2,423,221	-	2,423,221	-
Debt service	562,002	-	562,002	2,981,969
Unrestricted	15,188,230	18,128,578	33,316,808	(17,130,190)
Total net assets	93,734,150	90,650,461	184,384,611	(12,437,753)
	<u>\$ 113,538,491</u>	<u>\$ 103,838,145</u>	<u>\$ 217,376,636</u>	<u>\$ 14,323,673</u>

**CITY OF CALDWELL**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2009**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES</b>					
General government					
Executive and legislative	\$ 113,735	\$ -	\$ -	\$ -	\$ (113,735)
Administrative	414,441	-	-	-	(414,441)
Legal	1,645,880	-	-	-	(1,645,880)
City clerk	83,980	30,962	-	-	(53,018)
Accounting	415,303	-	-	-	(415,303)
Tort insurance	261,538	261,212	-	-	(326)
Other general government	1,667,509	860,576	433,943	50,652	(322,338)
Government buildings	469,492	789,171	-	-	319,679
Public safety					
Law enforcement	6,656,659	500,784	22,183	-	(6,133,692)
Fire department	4,830,746	1,413,271	-	-	(3,417,475)
Engineering	1,193,701	1,119,430	-	-	(74,271)
Parks and recreation					
Parks	1,427,803	359,317	258,951	-	(809,535)
Forestry	50,246	-	-	-	(50,246)
Recreation	210,447	116,867	-	-	(93,580)
Community services					
Community services	1,412,926	224,794	1,794,057	300,000	905,925
Community development	280,150	-	-	-	(280,150)
Senior citizens	32,290	-	-	-	(32,290)
Streets	4,091,068	-	2,974,813	330,000	(786,255)
Interest on long-term debt	214,435	-	-	-	(214,435)
<b>Total governmental activities</b>	<b>25,472,349</b>	<b>5,676,384</b>	<b>5,483,947</b>	<b>680,652</b>	<b>(13,631,366)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Water	3,281,654	3,079,976	-	947,222	745,544
Sewer	5,427,135	5,601,708	-	1,100,216	1,274,789
Sanitation	2,788,540	3,050,427	-	-	261,887
Golf	783,251	683,336	-	-	(99,915)
Street lighting	360,038	388,664	-	146,489	175,115
Irrigation	656,725	1,081,410	-	-	424,685
<b>Total business-type activities</b>	<b>13,297,343</b>	<b>13,885,521</b>	<b>-</b>	<b>2,193,927</b>	<b>2,782,105</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 38,769,692</b>	<b>\$ 19,561,905</b>	<b>\$ 5,483,947</b>	<b>\$ 2,874,579</b>	<b>\$ (10,849,261)</b>
<b>COMPONENT UNIT</b>					
Urban renewal agency	\$ 4,346,888	\$ -	\$ -	\$ -	\$ (4,346,888)

**CITY OF CALDWELL**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2009**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (13,631,366)	\$ 2,782,105	\$ (10,849,261)	\$ (4,346,888)
General revenues				
Shared revenues				
Property taxes, levied for general purposes	10,116,287	-	10,116,287	5,849,245
Property taxes, levied for debt service	460,624	-	460,624	-
Franchise fees	716,863	-	716,863	-
Sales tax and other governmental	1,748,200	-	1,748,200	-
Special assessments for debt service of Local Improvement Districts	170,065	-	170,065	-
Unrestricted investment earnings	441,856	311,351	753,207	94,258
Unrestricted unrealized gain on investments	316,228	335,069	651,297	832
Miscellaneous	78,394	57,365	135,759	4,226
Transfers	329,968	(329,968)	-	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>	<b>14,378,485</b>	<b>373,817</b>	<b>14,752,302</b>	<b>5,948,561</b>
<b>CHANGE IN NET ASSETS</b>	<b>747,119</b>	<b>3,155,922</b>	<b>3,903,041</b>	<b>1,601,673</b>
<b>NET ASSETS - BEGINNING</b>	<b>92,987,031</b>	<b>87,494,539</b>	<b>180,481,570</b>	<b>(14,039,426)</b>
<b>NET ASSETS - ENDING</b>	<b>\$ 93,734,150</b>	<b>\$ 90,650,461</b>	<b>\$ 184,384,611</b>	<b>\$ (12,437,753)</b>

**CITY OF CALDWELL**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2009**

	<u>General</u>	<u>Street</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,964,580	\$ 4,807,987	\$ 2,951,900	\$ 15,724,467
Receivables				
Interest	8,641	9,033	149,462	167,136
Taxes	11,340,669	1,314,182	1,357,648	14,012,499
Intergovernmental	490,084	62,612	60,648	613,344
Accounts	175,633	545	42,797	218,975
Special assessments	-	-	507,672	507,672
Grants	31,050	-	501,848	532,898
Notes	-	-	60,243	60,243
Prepaid expenses	-	-	18,255	18,255
Due from component unit	20,000	-	-	20,000
Internal balances	957,741	-	202	957,943
Restricted cash	38,234	-	233,856	272,090
Restricted investments	-	-	633,997	633,997
	<u>\$ 21,026,632</u>	<u>\$ 6,194,359</u>	<u>\$ 6,518,528</u>	<u>\$ 33,739,519</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Vouchers and payroll payable	\$ 1,306,042	\$ 379,050	\$ 296,326	\$ 1,981,418
Compensated absences payable	417,453	24,844	18,584	460,881
Customer deposits	-	-	200	200
Deferred and unearned revenue	11,361,552	1,303,853	1,999,791	14,665,196
Internal balances	202	-	264,510	264,712
Total liabilities	<u>13,085,249</u>	<u>1,707,747</u>	<u>2,579,411</u>	<u>17,372,407</u>
<b>Fund balances</b>				
Reserved for housing rehabilitation	-	-	178,761	178,761
Reserved for library	-	-	737,183	737,183
Reserved for debt service	-	-	562,002	562,002
Reserved for capital outlay	2,423,221	-	-	2,423,221
Unreserved				
Undesignated	5,518,162			5,518,162
Special revenue funds	-	4,486,612	2,461,171	6,947,783
Total fund balances	<u>7,941,383</u>	<u>4,486,612</u>	<u>3,939,117</u>	<u>16,367,112</u>
	<u>\$ 21,026,632</u>	<u>\$ 6,194,359</u>	<u>\$ 6,518,528</u>	<u>\$ 33,739,519</u>

**CITY OF CALDWELL**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2009**

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Fund balance - total governmental funds	\$ 16,367,112
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. The costs of the assets is \$94,207,845 and the accumulated depreciation is \$16,348,902.	79,131,436
Some of the property taxes receivable are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,141,971
Penalties and interest assessed on the delinquent special assessments is not available to pay for current-period expenditures and therefore are deferred in the funds.	145,353
Long-term debt is not due and payable in the current period and therefore is not reported in the funds.	(3,950,739)
Interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds.	(30,076)
Governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of net assets.	66,632
Internal service funds are used by management to charge the costs of certain employee benefits to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.	<u>862,461</u>
Net assets of governmental activities	<u><u>\$ 93,734,150</u></u>

**CITY OF CALDWELL**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2009**

	General	Street	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 9,756,516	\$ 1,195,792	\$ 1,346,999	\$ 12,299,307
Franchise fees	716,863	-	-	716,863
Interest	181,886	97,671	145,630	425,187
Licenses and permits	683,893	-	-	683,893
Park impact fees	277,920	-	-	277,920
Intergovernmental	1,748,200	1,770,948	223,234	3,742,382
Fines and forfeitures	234,492	-	24,655	259,147
Federal grants	351,813	-	1,042,481	1,394,294
Other grants	-	8,073	5,231	13,304
Charges for services	3,922,267	-	533,157	4,455,424
Assessments	-	-	148,146	148,146
Unrealized gain on investments	126,059	123,669	54,788	304,516
Miscellaneous	35,896	22,046	20,452	78,394
Total revenues	<u>18,035,805</u>	<u>3,218,199</u>	<u>3,544,773</u>	<u>24,798,777</u>
<b>EXPENDITURES</b>				
Current				
General government	4,424,455	-	184,608	4,609,063
Public safety	12,122,901	-	-	12,122,901
Parks and recreation	1,071,587	-	414,086	1,485,673
Community services	312,523	-	1,152,332	1,464,855
Streets	-	2,474,155	-	2,474,155
Debt service				
Principal	22,029	-	501,402	523,431
Interest and other	1,908	-	211,821	213,729
Capital outlay	1,887,307	909,997	1,585,779	4,383,083
Total expenditures	<u>19,842,710</u>	<u>3,384,152</u>	<u>4,050,028</u>	<u>27,276,890</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,806,905)	(165,953)	(505,255)	(2,478,113)
<b>OTHER FINANCING SOURCES (USES)</b>				
Contributions from other governments	50,652	330,000	300,000	680,652
Operating transfers in	3,154	11,977	405,853	420,984
Operating transfers out	(55,853)	-	(35,163)	(91,016)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,047)</u>	<u>341,977</u>	<u>670,690</u>	<u>1,010,620</u>
NET CHANGE IN FUND BALANCES	(1,808,952)	176,024	165,435	(1,467,493)
FUND BALANCE, BEGINNING OF YEAR	9,750,335	4,310,588	3,773,682	17,834,605
FUND BALANCE, END OF YEAR	<u>\$ 7,941,383</u>	<u>\$ 4,486,612</u>	<u>\$ 3,939,117</u>	<u>\$ 16,367,112</u>

**CITY OF CALDWELL**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2009**

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Net change in fund balances - total governmental funds \$ (1,467,493)

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$4,383,083) exceeded depreciation expense (\$2,789,894) in the current period.	1,593,189
In the statement of activities, the gain (loss) on the sale of equipment is reported, whereas in the governmental funds, the proceeds from sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the equipment sold.	(320,696)
Some property tax revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	359,772
Penalties and interest assessed on delinquent special assessments in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	21,919
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net assets. Also, governmental funds report the effect of premiums when the debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This is the amount of repayments (\$523,431) and amortization of premium (\$12,246).	535,677
Interest expense accrued but not paid reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(5,349)
Bond issuance costs are reported in the governmental funds as expenditures. In the statement of activities, these costs are capitalized and amortized over the life of the bonds.	(7,603)
Internal service funds are used by management to charge the costs of certain employee benefits to individual funds. The net revenue (expense) of certain internal service funds are included in governmental activities in the statement of activities.	<u>37,703</u>
Change in net assets	<u><u>\$ 747,119</u></u>

