

City of Ketchum, Idaho

P.O. Box 2315 Ketchum, ID 83340 (208) 726-3841 Fax: (208) 726-8234



December 1, 2011

Mayor Hall and City Councilors
City of Ketchum
Ketchum, Idaho

Mayor Hall and City Councilors:

December 5, 2011 City Council Agenda Report

The regular Council meeting will begin at 5:30 p.m.

3. COMMUNICATIONS FROM CITY STAFF.

- a) Administration of oaths to new firefighters - Chief Mike Elle.

Mayor Hall will swear in five new members of the Ketchum Fire Department. A detailed staff report from Chief Elle has been included in the packet for Council review.

RECOMMENDATION: None.

RECOMMENDED MOTION: None.

This is an executive matter.

- b) Ketchum Sustainable Building Code Progress Report - Rebecca F. Bundy, Associate Planner.

Rebecca Bundy will update the City Council on progress being made toward the development of a Sustainable Building Code. A detailed staff report from Rebecca has been included in the packet for Council review.

RECOMMENDATION: This report is provided for informational purposes only. There are no recommendations at this time.

RECOMMENDED MOTION: None.

This is a legislative matter.

4. COMMUNICATIONS FROM THE PUBLIC.

- a) Presentation of Idaho Road Scholar Program Awards to Brian Christiansen - Bruce Drewes, Idaho Technology Transfer Center.

Brian Christiansen has completed Road Master Level 2 training through the Idaho Technology Transfer Center's (ITTC) Road Scholar Program. Bruce Drewes from the ITTC will be present to recognize Brian's accomplishment. An email from Lorie Cover of ITTC and informational materials about the Road Scholar Program have been included in the packet for Council review.

RECOMMENDATION: None.

RECOMMENDED MOTION: None.

This is a legislative matter.

- b) FY2010-2011 City Budget Audit Report - Dennis Brown, CPA.

Dennis Brown will report on the City's FY2010-2011 audit. A copy of the audit has been included in the packet for Council review along with a staff report from Sandy Cady.

RECOMMENDATION: Staff respectfully recommends the City Council accept the FY2010-2011 audit report.

RECOMMENDED MOTION: "I move to accept the Audited FY2010-2011 Financial Statements."

This is a legislative matter.

6. PUBLIC HEARINGS.

- a) Ordinance 1087 (3rd Reading and adoption): Amending Ketchum Municipal Code, by amending Chapter 17.64 Community Core District (CC), Section 17.64.020: Design Review Regulations and Guidelines, by amending Subsection D, Categories of Design Regulations and Guidelines adding Category 21, Signage Plans, and adding new Subsection Y, Signage Plans Item 1. Design Guidelines, a through I; by amending Chapter 17.96 Design Review District (D), Section 17.96.060, Construction Requiring Design Review Approval, to include Master Signage Plans; amending Section 17.96.080, Materials and Information, to include Master Signage Plans; by amending Section 17.96.090: Criteria and Standards, B. Evaluation Standards, by adding new Subsection 9, Master Signage Plans Design Guidelines, a through I; deleting in its entirety Chapter 17.124, Section 17.124.040, Signs, by adopting a new Chapter 17.124, Section 17.124.040, Signs, providing for enforcement and penalties; providing a savings and severability clause; providing codification and repealer clauses; providing for publication by summary and an effective date - Rebecca Bundy, Associate Planner.

Staff is seeking the third reading and adoption of the Ordinance 1087. A detailed staff report from Rebecca Bundy and a copy of Ordinance 1087 have been provided in the packet for Council review.

RECOMMENDATION: Staff respectfully recommends the City Council conduct the third reading and adoption of Ordinance 1087.

RECOMMENDED MOTION: *"Pursuant to Idaho Code 50-902, I move for the third reading and adoption of Ordinance 1087: Amending Ketchum Municipal Code, by amending Chapter 17.64 Community Core District (CC), Section 17.64.020: Design Review Regulations and Guidelines, by amending Subsection D, Categories of Design Regulations and Guidelines adding Category 21, Signage Plans, and adding new Subsection Y, Signage Plans Item 1. Design Guidelines, a through I; by amending Chapter 17.96 Design Review District (D), Section 17.96.060, Construction Requiring Design Review Approval, to include Master Signage Plans; amending Section 17.96.080, Materials and Information, to include Master Signage Plans; by amending Section 17.96.090: Criteria and Standards, B. Evaluation Standards, by adding new Subsection 9, Master Signage Plans Design Guidelines, a through I; deleting in its entirety Chapter 17.124, Section 17.124.040, Signs, by adopting a new Chapter 17.124, Section 17.124.040, Signs, providing for enforcement and penalties; providing a savings and severability clause; providing codification and repealer clauses; providing for publication by summary; and providing for an effective date."*

This is a legislative matter.

- b) Lot 4, Block 41 Ketchum Townsite, Shoch Family L.P. Preliminary Plat and Phased Development Agreement - Joyce Allgaier, AICP, Planning Manager.

The subject application seeks adjustment of townhome subplot lines and utility locations through an amended Preliminary Plat and Phased Development Agreement. A detailed staff report from Joyce Allgaier and applicable documents have been provided in the packet for Council review.

RECOMMENDATION: Staff respectfully recommends the City Council approve the application entitled, the Ketchum Block 41, Lot 4 Townhome Subdivision Preliminary Plat Amendment and the Amended and Restated Phased Development Agreement for Sublot 4A of Ketchum Block 41, Lot 4, with the conditions as provided in the staff report.

RECOMMENDED MOTION: *"I move to approve the application entitled, the Ketchum Block 41, Lot 4 Townhome Subdivision Preliminary Plat Amendment and the Amended and Restated Phased Development Agreement for Sublot 4A of Ketchum Block 41, Lot 4, with the conditions as provided in the staff report."*

This is a quasi-judicial matter.

7. CONTRACTS AND AGREEMENTS.

- a) Recommendation to approve a revised Joint Powers Agreement for the Idaho Independent Intergovernmental Authority (III-A) - Gary Marks, City Administrator.