**CITY OF CALDWELL**  
**STATEMENT OF NET ASSETS – PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2009**

	Enterprise Funds					Governmental
	Water	Sewer	Sanitation	Other Enterprise Funds	Total	Internal Service Funds
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 3,434,926	\$10,518,223	\$ 418,325	\$2,224,133	\$ 16,595,607	\$ 874,684
Receivables						
Interest	5,524	16,926	161	2,423	25,034	826
Accounts	357,865	654,406	380,325	370,541	1,763,137	-
Inventory	97,919	-	-	-	97,919	-
Total current assets	3,896,234	11,189,555	798,811	2,597,097	18,481,697	875,510
<b>NONCURRENT ASSETS</b>						
Deferred charges net of \$25,378 and \$127,646 amortization, respectively	47,127	190,887	-	-	238,014	-
Restricted cash and cash equivalents	216,975	1,332,845	-	9,791	1,559,611	-
Capital assets						
Land	175,269	14,424	-	686,655	876,348	-
Construction in progress	316,270	7,112	-	-	323,382	-
Buildings	319,765	6,210,427	-	984,059	7,514,251	-
Improvements other than buildings	27,106,170	67,732,257	-	3,089,470	97,927,897	-
Equipment	3,437,934	4,527,878	-	1,571,848	9,537,660	-
Less accumulated depreciation	(8,406,515)	(20,957,024)	-	(2,573,839)	(31,937,378)	-
	<u>\$27,109,229</u>	<u>\$70,248,361</u>	<u>\$ 798,811</u>	<u>\$6,365,081</u>	<u>\$ 104,521,482</u>	<u>\$ 875,510</u>

	Enterprise Funds					Governmental
	Water	Sewer	Sanitation	Other	Total	Activities
				Enterprise Funds		Internal Service Funds
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Vouchers and payroll payable	\$ 218,670	\$ 147,208	\$ 214,636	\$ 63,385	\$ 643,899	\$ 3,155
Compensated absences payable	49,221	-	-	5,383	54,604	-
Customer deposits	657,286	4,746	100	-	662,132	-
Internal balances	-	-	-	683,337	683,337	9,894
Interest payable	32,684	66,560	-	7,528	106,772	-
Current portion of long-term liabilities	185,071	605,000	-	109,242	899,313	-
Total current liabilities	1,142,932	823,514	214,736	868,875	3,050,057	13,049
<b>NONCURRENT LIABILITIES</b>						
Bonds payable	1,530,000	8,952,719	-	-	10,482,719	-
Notes payable	-	-	-	239,411	239,411	-
Capital lease obligation	-	-	-	98,834	98,834	-
	2,672,932	9,776,233	214,736	1,207,120	13,871,021	13,049
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	21,233,822	47,977,355	-	2,627,369	71,838,546	-
Unrestricted	3,202,475	12,494,773	584,075	2,530,592	18,811,915	862,461
Total net assets	24,436,297	60,472,128	584,075	5,157,961	90,650,461	862,461
	<u>\$ 27,109,229</u>	<u>\$ 70,248,361</u>	<u>\$ 798,811</u>	<u>\$ 6,365,081</u>	<u>\$ 104,521,482</u>	<u>\$ 875,510</u>

**CITY OF CALDWELL**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS –**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2009**

	Enterprise Funds					Governmental
	Water	Sewer	Sanitation	Other Enterprise Funds	Total	Internal Service Funds
<b>OPERATING REVENUES</b>						
Charges for services	\$ 2,931,715	\$ 4,943,242	\$ 3,050,427	\$ 2,153,410	\$ 13,078,794	\$ 124,553
Other	14,590	16,217	123	26,435	57,365	-
Total operating revenues	2,946,305	4,959,459	3,050,550	2,179,845	13,136,159	124,553
<b>OPERATING EXPENSES</b>						
Personnel services	1,103,395	-	-	604,832	1,708,227	-
Contractual services	509,989	2,088,171	2,767,150	168,541	5,533,851	115,228
Materials and supplies	69,151	-	-	229,939	299,090	-
Utilities	187,549	12,587	-	267,543	467,679	-
Repairs and maintenance	165,542	251,338	-	195,018	611,898	-
Other expenses	154,525	144,664	21,390	23,768	344,347	-
Depreciation and amortization	1,003,218	2,410,176	-	248,533	3,661,927	-
Total operating expenses	3,193,369	4,906,936	2,788,540	1,738,174	12,627,019	115,228
<b>OPERATING INCOME (LOSS)</b>	(247,064)	52,523	262,010	441,671	509,140	9,325
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Hook-on fees	148,261	658,466	-	-	806,727	-
Interest expense	(88,285)	(520,199)	-	(61,840)	(670,324)	-
Interest income	62,601	204,952	8,396	35,402	311,351	16,666
Unrealized gain on investments	76,858	222,888	2,445	32,878	335,069	11,712
<b>NONOPERATING REVENUES</b>	199,435	566,107	10,841	6,440	782,823	28,378
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	(47,629)	618,630	272,851	448,111	1,291,963	37,703
Contributions from developers	947,222	1,030,216	-	146,489	2,123,927	-
Contributions from other governments	70,000	-	-	-	70,000	-
Operating transfers in	4,670	15,362	-	-	20,032	-
Operating transfers out	-	-	(350,000)	-	(350,000)	-
<b>CHANGE IN NET ASSETS</b>	974,263	1,664,208	(77,149)	594,600	3,155,922	37,703
<b>NET ASSETS, BEGINNING OF YEAR</b>	23,462,034	58,807,920	661,224	4,563,361	87,494,539	824,758
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 24,436,297</u>	<u>\$60,472,128</u>	<u>\$ 584,075</u>	<u>\$ 5,157,961</u>	<u>\$90,650,461</u>	<u>\$ 862,461</u>

**CITY OF CALDWELL**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2009**

	Enterprise Funds		
	Water	Sewer	Sanitation
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from user charges	\$ 2,916,273	\$ 4,979,148	\$ 3,077,134
Payments to employees for services	(1,089,530)	-	-
Payments to suppliers for goods and services	(1,038,035)	(2,782,020)	(2,807,904)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>788,708</b>	<b>2,197,128</b>	<b>269,230</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in (out)	4,670	15,362	(350,000)
Contributions from component unit	70,000	-	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>74,670</b>	<b>15,362</b>	<b>(350,000)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(882,862)	(4,826,093)	-
Hook-on fees	148,261	658,466	-
Principal payments on bonds payable	(130,000)	(580,000)	-
Principal payments on notes payable	(47,941)	-	-
Principal payments on capital leases	-	-	-
Interest paid	(88,285)	(520,199)	-
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,000,827)</b>	<b>(5,267,826)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received on investments	68,916	214,350	8,708
Net decrease in investments	76,858	222,888	2,445
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>145,774</b>	<b>437,238</b>	<b>11,153</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>8,325</b>	<b>(2,618,098)</b>	<b>(69,617)</b>
<b>CASH AND CASH EQUIVALENTS, OCTOBER 1, 2008</b>	<b>3,643,576</b>	<b>14,469,166</b>	<b>487,942</b>
<b>CASH AND CASH EQUIVALENTS, SEPTEMBER 30, 2009</b>	<b>\$ 3,651,901</b>	<b>\$ 11,851,068</b>	<b>\$ 418,325</b>
<b>SUPPLEMENTAL INFORMATION</b>			
Contributed property, plant and equipment	\$ 947,222	\$ 1,030,216	\$ -

Other Enterprise Funds	Total	Internal Service Funds
\$ 2,043,829	\$ 13,016,384	\$ 124,553
(608,570)	(1,698,100)	-
(876,241)	(7,504,200)	(118,306)
559,018	3,814,084	6,247
-	(329,968)	-
-	70,000	-
-	(259,968)	-
(59,684)	(5,768,639)	-
-	806,727	-
-	(710,000)	-
(49,111)	(97,052)	-
(56,679)	(56,679)	-
(61,840)	(670,324)	-
(227,314)	(6,495,967)	-
36,605	328,579	17,731
32,878	335,069	11,712
69,483	663,648	29,443
401,187	(2,278,203)	35,690
1,832,737	20,433,421	838,994
\$ 2,233,924	\$ 18,155,218	\$ 874,684
\$ 146,489	\$ 2,123,927	\$ -

**CITY OF CALDWELL**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2009**

	Enterprise Funds		
	Water	Sewer	Sanitation
Reconciliation of operating income (loss)			
to net cash provided by operating activities:			
Operating income (loss)	\$ (247,064)	\$ 52,523	\$ 262,010
Adjustments to reconcile operating income (loss)			
to net cash provided by operating activities			
Depreciation	998,384	2,406,371	-
Amortization	4,834	3,805	-
Changes in assets and liabilities			
Accounts receivable	(27,231)	14,943	26,584
Internal balances	-	-	-
Inventory	38,818	-	-
Vouchers payable	19,173	(285,260)	(19,364)
Compensated absences	4,595	-	-
Customer deposits	(2,801)	4,746	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u><u>\$ 788,708</u></u></b>	<b><u><u>\$ 2,197,128</u></u></b>	<b><u><u>\$ 269,230</u></u></b>

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<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 441,671	\$ 509,140	\$ 9,325
248,533	3,653,288	-
-	8,639	-
(136,016)	(121,720)	-
32,540	32,540	-
-	38,818	-
(23,972)	(309,423)	(3,078)
(3,738)	857	-
<u>-</u>	<u>1,945</u>	<u>-</u>
<u>\$ 559,018</u>	<u>\$ 3,814,084</u>	<u>\$ 6,247</u>

**CITY OF CALDWELL**  
**STATEMENT OF FIDUCIARY NET ASSETS – FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2009**

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	<u>Donations Fund</u>	<u>C.A.T.C.H. Fund</u>
<b>ASSETS</b>		
Accounts receivable	\$ -	\$ 2,836
Restricted cash	<u>92,192</u>	<u>12,797</u>
	<u>\$ 92,192</u>	<u>\$ 15,633</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Vouchers payable	<u>\$ 92,192</u>	<u>\$ 15,633</u>
TOTAL LIABILITIES	<u>\$ 92,192</u>	<u>\$ 15,633</u>

**CITY OF CALDWELL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

City of Caldwell, Idaho (the City) operates under a Mayor and Council form of government and provides the following services as authorized by its charter: public safety (police and fire), parks and recreation, community services, streets, and general administrative services.

The financial statements of the City 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 government's accounting policies are described below.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the GASB, the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the City has elected not to apply to its proprietary activities private accounting standards issued after November 30, 1989.

*Financial Reporting Entity*

For financial reporting purposes, in conformity with GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the financial statements for the City include all organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City's Mayor is responsible for appointing members of the Caldwell Housing Authority Board, but the City's accountability for this organization does not extend beyond making the appointments. Therefore, Caldwell Housing Authority is not included in the City's financial statements.

The Component Unit column in the Government-wide financial statements is the financial data of the City's single component unit, the Urban Renewal Agency (URA). The URA is a separate and distinct legal entity created by state statute. The Board for URA are appointed by the Mayor. URA provides urban renewal services for the citizens of the City. Complete financial statements can be obtained from the offices of the Finance Director at the City.

The City contributes to the multi-employer Public Employee Retirement System of Idaho (System). The System is administered by the State of Idaho and the City is not the major participant in the plan, therefore, the plan financial statements are not included in this report.

*Government-wide Financial Statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

## NOTES TO FINANCIAL STATEMENTS

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### *Measurement Focus, Basis Of Accounting, And Financial Statement Presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 to 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Street Fund - The Street Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The City reports the following major proprietary funds:

Water Fund – The Water Fund is used to account for the operations of the water.

Sewer Fund – The Sewer Fund is used to account for the operations of the sewer system. Operation and maintenance of the sewer system is contracted out to an independent firm.

## NOTES TO FINANCIAL STATEMENTS

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Sanitation Fund – The Sanitation Fund is used to account for the billings and receipts for the City trash service. The trash collection is contracted out to an independent firm.

These funds are used to account for operations that are financed and operated in a manner similar to private business when the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered, primarily through user charges or when the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Additionally, the City reports the following fund types:

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

Fiduciary Funds - Fiduciary Funds are custodial (assets equal liabilities) and do not involve measurement of results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between various functions of the government when elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds distinguished operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and products and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges for services to customers for sales and services. The Water and Sewer Funds also recognize as operating revenue the portion of hook-on fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments, including restricted cash, with a maturity of one year or less when purchased to be cash equivalents. The investment purchases and sales information is not available for individual funds and management believes that due to the nature of pooled investments this information is not significant for purposes of understanding the statement of cash flows. Accordingly, the net change method is used to report cash flows from investments in these statements.

For purposes of efficient cash flow management and the management of temporary investments, the City utilizes the Local Government Investment Pool for its cash.

## NOTES TO FINANCIAL STATEMENTS

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### *Investments*

State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, commercial paper, corporate bonds, repurchase agreements, City coupon and local improvement district bonds.

Investments are stated at fair value as determined by quoted market prices, except for the certificates of deposit which are non-participating contracts, and are therefore carried at amortized costs. The City pools its investible funds to maximize interest income. The City allocates interest income on investments to the various funds based on the average balance of the net contribution of the respective fund.

### *Property Taxes Receivable and Deferred Revenue*

Within the governmental fund financial statement, property taxes are recognized as revenue when the amount of taxes levied is measurable, and proceeds are available to finance current period expenditures.

Available tax proceeds include property tax receivables expected to be collected within sixty days after year-end. Property taxes attach as liens on properties on January 1, and are levied in September of each year. Tax notices are sent to taxpayers during November, with tax payments scheduled to be collected on or before December 20. Taxpayers may pay all or one-half of their tax liability on or before December 20. If one-half of the amount is paid on December 20, the remaining balance is due by the following June 20. Since the City is on a September 30 fiscal year-end, property taxes levied during September for the succeeding year's collection are recorded as deferred revenue at the City's year-end and recognized as revenue in the following fiscal year. Canyon County bills and collects taxes for the City.

### *Customer Services Receivable*

Amounts owed to the City for customer services are due from area residents and businesses and relate to sewer, water, trash services and street lighting provided by the City.

### *Inventories*

Inventories are stated at the lower of cost (first-in, first-out method) or market. The costs of inventory items are recognized as expenditures in governmental funds when consumed (consumption method) and as expenses in proprietary funds when used.

### *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated fixed assets are valued at their estimated fair value on the date donated. Public domain infrastructure consisting of roads and sidewalks are also reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

## NOTES TO FINANCIAL STATEMENTS

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Depreciation is recorded by use of the straight-line method. The book value of each asset is reduced by equal amounts over its estimated useful life as follows:

	<u>Estimated Useful Life (Years)</u>
Buildings	10 - 40
Improvements other than buildings	10 - 40
Sewer and water service lines	30 - 50
Public domain infrastructure	30 - 50
Office furniture and equipment	3 - 30
Vehicles	5 - 10
Machinery and equipment	3 - 20

Maintenance, repairs and minor renewals are charged to operations as incurred. When an asset is disposed of, accumulated depreciation is deducted from the original cost, and any gain or loss arising from its disposal is credited or charged to operations.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred during construction of capital assets of business-type activities are capitalized when they are material. There were no interest costs included as part of the costs of capital assets under construction in the current year.

### *Risk Management*

The City is exposed to various risks of loss related to theft of, damage to, or destruction of assets. The City participates in a public entity risk pool, Idaho Counties Risk Management Pool (ICRMP), for liability insurance. The City's exposure to loss from its participation in ICRMP is limited only to the extent of their deductible.

The City provides self-insurance on certain vehicles, buildings and contents. The City also self-insures against potential unemployment claims. Expenses and funding for these risks are provided for in the General Fund.

The City also partially self-insures health and accident insurance. The City established the "Employee Health Care Trust Fund" in 2008. All health claims are paid from this Trust and all plan contributions are deposited into it. The City's Human Resource Director and Treasurer serve as trustees. The Trust is audited each year and a copy of the audit is submitted to the Idaho Department of Insurance. The City also maintains an internal service fund to account for employee life insurance premiums, wellness costs, miscellaneous insurance costs not paid by the Trust, and build reserves to protect against catastrophic losses and uninsured risks.

All funds of the City participate in the self-insurance programs. A liability for claims is established in the Trust fund if information indicates that it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimate for claims incurred but not reported (IBNR) on health and accident coverage is determined by the actual claims paid through the first few months of the following year. Claims paid in excess of the estimate, if any, are not expected to be material. No amounts were accrued in the City internal service fund in the current year.

### *Bonded Indebtedness*

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

## NOTES TO FINANCIAL STATEMENTS

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amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize long-term obligations as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Bond premiums and discounts, as well as bond issuance costs, are recognized 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 while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Special assessment bonds are issued to provide funding for the construction of various local improvement districts. Collections from property owner assessments are the primary source of debt service funds to retire maturing bonds. The City is under no legal obligation to use general resources to subsidize debt payments even though the debt is recorded in the financial statements of the City.

Revenue bonds issued in 1995 provided funding for construction of the sprinkler system at the golf course. This bond was paid in full in 2008 through the issuance of a Revenue Note through Wells Fargo Bank. Revenues collected by the golf course are the primary source of monies to retire the notes.

General obligation bonds series 2000 were issued to provide funding for land acquisition, site improvements and construction of a new police facility and demolition of the existing police station. These bonds were authorized at election on February 1, 2000 and are direct general obligations of the City payable from the proceeds of ad valorem taxes to be levied on all taxable property in the City. On November 30, 2006, the City issued general obligation bond, series 2006 in the amount of \$3,675,000 for the purpose of advance refunding a portion of the series 2000 bonds. The series 2000 bonds reserve the right for the City to redeem the bonds maturing on and after May 15, 2011, or to defease the bonds prior to maturity in the manner provided by City Ordinance No. 2322.

Parity lien sewer revenue refunding bonds, series 2001 were issued to retire a \$10,000,000 state revolving loan plus accrued interest. Principal and interest on the bonds are payable solely from and secured by net revenues of the water treatment system. These bonds are not general obligations of the City.

Water revenue certificates of participation series 2004 were issued to construct a new potable water reservoir facility including a 2 million gallon reservoir, well house, pumps, backup power generator, connecting piping and such other ancillary equipment and controls to operate the same. Principal and interest on the bonds are payable solely from and secured by net revenues of the water treatment facility. These revenue certificates are not general obligations of the City.

Sewer revenue certificates of participation series 2004 were issued to construct a new headworks facility and a new anaerobic digester including a 55 foot diameter digester, control building, maintenance building, connecting piping, equipment and controls to operate the same. Principal and interest on the bonds are payable solely from and secured by net revenues of the sewer treatment facility. These revenue certificates are not general obligations of the City.

**NOTES TO FINANCIAL STATEMENTS**

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*Compensated Absences Payable*

The City provides personal leave to its full-time employees. It is paid to employees when taken and will also be paid to employees or their beneficiaries upon the employee's termination, retirement or death. The amount of unpaid leave accumulated by City employees is accrued as an expense when incurred in the government-wide and proprietary fund financial statements, which use the accrual basis of accounting. In the governmental funds, the amounts that normally would be liquidated with expendable available financial resources are accrued as current year expenditures. The City does not pay earned sick pay upon the employees' termination, retirement or death. Accordingly, sick pay is not accrued since the amount is not a liability to the City.

*Fund Equity*

In the fund financial statements, reserved fund balance indicates that portion of fund equity that has been legally segregated for specific purposes or is not appropriable for expenditure. Undesignated fund balance indicates that portion of fund equity that is available for budgeting in future periods.

*Use of Estimates*

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues, expenditures and expenses during the reported period. The actual results could differ from those estimates.

**NOTE 2 – CASH AND INVESTMENTS**

At September 30, 2009, cash and investments were invested as follows:

	<u>Cost</u>	<u>Fair Value</u>
Cash - unrestricted	\$ 3,831,406	\$ 3,831,406
External investment pools	25,702,984	26,206,438
	<u>\$ 29,534,390</u>	<u>\$ 30,037,844</u>
Cash - restricted	<u>\$ 1,831,701</u>	<u>\$ 1,831,701</u>
	<u>Cost</u>	<u>Fair Value</u>
Investments		
Investments carried at fair value		
Money Market Funds	\$ 3,156,914	\$ 3,156,914
Bonds	417,446	513,286
	<u>3,574,360</u>	<u>3,670,200</u>
Investments carried at amortized cost		
Certificates of deposit	<u>117,000</u>	<u>120,711</u>
Total investments	<u>\$ 3,691,360</u>	<u>\$ 3,790,911</u>

**NOTES TO FINANCIAL STATEMENTS**

Investments Authorized by the State of Idaho and the City’s Investment Policy

Investment types that are authorized for the City of Caldwell by the Idaho Code and the City’s investment policy are as follows:

1. Local and State Agency Bonds
2. U. S. Agency Bonds
3. U. S. Agency Securities
4. Certificates of Deposit

*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. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of long and short-term investments. The City keeps funds needed for operations in short-term liquid investments while maintaining a stable longer-term investment portfolio with duration matched to expected completion of capital projects. When selecting longer-term maturities, the City’s policy requires investments which provide for the stability of income and reasonable liquidity.