The Idaho Department of Insurance has asked the Idaho Independent Intergovernmental Authority (III-A) to revise its Joint Powers Agreement to include required legal language. The required changes are housekeeping in nature and do not alter the fundamental structure of the organization. Revising the JPA will assist the III-A in completing the registration process with the Department of Insurance and aid in its current plan to begin operations of its self-funding health insurance pool on February 1, 2012. A copy of the JPA has been included in the packet for Council review.

RECOMMENDATION: Staff respectfully recommends the City Council approve the revised Joint Powers Agreement with the Independent Intergovernmental Authority.

RECOMMENDED MOTION: *"I move to approve the revised Joint Powers Agreement with the Independent Intergovernmental Authority."*

This is a legislative matter.

- b) Sun Valley Events Agreement for Wagon Days - Lisa Horowitz, Community and Economic Development Director.

Since 2002, the City has contracted with Sun Valley Events, Inc. to coordinate all activities for Wagon Days. The City paid \$25,000 for this contract in 2011. The subject contract extends the City's relationship with Sun Valley Events, Inc. for 2012 at an amount not to exceed \$26,500. A staff report from Lisa Horowitz and a copy of the proposed contract have been provided in the packet for Council review.

RECOMMENDATION: Staff respectfully recommends the City Council approve the Sun Valley Events Agreement for Wagon Days for 2012 and in an amount not to exceed \$26,500.

RECOMMENDED MOTION: *"I move to approve the Sun Valley Events Agreement for Wagon Days for 2012 and in an amount not to exceed \$26,500."*

This is a legislative matter.

- c) Recommendation to approve a professional services agreement for the facilitation of the Brotherhood of Skiers - Lisa Horowitz, Community and Economic Development Director.

Due to the short timelines involved in gathering proposals for professional services, Lisa Horowitz will report to the Council at the meeting on costs associated with facilitating the Brotherhood of Skiers tour group. A brief staff report from Lisa has been included in the packet.

RECOMMENDATION: Staff will make a recommendation at the meeting.

RECOMMENDED MOTION: To be recommended at the meeting.

This is a legislative matter.

8. RESOLUTIONS.

- a) Resolution 11-028: City Council Meeting Schedule for 2012 - Gary Marks, City Administrator.

Resolution 11-028 is required to meet legal requirements to establish meeting dates. A staff report from Sandy Cady and a copy of the resolution have been included in the packet for Council review.

RECOMMENDATION: Staff respectfully recommends the City Council approve Resolution 11-028 to establishing the City Council meeting schedule for 2012.

RECOMMENDED MOTION: *"I move to approve Resolution 11-028 to establish the City Council meeting schedule for 2012."*

This is a legislative matter.

- b) Resolution 11-029: Planning and Zoning Commission Meeting Schedule for 2012 - Gary Marks, City Administrator.

Resolution 11-029 is required to meet legal requirements to establish meeting dates. A staff report from Sandy Cady and a copy of the resolution have been included in the packet for Council review.

RECOMMENDATION: Staff respectfully recommends the City Council approve Resolution 11-029 to establishing the Planning and Zoning Commission meeting schedule for 2012.

RECOMMENDED MOTION: *"I move to approve Resolution 11-029 to establish the Planning and Zoning meeting schedule for 2012."*

This is a legislative matter.

7. CONSENT AGENDA.

- a) Approval of minutes from the November 21, 2011 Council meeting and accepting the July 21, 2011 Sun Valley Joint City Council meeting.

Copies of the minutes from the November 21, 2011 Council meeting and the July 21, 2011 Sun Valley Joint City Council meeting have been provided in the packet of Council review.

- b) Recommendation to approve current bills and payroll summary.

A list of bills for approval and the payroll summary have been included in the packet for Council review.

- c) Approval of a 2011-2012 Beer & Wine License.

Staff respectfully recommends approval of the list of 2011-2012 Liquor, Beer and Wine Licenses included in the packet.

Sincerely,



Gary B. Marks
City Administrator

City of Ketchum, Idaho

P.O. Box 2315 Ketchum, ID 83340 (208) 726-3841 Fax: (208) 726-8234



November 21, 2011

Mayor Hall and City Councilors
City of Ketchum
Ketchum, Idaho

Mayor Hall and City Councilors,

Ketchum Fire Department Volunteer Firefighter Swearing In Ceremony

Introduction/History

The Ketchum Fire Department is a combination department comprised of fulltime career firefighters and part time Paid-On Call firefighters respectively called Volunteers. This ceremony is to swear in 5 new members to the Ketchum Fire Department.

Current Report

The Ketchum Fire Department is currently staffed with 32 volunteers, 9 fulltime firefighters, a fire clerk and 2 chief officers. 4 cadets successfully completed the Ketchum Fire Department sponsored Essentials of Firefighting Academy over the last 3 months. In addition, the Ketchum Fire Department has a firefighter joining our ranks from the Carey Fire Department who completed the Essentials of Firefighting Class several years ago. All 5 of these firefighters have done an incredible job of learning all aspects of firefighting and we are proud to have them as new members of the fire department.

Financial Requirement/Impact

There are no financial impacts from this ceremony. The new volunteer firefighters will take over funded vacancies within the fire department so no additional costs are anticipated.

Recommendation

I respectfully recommend that the Mayor swear in these individuals to our firefighting family and that the City Council appreciate the commitment that they and all emergency services providers make towards keeping our city safe.

Recommended Motion

No motion needed.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Elle".

Mike Elle
Fire Chief

City of Ketchum, Idaho

P.O. Box 2315 Ketchum, ID 83340 (208) 726-3841 Fax: (208) 726-8234



November 22, 2011

Mayor Hall and City Councilors
City of Ketchum
Ketchum, Idaho

Mayor Hall and City Councilors:

Progress Report on Sustainable Building Code for Ketchum

Introduction/History

As one of its 2010 Goals, the Ketchum City Council decided to pursue an "above-code" green building initiative. In November, 2010, the Mayor appointed a diverse team of seven individuals to research existing green building codes, to involve and educate the public, and to help the Council enact a code. The new code should reflect Ketchum's status as a regional and national resort leader and should balance the City's environmental, economic, and social needs.