Investments and maturity rates at September 30, 2009 were as follows:

Investment Type	Fair Value	Less than 1	Investment Maturities in Years		
			1-5	6-10	More than 10
Local Government Investment Pool	\$ 10,322,280	\$ 10,322,280	\$ -	\$ -	\$ -
Idaho State Treasurer's Bond Fund	15,884,158	15,884,158	-	-	-
Certificates of Deposit	120,711	40,789	79,922	-	-
US Government Agency Obligation	513,286	-	-	73,564	439,722
	<u>\$ 26,840,435</u>	<u>\$ 26,247,227</u>	<u>\$ 79,922</u>	<u>\$ 73,564</u>	<u>\$ 439,722</u>

*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 better by Standard & Poor’s or other nationally recognized rating agency. The investments are in compliance with policy.

Rating	U.S. Government Agency Obligations	Local Government Investment Pool	Idaho State Treasurer's Bond Fund	Total
Aaa	<u>\$ 513,286</u>	<u>\$ 10,322,280</u>	<u>\$ 15,884,158</u>	<u>\$ 26,719,724</u>

**NOTES TO FINANCIAL STATEMENTS**

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*Concentration of Credit Risk*

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principal that governments should provide note disclosure when five percent of the total entities investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure.

The City’s investment policy has no limitations on the amount that can be invested in any one issuer. At September 30, 2009, investments in any one issuer (other than State investment pools) that represents 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount	Percentage
Zions Bank	Money market	\$ 2,463,321	8.21%

*Custodial Credit Risk*

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City does not have a policy restricting the amount of deposits and investments subject to custodial credit risk.

The bank ledger balance for cash deposits at September 30, 2009, is \$8,807,245. This ledger balance includes \$151,911 of deposits insured by FDIC insurance, and \$8,655,334 of deposits that have been invested in a cash management automatic investment account. The deposits in the cash management automatic investment account are pooled with other bank depositor balances and are invested in U.S. Government issuances of U.S. Government guaranteed securities. The market value of securities underlying these deposits at September 30, 2009, is \$10,882,090.

The City minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be identified as to City of Caldwell ownership and be held in the City’s name. All commercial paper, agency bonds and money market funds are held in custody by Wells Fargo, Edward Jones or Citigroup Global Markets, Inc. in the City’s name.

*Investment in State Investment Pools*

The City is a voluntary participant in the State of Idaho Local Government Investment Pool (LGIP) and the State of Idaho Diversified Bond Fund (DBF). Both the LGIP and the DBF are regulated by State of Idaho code under the oversight of the Treasurer of the State of Idaho. The fair value of the City’s investment in the pools 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. Both the LGIP and the DBF are Aaa rated by a nationally recognized statistical rating organization.

**NOTES TO FINANCIAL STATEMENTS**

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The LGIP and DBF are managed by the State of Idaho Treasurer’s office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank. Interest income earned on pooled investments is allocated to the various funds of the City in proportion to each fund’s respective investment balances.

**NOTE 3 - RESTRICTED ASSETS**

Restricted assets are required to be segregated as to use and are therefore identified as restricted assets. Restricted assets in the general fund and fiduciary funds are restricted pursuant to donor specifications relating to various activities. Additional restricted assets in the general fund are restricted pursuant to the bonds issued to construct the police building.

Assets restricted in the nonmajor special revenue funds are primarily for current and future library operational funding. Assets restricted in the enterprise funds are restricted pursuant to donor specification and repayment of debt service for revenue bonds relating to the golf course and sewer plant and wastewater treatment plant construction.

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 they are needed.

**NOTE 4 – INTERGOVERNMENTAL AND GRANT RECEIVABLES**

The following summarizes the intergovernmental receivables at September 30, 2009:

State of Idaho	
Revenue sharing	\$ 323,278
Sales tax	207,623
Liquor apportionment	45,130
Canyon County	
Road and bridge tax	1,575
Court revenue	35,738
	<u>\$ 613,344</u>

Grants owed to the City at September 30, 2009, by source are:

Federal	<u>\$ 532,898</u>
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Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that were raised for the subsequent fiscal year.

## NOTES TO FINANCIAL STATEMENTS

At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes (general fund)	\$ 1,141,970	\$ 10,137,544
Property taxes (debt service fund)	-	459,269
Property taxes (street fund)	-	1,303,853
Special assessments not yet due (debt service fund)	653,028	-
Property taxes (other governmental funds)	-	887,494
Deferred grant revenue (general fund)	-	3,000
Deferred interest on golf note (general fund)	-	79,038
Deferred revenue from other governmental entity (general fund)	-	-
	<u>\$ 1,794,998</u>	<u>\$ 12,870,198</u>

### NOTE 5 – CAPITAL ASSETS

	<u>Balance Oct. 1, 2008</u>	<u>Additions</u>	<u>Deletions / Transfers</u>	<u>Balance Sept. 30, 2009</u>
Governmental activities				
Capital assets, not depreciated:				
Land	\$ 6,632,016	\$ 523,066	\$ -	\$ 7,155,082
Construction in progress	4,352,153	2,298,661	(3,515,178)	3,135,636
Total capital assets, not depreciated	10,984,169	2,821,727	(3,515,178)	10,290,718
Capital assets, depreciated:				
Buildings	10,418,144	197,293	(149,691)	10,465,746
Improvements other than buildings	19,149,878	547,238	3,413,979	23,111,095
Equipment	8,943,472	816,825	(247,878)	9,512,419
Infrastructure	44,712,182	-	-	44,712,182
Total capital assets, depreciated	83,223,676	1,561,356	3,016,410	87,801,442

## NOTES TO FINANCIAL STATEMENTS

	Balance Oct. 1, 2008	Additions	Deletions / Transfers	Balance Sept. 30, 2009
Less accumulated depreciation for:				
Buildings	(3,805,330)	(277,409)	44,151	(4,038,588)
Improvements other than buildings	(3,721,276)	(597,210)	2,613	(4,315,873)
Equipment	(4,616,740)	(716,946)	131,308	(5,202,378)
Infrastructure	(4,205,556)	(1,198,329)	-	(5,403,885)
Total accumulated depreciation	<u>(16,348,902)</u>	<u>(2,789,894)</u>	<u>178,072</u>	<u>(18,960,724)</u>
Total net capital assets, depreciated	<u>66,874,774</u>	<u>(1,228,538)</u>	<u>3,194,482</u>	<u>68,840,718</u>
Governmental activities capital assets, net	<u>\$ 77,858,943</u>	<u>\$ 1,593,189</u>	<u>\$ (320,696)</u>	<u>\$ 79,131,436</u>
Business-type activities:				
Capital assets, not depreciated:				
Land	\$ 876,348	\$ -	\$ -	\$ 876,348
Construction in progress	<u>5,757,683</u>	<u>68,035</u>	<u>(5,502,336)</u>	<u>323,382</u>
Total capital assets, not depreciated	6,634,031	68,035	(5,502,336)	1,199,730
Capital assets, depreciated:				
Buildings	7,514,251	-	-	7,514,251
Improvements other than buildings	84,867,228	7,558,333	5,502,336	97,927,897
Equipment	<u>9,336,039</u>	<u>266,195</u>	<u>(64,574)</u>	<u>9,537,660</u>
Total capital assets, depreciated	101,717,518	7,824,528	5,437,762	114,979,808

**NOTES TO FINANCIAL STATEMENTS**

Less accumulated depreciation for:				
Buildings	(4,653,766)	(217,587)	-	(4,871,353)
Improvements other than buildings	(19,725,355)	(2,946,010)	-	(22,671,365)
Equipment	(3,969,545)	(489,689)	64,574	(4,394,660)
Total accumulated depreciation	<u>(28,348,666)</u>	<u>(3,653,286)</u>	<u>64,574</u>	<u>(31,937,378)</u>
Total net capital assets, depreciated	<u>73,368,852</u>	<u>4,171,242</u>	<u>5,502,336</u>	<u>83,042,430</u>
Business-type activities capital assets, net	<u>\$ 80,002,883</u>	<u>\$ 4,239,277</u>	<u>\$ -</u>	<u>\$ 84,242,160</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 132,426
Public safety	501,935
Parks and recreation	185,083
Community services	352,773
Streets	<u>1,617,677</u>
Total depreciation expense - governmental activities	<u>\$ 2,789,894</u>

**NOTE 6 – INTERFUND BALANCES AND TRANSFERS**

Incoming receipts and outgoing disbursements are sometimes deposited to/disbursed from one fund on behalf of another fund. At that time, a corresponding receivable/payable and operating transfer is recorded between the funds. The composition of interfund balances as of September 30, 2009, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
General	Other governmental	Loan for land purchases	\$ 200,000
General	Other governmental	Operating loan refunded with grant proceeds	38,715
General	Internal service	Operating loan	9,894
General	Other governmental	Library lighting and heating conservation improvements	25,795
General	Other enterprise	Operating loan to golf fund	683,337
Other governmental	General	Library voucher payable	<u>202</u>
			<u>\$ 957,943</u>

**NOTES TO FINANCIAL STATEMENTS**

	Operating transfers out:		
	General	Sanitation	Other Governmental
Operating transfers in:			
General	\$ -	\$ -	\$ 3,154
Street	-	-	11,977
Other Governmental	55,853	350,000	-
Water	-	-	4,670
Sewer	-	-	15,362
	<u>\$ 55,853</u>	<u>\$ 350,000</u>	<u>\$ 35,163</u>

Operating transfers from the Sanitation Fund to the Airport Fund were for the new terminal project. Transfers from the Other Governmental Funds to the General Fund, Street Fund, the Water Fund, and the Sewer Fund were to reimburse these funds for projects costs covered by the LID #11 which is financed by the city. Transfers from the General Fund to the Other Governmental Funds were for current year lease payments.

**NOTE 7 – LEASE COMMITMENTS**

The City leases vehicles and equipment under various capital leases. The cost and accumulated depreciation by activity are as follows at September 30, 2009:

	Cost	Accumulated Depreciation
Governmental activities	\$ 304,736	\$ 213,523
Business-type activities	636,664	281,319
	<u>\$ 941,400</u>	<u>\$ 494,842</u>

**NOTE 8 – LONG-TERM DEBT**

Long-term debt consisted of the following as of September 30, 2009:

Governmental activities

    Special assessment bonds:

        \$2,318,996 local improvement bonds due in annual installments through 2015 of \$15,000 to \$40,000; interest from 3.25% to 6.0%.