On January 18, 2011 the team presented recommendations to the City Council for residential and commercial green codes. The recommendations built upon the public outreach and research that the City of Hailey and Blaine County undertook in developing their green codes and upon research into a variety of codes and standards, including Hailey, Blaine County, Aspen, Boulder, Leadership in Energy and Environmental Design (LEED), ASHRAE, and the International Code Council (ICC).

The ICC's residential and commercial codes stood out from the rest for the following reasons:

- They address the spectrum of sustainable building practices: Energy, water and resource efficiency, land use, indoor air quality, operations, and they include practices for updating existing buildings.
- They were developed by the same consensus and review process that is used for developing the other ICC codes and were intended to compliment and build upon the other ICC codes that Ketchum has already adopted.
- The commercial code, the International Green Building Code (IgCC) was developed by representatives from the ICC, the American Institute of Architects (AIA), the American Society for Testing and Materials (ASTM), the American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE), the Illuminating Engineering Society (IES) and the US Green Building Council (USGBC).

- The residential code, the National Green Building Standard (NGBS), was developed by the ICC, the American National Standards Institute (ANSI) and the National Association of Homebuilders (NAHB).
- Both codes are designed to allow the adopting jurisdiction flexibility in the degree of stringency as desired by the community.
- These are “model”, not “life-safety” codes, which means they can be tailored as desired by the adopting jurisdiction.
- Both codes have multiple paths toward compliance: prescriptive, performance and others, which allow the designer, the builder and their client a great deal of flexibility in how they achieve compliance.
- Both codes reflect the standard building and design practices of our community, and it should not require a lot of extra effort to achieve compliance. These codes will ensure that all structures are built to the same high standards that many of this community’s architects and builders already consider standard best practice.

Current Report

The IgCC is still in draft form, with the final version due out in early 2012. Therefore, the green building code team chose, since the last report to the Council, to focus their efforts on evaluating and testing the NGBS for residential construction.

The team tested the code on a number of real and imaginary projects, including new construction, additions, remodels and multi-family. They met with builders and architects to assess the barriers to compliance with the proposed code. After thorough evaluation, the team concluded that, at the Bronze or Silver level, the NGBS is well aligned with standard best building practices in the Valley.

The team conducted two public workshops, on May 19, and July 14, 2011. Both workshops commenced with a presentation, followed by an interactive session involving the NGBS online Scoring Tool and finished with a Q&A period. Staff also gave a presentation on the code on May 20, at the Wood River Valley Sustainability Expo and to the Commission and staff on September 14. At these well-attended sessions, the code was well received by builders, architects and others, with the primary concern being cost of compliance.

At the December 5, 2011, City Council meeting, the green building code team will give a presentation to summarize its recommendation of the NGBS for residential construction and address a few items pertaining to exterior energy use that the team feels should be added to the code. The team will address costs to the City and to the construction project, feasibility, applicability, and how to incentivize higher levels of compliance.

Financial Requirement/Impact

Conversations with jurisdictions that have enacted these or similar codes indicate that plan review is minimally more time consuming and that virtually all of the inspections can be done concurrently with the usual inspections. The prescriptive path compliance method assumes verification by the building inspector and planning and zoning staff. The performance path method, which allows for greater design flexibility, is verified by a third party professional. The team recommends that NGBS certification by a NAHB verifier or LEED certification be accepted in lieu of verification by the City. The City could consider offering a reduced permitting fee to offset added third party verification costs to the applicant and reduced inspection costs to the City.

Research into the financial impact on the building community indicates that sustainable building practices actually have long term positive effects, even if there may be a minimal upfront cost increase in design and construction. The testing that the team has done indicates that the added cost to a typical Ketchum custom home is absolutely minimal at the Bronze and Silver compliance levels. The added costs will mostly be in documentation, but the result will be acknowledgment and proof of thoughtful, environmentally conscious, healthy, and durable construction.

Attachments

- Attachment A – NGBS Brochure
- Attachment B – NGBS Remodel Brochure

Recommendation

This is a progress report. Staff does not recommend any action at this time. After gaining any input from the City Council, staff's next step is to develop an ordinance within the next month for public hearing by the City Council leading to the adoption of new Sustainable Building Code provisions.

Suggested Motion

No motion is needed.

Sincerely,

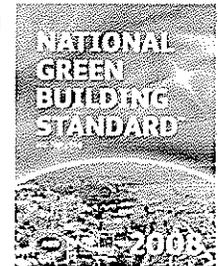
Rebecca F. Bundy
Associate Planner



National Green Building Certification

National Green Building Standard Overview

The National Green Building Standard (the Standard) is a residential green building rating system. The Standard goes beyond the requirements of the International Residential Code to set green baselines for all new residential construction, development, and remodeling projects.



The National Green Building Standard is one of a number of green building rating systems currently available. However, there are five key areas that distinguish the Standard from other rating systems:

- 1) it is an authentic **ANSI-approved** consensus standard;
- 2) it has a complementary web-based **Green Scoring Tool**;
- 3) it requires uncompromising **third-party verification and certification** and does not allow for any self-certifications;
- 4) it establishes green practices for **all residential building and development** including single-family homes, multifamily residential buildings, residential remodeling and additions, and land development; and
- 5) it requires **progressively higher levels of environmental performance** in every category of green building practices to obtain higher levels of green certification.

ANSI Approval: A True Consensus Standard

When local, state, or federal officials reference green rating systems for incentive programs, tax credits and other initiatives, an ANSI standard holds more weight than a private rating system because ANSI oversees the standard-writing process in the United States and provides procedures for standard-making bodies to follow to ensure that the process is fair, open, and transparent.

The hallmarks of the ANSI process include:

- **consensus** on a proposed standard by a **balance of interested stakeholders**;
- **broad-based public review** and comment on draft standards;
- **consideration of and response to comments** submitted;
- incorporation of approved changes into a draft standard; and
- the **right to appeal** for any participant who believes that due process principles were not respected during the standard's development.

Many government agencies are required by law to use consensus standards whenever possible. ANSI also requires that the standard be continually reviewed for updates and inclusions based on new technologies and building techniques.

National Green Building Standard Consensus Committee

The Consensus Committee for the Standard consisted of members representing a wide variety of interests—builders, architects, regulatory entities, environmental organizations, and product manufacturers. Out of 42 members, 13 members represented local, state, or federal government agencies, including the U.S. Department of Energy and the U.S. Environmental

Protection Agency. Five members represented other green building organizations, including the U.S. Green Building Council. Only three members were builders.

The Standard and Certification

The Standard offers green building practices in six categories: Lot Design, Preparation, and Development; Resource Efficiency; Energy Efficiency; Water Efficiency; Indoor Environmental Quality; and Operation, Maintenance, and Building Owner Education. For a project to become Green Certified, a minimum score must be achieved in each category, with the point total requirements increasing for successively higher levels of green certification (Bronze, Silver, Gold, or Emerald).

Green Scoring Tool

A costly team of consultants is not required to have your projects Green Certified. The Green Scoring Tool is designed to guide users through the Standard step-by-step. Builders, developers, and remodelers can use the free Green Scoring Tool available at www.NAHBGreen.org to learn more about green building practices.

Independent Verification

The Standard requires that a qualified third-party inspect the project and verify that all green design or construction practices that the builder claims toward green certification have actually been incorporated into the project. Builders can not self-certify that their projects have met the criteria, nor can any employee of the builder, or trade contractors or suppliers that have supplied materials and/or installed products or systems in the home being verified.

The NAHB Research Center trains, tests, and accredits these verifiers and maintains a comprehensive list at www.NAHBGreen.org. Accredited verifiers must also maintain adequate liability insurance. At this time, there are more than 300 accredited verifiers nationwide.

National Green Building Certification

The NAHB Research Center certifies that projects meet the requirements of the National Green Building Standard. As an independent research and testing organization, the Research Center has the capacity, expertise, and credentials to ensure consistency, rigor, and credibility for the process.

The Research Center reviews every Verification Report submitted to ensure accuracy and completeness before certifying any project. The Research Center's Green Team provides technical information and assistance on green building products, new technologies, business management, and housing systems to all of our program partners at no additional charge. The Research Center also produces numerous technical resources to assist builders and verifiers through certification.

Green Certified Costs

There are three categories of costs to build a green project to any green rating system: construction, verification, and certification. Construction costs are highly variable and depend on the green building practices selected and market prices. Verification costs vary by market. The cost for a home to be verified to the Standard is determined by agreement between the builder and the verifier. National Green Building Certification through the NAHB Research Center costs \$200 per home for NAHB members and \$500 per home for non-members.

For more information, please contact us at www.nahbgreen.org/ContactUs.



National Green Building Certification

Turning Over a New Leaf: The Greening of Remodeling

In many ways, there couldn't be a better time for green remodeling. Lower housing values are causing more people to stay in place; rising energy prices have caused homeowners to take a closer look at operating costs and ways to reduce the financial burden of high utility bills; and the federal tax credits for energy-efficient windows and heating and cooling systems are providing further stimuli for remodeling opportunities.

Further, the environmental benefits for green home remodeling can be notable. Old homes are notoriously leaky, which causes conditioned air to escape and heating and cooling systems to work harder. This is compounded by the fact that many older homes are equipped with inefficient heating and cooling systems and outfitted with inefficient faucets, toilets, appliances, and showerheads.

Faced with the challenge of remodeling older homes to be "greener," remodelers were left out of the growing number of green building programs. Even nationally recognized programs did not provide an opportunity for green remodeling projects to be certified as green ... until now.

The National Green Building Standard

The National Green Building Standard provides a credible industry benchmark and scoring process for green remodeling and renovation projects. The Standard was developed through an open, consensus-based process allowing full participation of all interested stakeholders. It is also the first green building rating system to be ANSI-approved, making it the benchmark for green residential construction. The Standard recognizes a wide variety of green practices, which can be incorporated into residential construction and renovation on a national scale, and encourages homeowners to operate and maintain their homes in an environmentally responsible manner.

Green Remodeling Step-By-Step

The National Green Building Standard provides in-depth guidance for green remodeling and a basis for scoring green remodeling projects.

There are two possible remodeling paths to green certification. Homes built after 1980 follow the same path to green certification as newly-constructed homes. For homes built before 1980, a remodeler can choose to follow the certification process for new home construction or the Green Remodel Path. Both paths allow certification at the Bronze, Silver, Gold, and Emerald levels for either single-family or multi-unit homes. Remodelers should fully explore both paths and evaluate which path best meets their needs from the perspectives of features, performance, and cost.

Green Remodel Path

The Green Remodel path applies only to buildings for which the original building permit was issued prior to January 1, 1980. The Green Remodel Path has only three required elements:

- Achieving a certain reduction in energy usage
- Achieving a certain reduction in water usage
- Complying with five mandatory indoor environmental quality practices

The reduction in energy and water consumption must range from a minimum of 20% for Bronze to at least 50% for Emerald-level certification. A qualified professional must audit or analyze the water and energy usage before and after the remodel. The same approach to the audit/analysis must be used for both the before and after studies. The remodeler should be sure to contract with the verifier to assess the condition of the building for the "before" energy and water analysis before the renovation begins. The verification process will require a very brief inspection to verify the indoor environmental quality practices, along with a review of the energy and water analysis. The Green Remodel can be used for renovations that include an addition, but if the addition is significant in size, it may be difficult to meet the energy and water reduction thresholds.

Green Building Path

This path requires a remodeler to incorporate green practices into the remodeling process. Each practice earns points or meets certain mandatory requirements toward certification. There are minimum threshold points in each of six green building categories, as well as an overall total for each certification level. There are several hundred practices to choose from, but you need only enough practices to accumulate threshold points for the desired level of green certification. The practices in this path are generally the same as the practices for new construction, but some are modified specifically for renovation. The Standard's Renovation Notes often provide additional points toward certification. A Green Building Path renovation requires two inspections by an accredited verifier for certification. Remodelers can use the online Green Scoring Tool, a free, easy-to-use software application available at www.NAHBGreen.org, to streamline the process of greening a remodeling project. The software is designed to guide users through the green requirements step-by-step.