\$ 510,000

## NOTES TO FINANCIAL STATEMENTS

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### General obligation bonds:

\$5,695,000 general obligation bonds, final installment due 2010 in the amount of \$270,000; interest at 5.125%. Defeased in substance with general obligation bond, series 2006, in the amount of \$3,605,000 issued for the purpose of advance refunding of the bonds maturing on and after May 15, 2011. \$ 270,000

\$3,605,000 general obligation bond, series 2006, issued for the purpose of advance refunding of the 2001 general obligation bonds maturing on and after May 15, 2011. Due in annual installments through 2018 of \$40,000 to \$420,000; interest from 4.0% to 5.0% including unamortized bond premium of \$109,193. 3,094,193

Total general obligation bonds \$ 3,364,193

### Capital lease obligations:

\$288,000 capital lease of computer equipment and vehicles due in annual installments of \$79,790 (including interest at 4.24%) through 2009 secured by computer equipment and vehicles. \$ 76,546

### Business-type activities:

#### Notes payable:

\$275,229 note payable issued for purchase of land due in annual installments through 2016 of \$25,982 (including interest at 7%), secured by land. \$ 140,011

\$188,000 note payable issued for the construction of a water well due in annual installments of \$52,293 (including interest at 4.44%). 50,071

\$185,000 revenue note payable issued for the early payoff of the 1995 golf course irrigation bond due in annual installments of \$41,848 (including interest at 4.25%). 151,014

Total notes payable \$ 341,096

### Capital lease obligations:

\$211,200 capital lease for John Deere equipment due in monthly installments of \$4,059 (including interest at 5.75%) through 2012, secured by equipment. \$ 114,146

\$81,448 capital lease for equipment due in monthly installments of \$1,546 (including interest at 4.8%) through 2012, secured by equipment. 42,316

Total capital lease obligations \$ 156,462

## NOTES TO FINANCIAL STATEMENTS

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### Revenue bonds:

\$9,995,000 parity lien sewer revenue refunding bonds due in annual installments through September 2021 of \$465,000 to \$830,000; interest from 4.25% to 5.75% due semi-annually, including unamortized bond premium of \$157,719. Bonds maturing on or after September 1, 2014, are subject to redemption by lot, at the option of the City, in whole or in part on any date, on or after September 1, 2011 at the price of par plus accrued interest to the date of redemption. If not previously redeemed under the provisions of the optional redemption described in the bond document, term bonds due on September 1, 2014, September 1, 2018 and September 1, 2021 will be called for mandatory redemption at a price of par, plus accrued interest on the date of redemption as outlined in the bond document.

\$ 7,727,719

### Certificates of participation:

\$2,290,000 water revenue certificates of participation series 2004 due in annual installments through June 2019 of \$135,000 to \$205,000; interest from 4.0% to 5.20% due semi-annually. Certificates maturing on or after June 1, 2015, are subject to redemption by the City in amounts and maturities selected by the City at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

\$ 1,665,000

\$2,470,000 sewer revenue certificates of participation series 2004 due in annual installments through June 2019 of \$140,000 to \$230,000; interest from 4.25% to 5.0% due semi-annually. Certificates maturing on or after June 1, 2015, are subject to redemption by the City in amounts and maturities selected by the City at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

1,830,000

Total certificates of participation

\$ 3,495,000

## NOTES TO FINANCIAL STATEMENTS

The annual requirements to amortize all debt outstanding at September 30, 2009, are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 516,546	\$ 180,736	\$ 899,313	\$ 600,832
2011	430,000	156,229	892,788	561,382
2012	425,000	138,777	907,557	515,453
2013	395,000	121,777	925,003	469,818
2014	415,000	102,566	926,235	421,298
2015-2019	1,769,193	202,391	5,391,818	1,293,770
2020-2023	-	-	1,777,563	122,500
	<u>\$ 3,950,739</u>	<u>\$ 902,476</u>	<u>\$ 11,720,277</u>	<u>\$ 3,985,053</u>

Total interest cost incurred during 2009 was \$884,759.

In Idaho, a municipality is allowed a debt limit, excluding enterprise fund debt, of 2% of the market valuation of the real and personal property in its taxing area. The City's legal debt limits for governmental funds for 2009, based on data available from Canyon County as of September 30, 2009, would be approximately \$27,517,269.

The following is a summary of changes in long-term debt of the City for the year ended September 30, 2009:

	Long-Term	Debt Issued	Debt Retired	Long-Term	Due Within
	Debt At Oct. 1, 2008			Debt at Sept. 30, 2009	
Governmental activities:					
Special assessment debt	\$ 665,000	\$ -	\$ 155,000	\$ 510,000	\$ 130,000
G.O. bonds series 2000- police station	270,000	-	-	270,000	270,000
Idaho bond bank 2006B	3,280,000	-	295,000	2,985,000	40,000
Bond premium	121,439	-	12,246	109,193	-
Capital leases					
Computer equipment/ Vehicles	149,977	-	73,431	76,546	76,546
Governmental activities long-term liabilities	<u>\$ 4,486,416</u>	<u>\$ -</u>	<u>\$ 535,677</u>	<u>\$ 3,950,739</u>	<u>\$ 516,546</u>

## NOTES TO FINANCIAL STATEMENTS

### Business-type activities:

#### Capital leases

John Deere lease	\$ 155,313	\$ -	\$ 41,167	\$ 114,146	\$ 41,528
Textron lease	57,828	-	15,512	42,316	16,100
Note payable - land	155,136	-	15,125	140,011	16,184
Note payable- well	98,012	-	47,941	50,071	50,071
Revenue note payable	185,000	-	33,986	151,014	35,430

#### Revenue bonds:

Parity lien sewer series 2001	8,015,000	-	445,000	7,570,000	465,000
Bond premium	171,088	-	13,369	157,719	-

#### Certificates of participation

Sewer, series 2004	1,965,000	-	135,000	1,830,000	140,000
Water, series 2004	1,795,000	-	130,000	1,665,000	135,000

#### Business-type activities

long-term liabilities	<u>\$ 12,597,377</u>	<u>\$ -</u>	<u>\$ 877,100</u>	<u>\$ 11,720,277</u>	<u>\$ 899,313</u>
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The City has pledged future water customer revenues, net of specified operating expenses, to repay \$2.29 million in water system revenue certificates of participation issued in July 2004. Proceeds from the certificates provided financing for the construction of a third pressure zone including tanks pumps and lines. The certificates are payable solely from water customer net revenues and are payable through 2019. Annual principal and interest payments on the bonds are expected to require less than 52 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,147,273. Principal and interest paid for the current year and total customer net revenues were \$213,933 and \$280,791, respectively.

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay \$9.995 million in sewer system parity lien refunding revenue bonds issued in June 2001. Proceeds from the bonds provided financing for the construction of sewer treatment plant improvements. The bonds are payable solely from sewer customer net revenues and are payable through 2021. Annual principal and interest payments on the bonds are expected to require less than 73 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$10,464,438. Principal and interest paid for the current year and total customer net revenues were \$871,324 and \$1,282,742, respectively.

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay \$2.470 million in sewer system revenue certificates of participation issued in June 2004. Proceeds from the certificates provided financing for the construction of sewer treatment plant improvements including headworks, screening and an additional digester. The certificates are payable solely from sewer customer net revenues and are payable through 2019. Annual principal and interest payments on the bonds are expected to require less than 20 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,366,600. Principal and interest paid for the current year and total customer net revenues were \$228,875 and \$1,282,742, respectively.

### NOTE 9 – DEFINED BENEFIT PENSION PLAN

The Public Employee Retirement System of Idaho (PERSI), a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring both the member and the employer to contribute. The plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority

## NOTES TO FINANCIAL STATEMENTS

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to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI upon request.

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

The contribution requirements of the City of Caldwell and its employees are established and may be amended by the PERSI Board of Trustees. For the fiscal year ended September 30, 2009 the required contribution rate as a percentage of covered payroll 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/firefighters.

The City of Caldwell's contributions required and paid were \$1,530,026, \$1,470,445, and \$1,347,773 for the three years ended September 30, 2009, 2008, and 2007, respectively.

### NOTE 10 – CONTINGENT LIABILITIES

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Any disallowed claims, including amounts already collected, could become a liability of the City. City management believes disallowances, if any, will be immaterial.

The City has been named as defendant in various legal actions, the results of which are not presently determinable. However, in the opinion of the City's management and legal counsel, the amount of losses that might be sustained, if any, would not materially affect the City's financial position.

The city is pursuing legal remedy on a storm water suit filed against the city by an irrigation district. Legal fees are estimated at \$500,000 in the coming year and will be paid by irrigation fund user fees.

### NOTE 11 – OTHER COMMITMENTS

The City has the following commitments at September 30, 2009:

- Agreement with Professional Services Group, Inc. (PSG) now referred to as Veolia, for performance operation and maintenance services related to the wastewater treatment plant. The agreement is for a fifteen-year period with five-year renewals thereafter. Each year costs are renegotiated. The revised annual fee is \$1,576,629 effective October 1, 2008. Should the City and the contractor fail to agree on the negotiated cost, the cost is determined by reference to a formula that uses the Consumer Price Index.
- Construction contract with RSCI Inc. for construction of the WWTP Phase 4 Project. The original contract amount is \$4,612,239, plus Change Orders equaling \$1,166,091 for a total contract amount of \$5,778,330 of which \$110,259 remains to be expended.
- Consulting & design services contract with MWH Engineers during construction of the WWTP Phase 4 Project. The contract amount is \$753,905, of which \$95,788 remains to be expended.

## NOTES TO FINANCIAL STATEMENTS

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- Construction contract with Sommer Construction for construction of the South Interceptor Sewer Project. The original contract amount is \$947,141 plus Change Orders equaling \$798,709 for a total contract amount of \$1,745,850 of which \$5,000 remains to be expended (Final payment of \$5,000 approved on 10/15/09).
- Consulting & design services contract with MWH Engineers during construction of the South Interceptor Project. The original contract amount is \$248,127 of which \$3,982 remains to be expended.
- Pipe Inc. for construction of the Linden Sewer Extension Project. The original contract amount is \$588,493, of which \$28,581 remains to be expended.
- Hess Construction Inc. for construction of the additional sidewalk at Griffiths Park. The original contract amount is \$24,987 plus Change Order equaling \$500 for a total contract amount of \$25,487, of which \$2,461 remains to be expended.
- CHM2Hill contract for FEMA -Indian Creek study. The current contract amount is \$134,474. The City has been billed \$123,162 leaving \$11,312 to be expended. An Addendum to CHM2Hill's contract in the amount of \$40,000 is currently on the January 18, 2010 City Council meeting Agenda. There is no formal contract with Boise Board of Control but the City of Caldwell and the City of Nampa agreed to share the cost of \$23,500 incurred to have the Callopy gates made operational.