Third-party Verification

Visual third-party verification of the green features in every project that earns the Green Certified mark is a hallmark of the NAHB Research Center's National Green Building Certification. Verifiers accredited by the Research Center must independently confirm, through a process of document review and on-site inspections, that all green certification requirements and points specified by a remodeler are in place for a candidate home. Self-certification is not allowed. This is the cornerstone of the certification's credibility. Accredited verifiers are listed by state on the NAHBGreen website.

Cost to Remodel Green

The additional costs to remodel a home to any green building rating system fall into three categories. First, there may be additional costs for the building products that comply with the green practices. These costs will vary widely by project, but aren't necessarily significant. The second category of costs is for the project's verification. Verifier fees vary by market and are negotiated between the remodeler and the verifier. Finally, to earn national recognition of the project's green features, there is a certification fee. Fees for National Green Building Certification were designed to be affordable to a broad range of remodeling projects. For NAHB members, the remodeling project certification fee is \$200 per single-family unit, or \$200 per building plus \$20 per unit for multifamily projects.

For more information, please contact us at www.nahbgreen.org/ContactUs.

Katie Carnduff

From: Lorie Cover <LCover@lhtac.org>
Sent: Friday, November 18, 2011 3:23 PM
To: Katie Carnduff
Subject: Road Master Presentation
Attachments: Road Scholar Brochure 2011.pdf

Hello,

My name is Lorie Cover and I am the Training Coordinator for the Idaho Technology Transfer Center. Our center has a Road Scholar program that recognizes local road and street professionals who have completed a series of training courses. Brian Christiansen from the City of Ketchum, has completed the Road Master Level 2 of our program and we would like to recognize his accomplishment at the City Council meeting. Our manager, Bruce Drewes, will present him with a certificate and a token of recognition.

I have attached a brochure regarding our program and what they have accomplished.

Regards,
Lorie Cover

Lorie Cover
Training Coordinator - Idaho Technology Transfer Center
3330 Grace Street, Boise, Idaho 83703
Phone: 208-344-0565 / Fax: 208-344-0789
Email: lcover@lhtac.org / Website: <http://idahot2.org>

Questions

How much time is allowed to complete the Road Scholar and Road Master programs?

Each person has four (4) years from their sign-up date to complete the course requirements for each of the programs, Level I - Road Scholar and Level II - Road Master.

What about workshops already attended?

All Idaho T2 Center core and elective courses previously taken and passed within a four year period will be considered towards the Road Scholar and Road Master programs. (For core courses, a score of 80% or better is considered passing.) The specific requirements for core and electives for Level I and Level II are listed inside this brochure.

To receive credit for both the First Aid and CPR courses taken from other agencies, please fax in copies of the front and back of each card.

The Basic Math course may be challenged by taking and passing the course exam with a score of 80% or better.

What obligation is there to complete the program?

None! It is a program for you and there is no cost to enroll, only the class fee. If you enroll in the Road Scholar Program and decide to discontinue your participation, there is no obligation to continue. You have still gained valuable knowledge from each workshop attended.

Can people attend workshops if they are not enrolled in the program?

Of course! There is no obligation to enroll in the Road Scholar Program and you may still register for workshops. Announcements of upcoming workshops will still be sent to government agencies via email and class schedules will be posted on our website. All Idaho government employees may attend.

Road Scholar Program

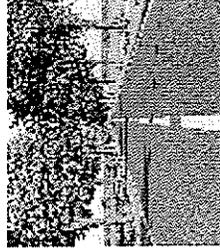
The cities, counties and highway districts are responsible for the majority of roads within the state of Idaho -- over 32,000 miles of highways, roads, and streets. These highways, roads and streets are seeing an ever-increasing traffic demand. With the increased demand and new technologies comes the need for more diverse skills and knowledge necessary for maintenance and preservation activities on the roadways. The transportation professionals that are constructing and maintaining these roadways need to be recognized for their efforts at keeping up-to-date on the new technologies and skills required to construct and maintain effective highway systems.

The Idaho Road Scholar Program is a way for local road professionals in our state to be recognized for successfully completing a series of training courses. The program curriculum is designed to provide participants with the fundamentals of safety, management, and advanced technologies, as well as exposure to a wide variety of other topics relevant to the transportation field. Through this program, the local agencies will also be provided an opportunity to develop the agencies' greatest asset -- its employees.

The Idaho Road Scholar Program



The Idaho Road Scholar Program recognizes local road and street professionals in our state.



Brochure Date March 2011



Idaho Technology Transfer Center

3330 Grace Street
Boise, Idaho 83703

Phone: 208-344-0565 / Toll Free: 800-259-6841

Fax: 208-344-0789

E-mail: idahot2@LHTAC.org

Website: <http://idahot2.org>

Requirements Level I Road Scholar

Level I consists of nine (9) core classes and two (2) electives (76 hours). The classes will include classroom work, field work, an occasional field trip, and a competency exam. Passing exams (80% or greater) on the core classes will qualify the participant to be classified as a ROAD SCHOLAR. Successful Road Scholars will be recognized statewide for their accomplishment and will receive a Road Scholar certificate, cap, and a Leatherman.

Requirements Level II Road Master

After completing Level I, Level II consists of eight (8) core and two (2) electives (84 hours). The classes will include classroom work, field work, an occasional field trip, and a competency exam. Passing exams (80% or greater) on the core classes will qualify the participant to be classified as a ROAD MASTER. Successful Road Masters will be recognized statewide for their accomplishment and will also receive awards.

Completion Timeline

Each person has four (4) years from their sign-up date to complete the course requirements for each Level of the program. Please note that all courses expire in four years (4) from the date taken, with the exceptions of Flagging-3 yrs, First Aid-2 yrs, & CPR - 2 yrs.

All classes must be current upon completion of the Road Scholar or Road Master program.

ROAD SCHOLAR—LEVEL I

CORE CLASSES

1. First Aid (Outside Course) 4 hours
 2. CPR (Outside Course) 4 hours
 3. Basic Math 8 hours
 4. Basic Surveying 8 hours
 5. Roadway Materials 8 hours
 6. Roads 101 8 hours
 7. Pavement Maintenance I** 8 hours
 8. Effective Communication Skills (Outside Course) 8 hours
 9. Flagging Training 4 hours
- (ATSSA or Evergreen)

Elective 1 8 hours
Elective 2 8 hours
76 hours

ROAD MASTER—LEVEL II

CORE CLASSES

1. Traffic Control Technician (ATSSA or Idaho TCT) 8 hours
 2. Roadway Drainage 8 hours
 3. Idaho Paving Materials 8 hours
 4. Pavement Maintenance II** 8 hours
 5. Winter Maintenance Anti-Icing 8 hours
 6. Environmental BMPs 8 hours
 7. Supervisory Skills (Outside Course) 8 hours
 8. Speed Limits and Speed Zones 12 hours
- Elective 1 8 hours
Elective 2 8 hours
84 hours

See List of Electives to choose from to the right
All classes must be current at time of completion

ELECTIVES

- Advanced Maintenance Math
- ATSSA Flagger Instructor Course
- ATSSA Traffic Control Supervisor Course
- Basic Computer Skills (Outside Course - 1 day)
- Gravel Road Maintenance & Design
- Heavy Equipment Courses (1 or more days)
- MSHA & Personal Safety (combined full day outside course)
- Manual of Uniform Traffic Control Devices (MUTCD)
- Retroreflectivity for Signs
- Road Safety 365
- Traffic Monitoring for Technicians
- Road Safety Audits
- Welding— Basic
- Welding— Advanced
- Winter Survival Workshop

How to Enroll

Please fill out this registration form and return to the Idaho T2 Center by fax or email.

Sign up for:

Road Scholar Level I Road Master Level II

Name _____

Agency Name _____

Address _____

Phone _____

Email Address (Required) _____

City of Ketchum, Idaho

P.O. Box 2315 Ketchum, ID 83340 (208) 726-3841 Fax: (208) 726-8234



December 5, 2011

Mayor Hall and City Councilors
City of Ketchum
Ketchum, Idaho

Mayor Hall and City Councilors:

Recommendation to Accept the Audited FY 10-11 Financial Statements

Introduction/History

The City has contracted with Dennis R. Brown, CPA for auditing services for the Fiscal Years ending September 30, 2009, September 30, 2010 and September 30, 2011. The contract includes any and all out of pocket costs for travel, supplies, food and lodging. The contract states: The fee for auditing services will not exceed \$7,000 for each of the three years listed above, unless significant additional time is necessary.

Current Report

Dennis Brown has completed the audit for FY 10-11 and will be presenting it to the City Council for adoption.

In FY 09-10 the Street Maintenance Fund was separated out of the General Fund for budgeting purposes. In FY 10-11 the Fire & Rescue Fund, Ambulance Service Fund and Parks & Recreation Fund were also separated out of the General Fund for budgeting purposes. The Financial Statements have combined the General Fund, Street Maintenance Fund, Fire & Rescue Fund, Ambulance Service Fund and Parks & Recreation Fund, since they do not qualify as Special Funds.

The Ending Fund Balance for FY 10-11 for the individual funds, combined with the General Fund are as follows:

General Fund	\$1,825,932
Street Maintenance Fund	\$363,076
Fire and Rescue Fund	\$94,409
Ambulance Service Fund	\$86,692
Parks and Recreation Fund	\$75,676
Total Combined General Fund	\$2,445,785

Financial Requirement/Impact

The cost for auditing services for the FY 10-11 is \$7,000 and reflects no change from the prior year.

Recommendation

I respectfully recommend the City Council accept the Audited FY 10-11 Financial Statements.

Recommended Motion

"I move to accept the Audited FY 10-11 Financial Statements."

Sincerely,

Sandra E. Cady, CMC
City Treasurer/Clerk

CITY OF KETCHUM, IDAHO

Financial Statements

Year Ended September 30, 2011

CITY OF KETCHUM, IDAHO
Financial Statements
For the year ended September 30, 2011

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828 Blue Lakes Boulevard North • P.O. Box 2367 • Twin Falls, Idaho 83303 • (208) 733-1161 • Fax: (208) 733-6100

INDEPENDENT AUDITOR'S REPORT

November 20, 2011

To the Honorable Mayor and City Council
City of Ketchum
Ketchum, Idaho

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and the discretely presented component unit of the City of Ketchum, Idaho, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Ketchum, Idaho's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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 general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and the discretely presented component unit of the City of Ketchum, Idaho as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 20, 2011, on my consideration of the City of Ketchum, Idaho's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis and budgetary comparison information, on pages 2-10 and 30-37, 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. Also, the information presented as supplementary information on pages 38-42 is not a required part of the basic financial statements. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

DENNIS R. BROWN
Certified Public Accountant



CITY OF KETCHUM, IDAHO

Management's Discussion and Analysis

November 20, 2011

The City of Ketchum, Idaho's general purpose external financial statements are presented in this report. The components of the general purpose external financial statements include:

- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements
- Other Required Supplementary Information (RSI).

FINANCIAL HIGHLIGHTS

- The total of all fund assets of the City of Ketchum exceeded liabilities at the close of the most recent fiscal year by \$ 20,004,841. Of that amount, \$ 3,050,531 (unrestricted net assets) may be used to meet future obligations and programs.
- The Local Option Tax (LOT) receipts increased \$187,834 from the previous year. This Special Revenue Fund received an amount of, \$ 1,638,904.
- General Fund Revenues were \$9,253,834 and expenditures were \$8,882,522.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Ketchum's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

Government-wide financial statements provide both long-term and short-term information about the City's overall financial condition. Changes in the City's financial position may be measured over time by increases and decreases in the Statement of Net Assets. Information on how the City's net assets changed during the fiscal year is presented in the Statement of Activities.

Fund Financial Statements

Fund financial statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide financial statements. Fund financial statements include the statements for governmental and proprietary funds. Financial statements for the City's component unit are also presented.

City of Ketchum, Idaho
MANAGEMENT DISCUSSION AND ANALYSIS

Continued...