### NOTE 12 – OTHER INFORMATION

Accounting principles generally accepted in the United States of America require disclosure, as part of the basic financial statements, of certain information concerning individual funds. The following funds had expenditures greater than appropriations for the year ended September 30, 2009:

Expenditures/expenses exceeded appropriations:

Library fund	\$	113,988
Airport fund	\$	479,104
Debt service fund	\$	76,963
Sewer fund	\$	3,910,228
Section 125 Benefit Plan Internal Service Fund	\$	16,862

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 – URBAN RENEWAL AGENCY**

*Cash and Cash Equivalents*

At September 30, 2009, cash and cash equivalents were invested as follows:

	<u>Cost</u>	<u>Fair Value</u>
Cash - unrestricted	\$ 1,987,935	\$ 1,987,935
Local Government Investment Pool	605,610	606,094
	<u>\$ 2,593,545</u>	<u>\$ 2,594,029</u>
Cash equivalents - restricted		
Money Market Funds	\$ 2,252,484	\$ 2,252,484
U. S. Treasury Notes	729,485	729,485
	<u>\$ 2,981,969</u>	<u>\$ 2,981,969</u>

*Capital Assets*

Changes in capital assets are as follows:

	<u>Balance Oct. 1, 2008</u>	<u>Additions</u>	<u>Deletions / Transfers</u>	<u>Balance Sept. 30, 2009</u>
Governmental activities				
Capital assets, not depreciated:				
Land	\$ 1,460,468	\$ 250,000	\$ -	\$ 1,710,468

*Long-term Debt*

Long-term debt consisted of the following as of September 30, 2009:

Governmental activities:

\$3,735,000 Urban Renewal Revenue Allocation Bonds Series 2004A due in annual installments through March 2015 of \$300,000 to \$715,000; interest from 4.00% to 4.95% due semi-annually. Certificates maturing on or after March 1, 2012, are subject to early redemption in whole or in part (in the order of maturity selected by the Agency and by lot within a maturity in such manner as the Registrar shall determine), on March 1, 2011 or any interest payment date thereafter, at the redemption price of par, plus accrued interest to the date fixed for redemption.

\$ 2,340,000

\$8,300,000 Urban Renewal Revenue Allocation Bonds Series 2006A due in annual installments through March 2023 of \$140,000 to \$720,000; interest from 4.00% to 5.00% due semi-annually, including unamortized bond premium of \$590,578. Certificates maturing

**NOTES TO FINANCIAL STATEMENTS**

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on or after March 1, 2017, are subject to early redemption in whole or in part (in the order of maturity selected by the Agency and by lot within a maturity in such manner as the Registrar shall determine), on March 1, 2016 or any interest payment date thereafter, at the redemption price of par, plus accrued interest to the date fixed for redemption. 7,630,578

\$8,000,000 Urban Renewal Revenue Allocation Bonds Series 2008 due in annual installments through September 2023 of \$325,000 to \$720,000; interest from 3.10% to 4.25% due semi-annually, including unamortized bond premium of \$30,547. Certificates maturing on or after March 1, 2017, are subject to early redemption in whole or in part (in the order of maturity selected by the Agency and by lot within a maturity in such manner as the Registrar shall determine), on March 1, 2016 or any interest payment date thereafter, at the redemption price of par, plus accrued interest to the date fixed for redemption. 7,650,547

\$2,660,000 Revenue Allocation Notes Series 2005 due in annual installments through June 2012 of \$447,778, including interest at 4.28%. 1,236,052

\$1,600,000 Revenue Allocation Notes Series 2007 due in semi-annual installments through September 2014 of \$100,000 to \$125,000, interest at 4.214% due semi-annually. 1,125,000

\$ 19,982,177

The Urban Renewal Agency of the City of Caldwell, Idaho has pledged a portion of future tax increment revenues to repay \$2,660,000 in revenue allocation notes issued in June 2005 to finance land acquisition and improvements in connection with the Indian Creek Day-lighting project. The notes are payable solely from incremental tax revenues. Incremental tax revenues were projected to produce 100 percent of the debt service requirements over the life of the notes. Total principal and interest remaining on the notes is \$1,343,335, payable through June 2012. For the current year, principal and interest paid were: \$ 447,778

The Urban Renewal Agency of the City of Caldwell, Idaho has pledged a portion of future tax increment revenues to repay \$1,600,000 in revenue allocation notes issued in March 2007 to finance construction of the Indian Creek Day-lighting project. The notes are payable solely from incremental tax revenues. Incremental tax revenues were projected to produce 100 percent of the debt service requirements over the life of the notes. Total principal and interest remaining on the notes is \$1,259,848, payable through September 2014. For the current year, principal and interest paid were: 248,623

The Urban Renewal Agency of the City of Caldwell, Idaho has pledged a portion of future tax increment revenues to repay \$3,735,000 in revenue allocation bonds issued in July 2004 to finance improvements to the City's waste water treatment plant including a new headwork facility, screening system and digester. The bonds are payable solely from incremental tax revenues. Incremental tax revenues were projected to produce 125 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$2,726,629, payable through March 2015. For the current year, principal and interest paid were: 398,015

## NOTES TO FINANCIAL STATEMENTS

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The Urban Renewal Agency of the City of Caldwell, Idaho has pledged a portion of future tax increment revenues to repay \$8,300,000 in revenue allocation bonds and \$724,294 in re-offering premium issued in December 2006 to finance improvements to the City's waste water treatment plant including collection lines and related facilities. The bonds are payable solely from incremental tax revenues. Incremental tax revenues were projected to produce 125 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$10,306,588, payable through March 2023. For the current year, principal and interest paid were:

734,225

The Urban Renewal Agency of the City of Caldwell, Idaho has pledged a portion of future tax increment revenues to repay \$8,000,000 in revenue allocation bonds issued in February 2008 to finance improvements to the City's waste water treatment plant including a new aeration basin and related facilities. The bonds are payable solely from incremental tax revenues. Incremental tax revenues were projected to produce 125 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$10,230,948, payable through September 2023. For the current year, principal and interest paid were:

515,350

Total principal and interest paid in the current year

\$ 2,343,991

Total incremental tax revenues collected in current year

\$ 5,851,783

### *Other Commitments*

The Agency will provide up to \$7,200,000 of funding for an education building to house community college operations downtown. Treasure Valley Community College will be the major tenant in the building. The project should be completed by October 2010. The building will be deeded to the city as part of downtown redevelopment. The agency will also provide assistance with parking for the college but precise cost estimates have yet to be determined.

The agency will contribute \$1,000,000 to the capital construction fund for the Caldwell Family YMCA in February 2010.

The agency will contribute up to \$200,000 for streetscape improvements downtown in 2010.

**CITY OF CALDWELL**

***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF CALDWELL, IDAHO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**BUDGET TO ACTUAL- GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2009**

	Budgeted Amounts		Actual, General	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 9,742,186	\$ 9,742,186	\$ 9,756,516	\$ 14,330
Franchise fees	694,000	694,000	716,863	22,863
Interest	257,120	257,120	181,886	(75,234)
Licenses and permits	1,011,710	1,011,710	683,893	(327,817)
Impact fees	712,850	712,850	277,920	(434,930)
Intergovernmental	1,931,462	1,931,462	1,748,200	(183,262)
Fines and forfeitures	200,509	200,509	234,492	33,983
Federal grants	312,443	312,443	351,813	39,370
Charges for services	3,827,852	4,072,852	3,922,267	(150,585)
Unrealized gain on investments	-	-	126,059	126,059
Miscellaneous	47,420	47,420	35,896	(11,524)
Total revenues	<u>18,737,552</u>	<u>18,982,552</u>	<u>18,035,805</u>	<u>(946,747)</u>
<b>EXPENDITURES</b>				
Current				
General government	2,673,268	3,733,768	4,424,455	(690,687)
Public safety	13,980,421	13,980,421	12,122,901	1,857,520
Parks and recreation	1,119,748	1,119,748	1,071,587	48,161
Community services	353,373	353,373	312,523	40,850
Debt service				
Principal	22,029	22,029	22,029	-
Interest	1,908	1,908	1,908	-
Capital outlay	<u>1,604,857</u>	<u>1,604,857</u>	<u>1,887,307</u>	<u>(282,450)</u>
Total expenditures	<u>19,755,604</u>	<u>20,816,104</u>	<u>19,842,710</u>	<u>973,394</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,018,052)	(1,833,552)	(1,806,905)	26,647
<b>OTHER FINANCING SOURCES (USES)</b>				
Contributions from other government	61,930	61,930	50,652	(11,278)
Operating transfers in	-	-	3,154	3,154
Operating transfers out	<u>(184,112)</u>	<u>(184,112)</u>	<u>(55,853)</u>	<u>128,259</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(122,182)</u>	<u>(122,182)</u>	<u>(2,047)</u>	<u>120,135</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,140,234)</u>	<u>\$ (1,955,734)</u>	<u>(1,808,952)</u>	<u>\$ 146,782</u>
FUND BALANCE, BEGINNING OF YEAR			<u>9,750,335</u>	
FUND BALANCE, END OF YEAR			<u>\$ 7,941,383</u>	

**CITY OF CALDWELL, IDAHO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**BUDGET TO ACTUAL- STREET FUND**  
**YEAR ENDED SEPTEMBER 30, 2009**

	Budgeted Amounts		Actual Street	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 1,185,321	\$ 1,185,321	\$ 1,195,792	\$ 10,471
Interest	131,800	131,800	97,671	(34,129)
Intergovernmental	1,704,339	1,704,339	1,770,948	66,609
Other grants	-	-	8,073	8,073
Unrealized gain on investments	-	-	123,669	123,669
Miscellaneous	10,600	10,600	22,046	11,446
<b>Total revenues</b>	<b>3,032,060</b>	<b>3,032,060</b>	<b>3,218,199</b>	<b>186,139</b>
<b>EXPENDITURES</b>				
Streets	2,463,750	2,463,750	2,474,155	(10,405)
Debt service				
Principal	8,000	8,000	-	8,000
Interest and other	500	500	-	500
Capital outlay	1,854,000	1,854,000	909,997	944,003
<b>Total expenditures</b>	<b>4,326,250</b>	<b>4,326,250</b>	<b>3,384,152</b>	<b>942,098</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(1,294,190)</b>	<b>(1,294,190)</b>	<b>(165,953)</b>	<b>1,128,237</b>
<b>OTHER FINANCING SOURCES</b>				
Contributions from other governments	361,000	361,000	330,000	(31,000)
Operating transfers in	162,500	162,500	11,977	(150,523)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>523,500</b>	<b>523,500</b>	<b>341,977</b>	<b>(181,523)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (770,690)</b>	<b>\$ (770,690)</b>	<b>176,024</b>	<b>\$ 946,714</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<b>4,310,588</b>	
<b>FUND BALANCE, END OF YEAR</b>			<b>\$ 4,486,612</b>	

**CITY OF CALDWELL, IDAHO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2009**

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**NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING**

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

Prior to September 1, the City Treasurer and City Council prepare a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted at City Hall to obtain taxpayer comments.

Prior to October 1, the budget is legally enacted through passage of an appropriation ordinance.