Table 1: Major Features of the Basic Financial Statements			
	Government-wide	Fund Financial Statements	
	Financial Statements	<i>Governmental Funds</i>	<i>Proprietary Funds</i>
Scope	Entire City government and the City's component unit.	Activities of the City that are not proprietary.	Activities of the City that are operated similar to private businesses
Required financial statements	<ul style="list-style-type: none"> * Statement of net assets * Statement of activities 	<ul style="list-style-type: none"> * Balance sheet * Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> * Statement of net assets * Statement of revenues, expenses, and changes in net assets * Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	<ul style="list-style-type: none"> * Revenues for which cash is received during or soon after the end of the year * Expenditures when goods or services have been received and payment is due during the year or soon thereafter 	All revenues and expenses during the year, regardless of when cash is received or paid

Notes to the Financial Statements

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

Refer to Note 1 of the financial statements for more detailed information on the elements of the financial statements. Table 1 above summarizes the major features of the basic financial statements.

CONDENSED FINANCIAL INFORMATION

Condensed Statement of Net Assets

The largest component (\$ 16,100,975) of the City's net assets reflects its investment in capital assets (e.g. land, infrastructure, buildings, equipment, and others), less any related debt outstanding that was needed to acquire or construct the assets. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these net assets are not eligible for future spending. Restricted net assets total \$ 853,335. Restricted net assets represent resources that are subject to

City of Ketchum, Idaho
MANAGEMENT DISCUSSION AND ANALYSIS

Continued...

external restrictions, constitutional provisions, debt service requirements, or enabling legislation on how they can be used. The remaining portion of net assets is unrestricted, which can be used to finance government operation.

Table 2 below presents the City's condensed statement of net assets as of September 30, 2011, derived from the government-wide Statement of Net Assets.

Table 2: Condensed Statement of Net Assets
As of September 30, 2010

	Governmental Activities	Business- type Activities	Total Primary Government	Component Unit - Urban Renewal Agency
Current and other assets	\$ 3,022,738	\$ 1,315,956	\$ 4,338,694	\$ 1,465,363
Capital assets	11,334,926	14,068,049	25,402,975	6,489,288
Total Assets	14,357,664	15,384,005	29,741,669	7,954,651
Current Liabilities	100,429	329,369	429,798	197,723
Long-term liabilities	1,399,750	7,907,280	9,307,030	6,390,000
Total Liabilities	1,500,179	8,236,649	9,736,828	6,587,723
Net assets:			0	
Invested in capital assets			0	
net of related debt	10,137,926	5,963,049	16,100,975	49,288
Restricted	402,379	450,956	853,335	1,317,640
Unrestricted	2,317,180	733,351	3,050,531	
Total Net Assets	\$ 12,857,485	\$ 7,147,356	\$ 20,004,841	\$ 1,366,928

Condensed Statement of Activities

Table 3 below presents the City's condensed statement of activities for the fiscal year ended September 30, 2011 as derived from the government-wide Statement of Activities. Over time, increases and decreases in net assets measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net assets of the governmental activities increased by \$ 339,673 or 2.71% percent, and the net assets of the business-type activities decreased by \$ 240,776 or 3.26%.

City of Ketchum, Idaho
MANAGEMENT DISCUSSION AND ANALYSIS

Continued...

Table 3: Condensed Statement of Activities
As of September 30, 2011

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Urban Renewal Agency</u>
Revenue:				
Program revenues				
Charges for services	\$ 1,736,831	\$ 3,015,208	\$ 4,752,039	\$
Capital grants /contributions	<u>191,854</u>	<u></u>	<u>191,854</u>	<u></u>
Total program revenues	<u>1,928,685</u>	<u>3,015,208</u>	<u>4,943,893</u>	<u>0</u>
General revenues				
Taxes	4,895,892		4,895,892	568,662
Franchise, licenses, permits	818,945		818,945	
State shared revenues	1,250,566		1,250,566	
Interest	7,853	13,320	21,173	2,443
Other revenues	<u>351,893</u>	<u></u>	<u>351,893</u>	<u>91,343</u>
Total general revenues	<u>7,325,149</u>	<u>13,320</u>	<u>7,338,469</u>	<u>662,448</u>
Total revenues	<u>9,253,834</u>	<u>3,028,528</u>	<u>12,282,362</u>	<u>662,448</u>
Program expenses:				
General government	2,253,022		2,253,022	
Public safety	3,192,268		3,192,268	
Streets	1,383,152		1,383,152	
Parks and recreation	817,359		817,359	
Transportation	507,610		507,610	
Affordable Housing	265,000		265,000	284,740
Unallocated Depreciation	442,134		442,134	
Wastewater		1,619,118	1,619,118	
Water		1,288,571	1,288,571	
Interest, long-term debt	<u>53,616</u>	<u>361,615</u>	<u>415,231</u>	<u>359,012</u>
Total program expenses	<u>8,914,161</u>	<u>3,269,304</u>	<u>12,183,465</u>	<u>643,752</u>
Change in net assets	<u>339,673</u>	<u>(240,776)</u>	<u>98,897</u>	<u>18,696</u>
Beginning net assets	<u>12,517,812</u>	<u>7,388,132</u>	<u>19,905,944</u>	<u>1,348,232</u>
Ending net assets	<u>\$ 12,857,485</u>	<u>\$ 7,147,356</u>	<u>\$ 20,004,841</u>	<u>\$ 1,366,928</u>

City of Ketchum, Idaho
MANAGEMENT DISCUSSION AND ANALYSIS

Continued...

Program Expenses and Revenues for Governmental Activities

Table 4 below presents program expenses and revenues for governmental activities. Overall, program revenues were not sufficient to cover program expenses for governmental activities. The net program expenses of these governmental activities were therefore supported by general revenues, mainly taxes.