Budgets are adopted on a basis consistent with generally accepted accounting principles for the general, debt service, and special revenue funds. All annual appropriations lapse at fiscal year-end. The Mayor is authorized to transfer budget amounts within departments and between departments within any fund. Revisions that alter the total expenditure appropriation of any fund must be approved by the City Council. The budget presented in the report has been amended. State law does not allow fund expenditures to exceed fund appropriations.

**CITY OF CALDWELL**

***OTHER FINANCIAL INFORMATION***

## **NONMAJOR GOVERNMENTAL FUNDS**

### **DEBT SERVICE FUND**

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest, including bonds, certificates of participation and capital leases.

### **SPECIAL REVENUE FUNDS**

To account for specific revenues that are legally restricted to expenditures for particular purposes.

#### *Debt Service Fund*

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest, including bonds, certificates of participation and capital leases.

#### *Cemetery Fund*

To account for the operation and maintenance of the cemetery. Property taxes and sales of cemetery plots are the principal revenue sources. City ordinances require that these revenues be used to finance cemetery operations and maintenance.

#### *Cemetery Capital Improvement Fund*

To account for the resources and expenditures of the City's cemetery capital improvement fund. Grave fees are the principal revenue sources and capital outlay is the primary expenditure.

#### *Perpetual Care Fund*

To account for the resources and expenditures of the City's perpetual care fund. Grave fees and earnings on investments are the principal source of revenues. Capital outlay is the primary expenditure.

#### *Housing Rehabilitation Fund*

To account for the collection of low interest mortgages made to low income citizens of the City and the subsequent expenditures of these funds. These loans were established under a Community Development grant.

#### *Library Fund*

To account for the operation of the public library. Financing is provided principally through property taxes which are restricted for library operations by City ordinance.

#### *Airport Fund*

To account for operation of the City airport. Financing is provided by property taxes, federal and state grants as well as state gasoline and sales tax. City ordinance requires that these revenues be restricted to financing airport operations.

#### *Recreation Fund*

To account for operation of City-owned parks and recreation programs. Financing is provided by a specific annual property tax levy to the extent miscellaneous revenues (primarily rental fees) are not sufficient to provide such financing. City ordinance restricts these property taxes to financing of parks and recreation programs.

**CITY OF CALDWELL**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2009**

	<u>Debt Service</u>	<u>Cemetery</u>	<u>Cemetery Capital Improvement</u>	<u>Perpetual Care</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 564,430	\$ 272,642	\$ 18,193	\$ 1,023,634
Receivables				
Interest	146,171	483	24	1,832
Taxes	462,945	75,089	-	-
Intergovernmental	-	7,622	-	-
Accounts	-	200	-	-
Special assessments	507,672	-	-	-
Grants	-	-	-	-
Notes	-	-	-	-
Internal balances	-	-	-	-
Prepaid expenses	-	-	-	-
Restricted assets				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
	<u>\$ 1,681,218</u>	<u>\$ 356,036</u>	<u>\$ 18,217</u>	<u>\$ 1,025,466</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Vouchers and payroll payable	\$ 6,919	\$ 14,334	\$ -	\$ -
Compensated absences payable	-	1,005	-	-
Customer deposits	-	200	-	-
Deferred revenue	1,112,297	74,568	-	-
Internal balances	-	-	-	-
Total liabilities	1,119,216	90,107	-	-
<b>FUND BALANCES</b>				
Reserved for housing rehabilitation	-	-	-	-
Reserved for library	-	-	-	-
Reserved for debt service	562,002	-	-	-
Unreserved	-	265,929	18,217	1,025,466
Total fund balances	<u>562,002</u>	<u>265,929</u>	<u>18,217</u>	<u>1,025,466</u>
	<u>\$ 1,681,218</u>	<u>\$ 356,036</u>	<u>\$ 18,217</u>	<u>\$ 1,025,466</u>

<u>Community Development</u>	<u>Library</u>	<u>Airport</u>	<u>Recreation</u>	<u>Totals</u>
\$ 156,996	\$ 226,631	\$ 310,003	\$ 379,371	\$ 2,951,900
237	45	128	542	149,462
-	523,992	81,619	214,003	1,357,648
-	34,752	5,366	12,908	60,648
-	202	38,377	4,018	42,797
-	-	-	-	507,672
-	-	501,848	-	501,848
60,243	-	-	-	60,243
-	202	-	-	202
-	18,255	-	-	18,255
-	233,856	-	-	233,856
-	633,997	-	-	633,997
<u>\$ 217,476</u>	<u>\$ 1,671,932</u>	<u>\$ 937,341</u>	<u>\$ 610,842</u>	<u>\$ 6,518,528</u>
\$ -	\$ 20,235	\$ 214,867	\$ 39,971	\$ 296,326
-	10,995	-	6,584	18,584
-	-	-	-	200
-	519,714	80,952	212,260	1,999,791
38,715	25,795	200,000	-	264,510
38,715	576,739	495,819	258,815	2,579,411
178,761	-	-	-	178,761
-	737,183	-	-	737,183
-	-	-	-	562,002
-	358,010	441,522	352,027	2,461,171
<u>178,761</u>	<u>1,095,193</u>	<u>441,522</u>	<u>352,027</u>	<u>3,939,117</u>
<u>\$ 217,476</u>	<u>\$ 1,671,932</u>	<u>\$ 937,341</u>	<u>\$ 610,842</u>	<u>\$ 6,518,528</u>

**CITY OF CALDWELL**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2009**

	Debt Service	Cemetery	Cemetery Capital Improvement	Perpetual Care
<b>REVENUES</b>				
Property taxes	\$ 460,624	\$ 74,207	\$ -	\$ -
Interest	37,614	5,631	369	22,378
Intergovernmental	-	19,693	-	-
Fines and forfeitures	-	-	-	-
Federal grants	-	-	-	-
Other grants	-	-	-	-
Charges for services	-	93,106	9,739	13,428
Unrealized gain on investments	11,542	6,843	383	25,713
Assessments	148,146	-	-	-
Miscellaneous	-	2,114	-	-
Total revenues	<u>657,926</u>	<u>201,594</u>	<u>10,491</u>	<u>61,519</u>
<b>EXPENDITURES</b>				
Current				
General government	-	184,608	-	-
Parks and recreation	-	-	-	-
Community services	-	-	-	-
Debt service				
Principal	501,402	-	-	-
Interest and other	211,821	-	-	-
Capital outlay	-	-	16,643	-
Total expenditures	<u>713,223</u>	<u>184,608</u>	<u>16,643</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	(55,297)	16,986	(6,152)	61,519
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	(35,163)	-	-	-
Operating transfers in	55,853	-	-	-
Contributions from other government	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>20,690</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>				
	(34,607)	16,986	(6,152)	61,519
<b>FUND BALANCE, BEGINNING OF YEAR</b>				
	<u>596,609</u>	<u>248,943</u>	<u>24,369</u>	<u>963,947</u>
<b>FUND BALANCE, END OF YEAR</b>				
	<u><u>\$ 562,002</u></u>	<u><u>\$ 265,929</u></u>	<u><u>\$ 18,217</u></u>	<u><u>\$ 1,025,466</u></u>

<u>Community Development</u>	<u>Library</u>	<u>Airport</u>	<u>Recreation</u>	<u>Totals</u>
\$ -	\$ 519,243	\$ 80,874	\$ 212,051	\$ 1,346,999
3,144	62,687	7,362	6,445	145,630
-	137,144	19,497	46,900	223,234
-	24,655	-	-	24,655
10,432	-	1,032,049	-	1,042,481
-	5,231	-	-	5,231
-	18,026	182,113	216,745	533,157
3,358	(2,316)	2,174	7,091	54,788
-	-	-	-	148,146
-	15,060	-	3,278	20,452
<u>16,934</u>	<u>779,730</u>	<u>1,324,069</u>	<u>492,510</u>	<u>3,544,773</u>
-	-	-	-	184,608
-	-	-	414,086	414,086
10,636	874,488	267,208	-	1,152,332
-	-	-	-	501,402
-	-	-	-	211,821
-	-	1,562,448	6,688	1,585,779
<u>10,636</u>	<u>874,488</u>	<u>1,829,656</u>	<u>420,774</u>	<u>4,050,028</u>
6,298	(94,758)	(505,587)	71,736	(505,255)
-	-	-	-	(35,163)
-	-	350,000	-	405,853
-	-	300,000	-	300,000
-	-	650,000	-	670,690
6,298	(94,758)	144,413	71,736	165,435
<u>172,463</u>	<u>1,189,951</u>	<u>297,109</u>	<u>280,291</u>	<u>3,773,682</u>
<u>\$ 178,761</u>	<u>\$ 1,095,193</u>	<u>\$ 441,522</u>	<u>\$ 352,027</u>	<u>\$ 3,939,117</u>

## **NONMAJOR PROPRIETARY FUNDS**

### **ENTERPRISE FUNDS**

To account for operations that are financed and operated in a manner similar to private business enterprises when the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or when the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

#### *Golf Fund*

To account for the operations of the government's public golf courses (Purple Sage and Fairview).

#### *Street Lighting Fund*

To account for the billings and receipts for the City street lights.

#### *Irrigation Fund*

To account for maintenance, operation and capital replacement of the City's irrigation system.

### **INTERNAL SERVICE FUNDS**

To account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

#### *Employee Health Insurance Fund*

To account for employee life insurance premiums, wellness costs, miscellaneous insurance costs not paid by the Employee Health Care Trust Fund, and build reserves to protect against catastrophic losses and uninsured risks.

#### *Section 125 Benefit Plan*

To account for employee cafeteria contributions and expenditures for health services.

**CITY OF CALDWELL**  
**COMBINING STATEMENT OF NET ASSETS – ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2009**

	<u>Golf</u>	<u>Street Lighting</u>	<u>Irrigation</u>	<u>Totals</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 72,876	\$ 773,911	\$ 1,377,346	\$ 2,224,133
Interest receivable	-	1,144	1,279	2,423
Accounts receivable	9,325	49,519	311,697	370,541
Total current assets	<u>82,201</u>	<u>824,574</u>	<u>1,690,322</u>	<u>2,597,097</u>
<b>NONCURRENT ASSETS</b>				
Restricted cash and cash equivalents	9,791	-	-	9,791
Capital assets				
Land	686,655	-	-	686,655
Buildings	984,059	-	-	984,059
Improvements other than buildings	1,455,953	1,633,517	-	3,089,470
Equipment	1,145,210	-	426,638	1,571,848
Less accumulated depreciation	<u>(2,196,232)</u>	<u>(300,239)</u>	<u>(77,368)</u>	<u>(2,573,839)</u>
	<u>\$ 2,167,637</u>	<u>\$ 2,157,852</u>	<u>\$ 2,039,592</u>	<u>\$ 6,365,081</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Vouchers and payroll payable	\$ 41,619	\$ 2,579	\$ 19,187	\$ 63,385
Compensated absences	5,383	-	-	5,383
Internal balances	683,337	-	-	683,337
Interest payable	7,528	-	-	7,528
Current portion of long-term liabilities	109,242	-	-	109,242
Total current liabilities	<u>847,109</u>	<u>2,579</u>	<u>19,187</u>	<u>868,875</u>
<b>NONCURRENT LIABILITIES</b>				
Notes payable	239,411	-	-	239,411
Capital lease obligations	<u>98,834</u>	<u>-</u>	<u>-</u>	<u>98,834</u>
Total liabilities	1,185,354	2,579	19,187	1,207,120
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	944,821	1,333,278	349,270	2,627,369
Unrestricted	<u>37,462</u>	<u>821,995</u>	<u>1,671,135</u>	<u>2,530,592</u>
Total net assets	<u>982,283</u>	<u>2,155,273</u>	<u>2,020,405</u>	<u>5,157,961</u>
	<u>\$ 2,167,637</u>	<u>\$ 2,157,852</u>	<u>\$ 2,039,592</u>	<u>\$ 6,365,081</u>

**CITY OF CALDWELL**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND**  
**NET ASSETS – ENTERPRISE FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2009**

	Golf	Street Lighting	Irrigation	Totals
<b>OPERATING REVENUES</b>				
Charges for services	\$ 683,336	\$ 388,664	\$ 1,081,410	\$ 2,153,410
Other	26,155	264	16	26,435
Total operating revenues	<u>709,491</u>	<u>388,928</u>	<u>1,081,426</u>	<u>2,179,845</u>
<b>OPERATING EXPENSES</b>				
Personnel services	301,289	-	303,543	604,832
Contractual services	68,177	100,364	-	168,541
Materials and supplies	57,797	-	172,142	229,939
Utilities	68,952	198,591	-	267,543
Repairs and maintenance	58,700	-	136,318	195,018
Other expenses	23,768	-	-	23,768
Depreciation and amortization	142,728	61,083	44,722	248,533
Total operating expenses	<u>721,411</u>	<u>360,038</u>	<u>656,725</u>	<u>1,738,174</u>
OPERATING INCOME (LOSS)	(11,920)	28,890	424,701	441,671
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest expense	(61,840)	-	-	(61,840)
Interest income	33	14,971	20,398	35,402
Unrealized gain on investments	-	15,481	17,397	32,878
NONOPERATING REVENUES (EXPENSES)	<u>(61,807)</u>	<u>30,452</u>	<u>37,795</u>	<u>6,440</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(73,727)	59,342	462,496	448,111
Contributions from developers	-	146,489	-	146,489
CHANGE IN NET ASSETS	(73,727)	205,831	462,496	594,600
NET ASSETS, BEGINNING OF YEAR	<u>1,056,010</u>	<u>1,949,442</u>	<u>1,557,909</u>	<u>4,563,361</u>
NET ASSETS, END OF YEAR	<u>\$ 982,283</u>	<u>\$ 2,155,273</u>	<u>\$ 2,020,405</u>	<u>\$ 5,157,961</u>

**CITY OF CALDWELL**  
**COMBINING STATEMENT OF NET ASSETS- INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2009**

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	Employee Health Insurance	Section 125 Benefit Plan	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 848,930	\$ 25,754	\$ 874,684
Interest receivable	826	-	826
	<u>\$ 849,756</u>	<u>\$ 25,754</u>	<u>\$ 875,510</u>
 <b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Vouchers payable	\$ 3,155	\$ -	\$ 3,155
Internal balances	-	9,894	9,894
	<u>3,155</u>	<u>9,894</u>	<u>13,049</u>
 <b>NET ASSETS</b>			
Unrestricted	<u>846,601</u>	<u>15,860</u>	<u>862,461</u>
	<u>846,601</u>	<u>15,860</u>	<u>862,461</u>
	<u>\$ 849,756</u>	<u>\$ 25,754</u>	<u>\$ 875,510</u>

**CITY OF CALDWELL**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS-**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2009**

	Employee Health Insurance	Section 125 Benefit Plan	Totals
	<u>          </u>	<u>          </u>	<u>          </u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 10,663	\$ 113,890	\$ 124,553
Total revenues	10,663	113,890	124,553
<b>OPERATING EXPENSES</b>			
Contractual services	<u>7,668</u>	<u>107,560</u>	<u>115,228</u>
Total operating expenses	<u>7,668</u>	<u>107,560</u>	<u>115,228</u>
OPERATING INCOME	2,995	6,330	9,325
<b>NONOPERATING REVENUES</b>			
Interest income	16,666	-	16,666
Unrealized gain on investments	<u>11,712</u>	<u>-</u>	<u>11,712</u>
Total nonoperating revenues	<u>28,378</u>	<u>-</u>	<u>28,378</u>
CHANGE IN NET ASSETS	31,373	6,330	37,703
NET ASSETS, BEGINNING OF YEAR	<u>815,228</u>	<u>9,530</u>	<u>824,758</u>
NET ASSETS, END OF YEAR	<u><u>\$ 846,601</u></u>	<u><u>\$ 15,860</u></u>	<u><u>\$ 862,461</u></u>

**CITY OF CALDWELL**

*SINGLE AUDIT SECTION*

**CITY OF CALDWELL, IDAHO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2009**

<u>Federal Grantor/Pass- Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Number</u>	<u>Expenditures</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through the State of Idaho		ICDBG-06-III-	
Community Development Block Grant	14.228	20-ED	\$ 10,432
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 10,432</u>
DEPARTMENT OF THE INTERIOR			
Passed through the State Historical Society			
Historic Fund Grant	15.904	16-08-21717	\$ 2,335
			<u>\$ 2,335</u>
DEPARTMENT OF JUSTICE			
Pass through the Department of Juvenile Corrections			
Edward Brune Justice Assistance Grant	16.738	2008-F6290-ID	\$ 70,990
Direct Program			
Equipment grant	16.592	N/A	24,491
TOTAL DEPARTMENT OF JUSTICE			<u>\$ 95,481</u>
DEPARTMENT OF TRANSPORTATION			
Direct Program			
Airport Improvements	20.106	N/A	\$ 1,018,539
TOTAL DEPARTMENT OF TRANSPORTATION			<u>\$ 1,018,539</u>

**CITY OF CALDWELL, IDAHO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2009**

<u>Federal Grantor/Pass- Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Number</u>	<u>Expenditures</u>
DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY			
Direct Program			
Brownfields Assessment Grant	66.818	N/A	\$ 19,470
TOTAL DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY			<u>\$ 19,470</u>
DEPARTMENT OF HOMELAND SECURITY			
Passed through Idaho Military Division			
State Domestic Preparedness Equipment Support	97.004	N/A	\$ 36,900
US Department of Homeland Security (Assistance to Firefighters- operations and safety)	97.044	EMW-2006-FF- 03376	142,830
Homeland Security Grant Program (Hazmat)	97.067	2007GET70014	<u>73,252</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>\$ 252,982</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 1,399,239</u>

**CITY OF CALDWELL, IDAHO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**SEPTEMBER 30, 2009**

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**NOTE 1 – BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City. The reporting entity is defined in Note 1 to the City’s basic financial statements.

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting as described in Note 1 to the City’s basic financial statements.

**NOTE 2 – MAJOR PROGRAMS**

Major programs are identified in the summary of Auditors’ Results section of the Schedule of Findings and Questioned Costs.

The following programs have been identified as major programs for the year ended September 30, 2009:

<u>Program</u>	<u>CFDA Number</u>
Airport Improvements	20.106



CPAs & BUSINESS ADVISORS

**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***

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Members of the City Council  
**City of Caldwell**  
Caldwell, Idaho

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 City of Caldwell, Idaho (the City), as of and for the year ended September 30, 2009, which collectively comprise the City of Caldwell, Idaho's basic financial statements and have issued our report thereon dated January 13, 2010. 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 City of Caldwell, Idaho'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 of Caldwell, Idaho's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Caldwell, Idaho's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Caldwell, Idaho's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Caldwell, Idaho's financial statements that is more than inconsequential will not be prevented or detected by the City of Caldwell, Idaho's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2009-1 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Caldwell, Idaho's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

*Compliance and Other Matters*

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

We also noted certain other matters that we reported to management of City of Caldwell, Idaho in a separate letter dated January 13, 2010.

City of Caldwell, Idaho's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit City of Caldwell, Idaho's response and, accordingly, we express no opinion on it.

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho  
January 13, 2010



CPAs & BUSINESS ADVISORS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

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Members of the City Council  
**City of Caldwell**  
Caldwell, Idaho

*Compliance*

We have audited the compliance of City of Caldwell, Idaho, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. City of Caldwell, Idaho's (the City) 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 City of Caldwell, Idaho's management. Our responsibility is to express an opinion on City of Caldwell, 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 City of Caldwell, Idaho's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Caldwell, Idaho's compliance with those requirements.

In our opinion, City of Caldwell, Idaho, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

*Internal Control over Compliance*

The management of City of Caldwell, 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 City of Caldwell, Idaho's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Caldwell, Idaho's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

A handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed address and date.

Boise, Idaho  
January 13, 2010

**CITY OF CALDWELL, IDAHO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2009**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness identified? No

Significant deficiencies identified not considered to be material weaknesses Yes

Noncompliance material to financial statements noted? No

*Federal Awards*

Internal control over major programs:

Material weakness identified? No

Significant deficiencies identified not considered to be material weaknesses None Reported

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 Circular A-133, Section .510(a)? No

Identification of major programs:

<u>CFDA number</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvements

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

Auditee qualified as low-risk auditee? Yes

**SECTION II – SIGNIFICANT AUDIT ADJUSTMENTS**

**2009-1**

Criteria:

Management should have an internal control system in place designed to record all year-end adjusting entries necessary to close the fiscal year and to determine that all closing entries are recorded correctly and timely.

Condition:

Several adjusting entries were proposed and posted during the audit that should have been recorded as part of the year-end closing process.

**CITY OF CALDWELL, IDAHO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2009**

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Effect:

Management must rely on the auditing firm to report financial data reliably in accordance with generally accepted accounting principles.

Cause:

The employee assigned with the task of preparing closing entries related to capital assets was not able to perform this task and his work was not reviewed before the start of the audit.

Recommendation:

Management and those charged with governance should make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response and Action Plan of Management:

All necessary changes were noted and updated during the audit. Accounting controls, subsidiary ledgers and audit work papers are being used to track and submit accurate adjustments to the trial balance.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

*None*