Table 4: Program Expenses and Revenues for Government Activities For the Fiscal Year Ended September 30, 2011			
	Program Expenses	Program Revenues	Net Expense (Revenues) (a)
General government	\$ 2,253,022	\$ 1,764,926	\$ (488,096)
Public safety	3,192,268		(3,192,268)
Streets	1,383,152		(1,383,152)
Parks and Recreation	817,359	163,759	(653,600)
Transportation	507,610		(507,610)
Affordable Housing	265,000		(265,000)
Interest on long-term debt	53,616		(53,616)
Unallocated depreciation	442,134		(442,134)
Totals	\$ 8,914,161	\$ 1,928,685	\$ (6,985,476)

(a) Net Program Expenses are mainly supported by taxes.

Program Expenses and Revenues for Business-type Activities

Table 5 below presents program expenses and revenues for business-type activities. Program revenues generated from business-type activities were insufficient to cover program expenses.

Table 5: Program Expenses and Revenues for Business-type Activities For the Fiscal Year Ended September 30, 2011			
City Programs	Program Expenses	Program Revenues	Net Program Expenses (Revenues)
Wastewater	\$ 1,619,118	\$ 1,695,943	\$ 30,694
Water	1,288,571	1,319,265	76,825
Interest on long-term debt	361,615		(361,615)
Totals	\$ 3,269,304	\$ 3,015,208	\$ (254,096)

City of Ketchum, Idaho
MANAGEMENT DISCUSSION AND ANALYSIS

Continued...

The City of Ketchum, Idaho adopts an annual budget. A budgetary comparison statement of Governmental Funds is provided below. In total, any negative variances are insignificant.

**Table 6: Analysis of Significant Budget Variances
for Government Activities
For the Fiscal Year Ended September 30, 2011**

	Original and Final Budget	Actual	Variances
Revenues:			
Taxes (including penalties/interest)	\$ 5,094,480	\$ 4,895,892	\$ (198,588)
Franchises, licenses, permits	819,507	818,945	(562)
State of Idaho	1,251,489	1,302,063	50,574
Fees, Charges for Services	1,722,147	1,736,831	14,684
Other	356,580	500,103	143,523
Totals	<u>9,244,203</u>	<u>9,253,834</u>	<u>9,631</u>
Expenditures:			
General Government	2,809,065	2,564,985	244,080
Public Safety	3,342,549	3,192,268	150,281
Streets	1,808,670	1,383,152	425,518
Capital Outlay	20,000	2,531	17,469
Parks and Recreation	825,748	817,359	8,389
Transportation	507,610	507,610	0
Affordable Housing	370,000	265,000	105,000
Debt Service	149,617	149,617	0
Totals	<u>9,833,259</u>	<u>8,882,522</u>	<u>950,737</u>
Excess (Deficiency)	\$ <u>(589,056)</u>	\$ <u>371,312</u>	\$ <u>960,368</u>

BUDGET VARIANCES IN THE GENERAL FUND

The changes made to the budget format have moved the City into compliance with the budget standards developed by the Government Finance Officers of America (GFOA). An analysis of budget variances this year shows that more assets were budgeted for expenditure than were expended during the current operating cycle.

City of Ketchum, Idaho
MANAGEMENT DISCUSSION AND ANALYSIS

Continued...

Table 7: Comparison of Statement of Net Assets
As of September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>	Percentage Change
Current Assets	\$ 4,338,694	\$ 4,210,031	3.06%
Capital Assets	<u>25,402,975</u>	<u>25,989,145</u>	<u>-2.26%</u>
Total Assets	<u>29,741,669</u>	<u>30,199,176</u>	<u>-1.51%</u>
Current Liabilities	429,798	597,466	-28.06%
Long Term Liabilities	<u>9,307,030</u>	<u>9,695,766</u>	<u>-4.01%</u>
Total Liabilities	<u>9,736,828</u>	<u>10,293,232</u>	<u>-5.41%</u>
Net Assets:			
Invested in Capital Assets net of related debt	16,100,975	16,260,286	-.98%
Restricted	853,335	1,157,651	-26.29%
Unrestricted	<u>3,050,531</u>	<u>2,488,007</u>	<u>22.61%</u>
Total Net Assets	<u>\$ 20,004,841</u>	<u>\$ 19,905,944</u>	<u>.50%</u>

OVERALL ANALYSIS

Financial highlights for the City as a whole during the fiscal year ended September 30, 2011 show the assets of the City exceeded its liabilities (net assets) at the close to the fiscal year by \$20,004,841 (for governmental activities \$12,857,485, for the business-type activities \$7,147,356). Additionally, the City's total net assets increased during the year by \$ 98,897. Net assets of the governmental activities increased by \$ 339,673, while net assets of business-type activities decreased by \$ 240,776.

City of Ketchum, Idaho
MANAGEMENT DISCUSSION AND ANALYSIS

Continued...

**Table 8: Changes in Fixed Assets
for All Funds
For the Fiscal Year Ended September 30, 2011**

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Infrastructure	\$ 4,921,098			\$ 4,921,098
Buildings and Improvements	29,408,951	246,396		29,655,347
Vehicles and Equipment	7,448,476	149,179	(66,118)	7,531,537
Construction in Progress				0
Totals	<u>41,778,525</u>	<u>395,575</u>	<u>(66,118)</u>	<u>42,107,982</u>
Accumulated Depreciation	<u>(15,789,380)</u>	<u>(981,745)</u>	<u>66,118</u>	<u>(16,705,007)</u>
Net Book Value	<u>\$ 25,989,145</u>			<u>\$ 25,402,975</u>

CAPITAL ASSET AND LONG-TERM, ACTIVITY

Capital Asset Activity

At September 30, 2011, the City reported \$11,334,926 in capital assets for governmental activities and \$14,068,049 in capital assets for business-type activities.

Long-term Debt Activity

See Note 4 of the financial statements for information on the City's long-term debt.

FUNDS ANALYSIS

Funds that experienced significant changes during the year are as follows:

Governmental funds

As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$3,022,309. The fund balance increased \$ 371,312 during the fiscal year. The increase is the result of \$9,253,834 of revenues reduced by \$ 8,882,522 of expenditures. The increase in fund balance follows a fund balance increase of \$718,846 in FY2009-10, and results from a continuation of fiscal policies designed to limit spending and preserve and strengthen the City's financial position during uncertain economic times. This ongoing accomplishment is due to the commitment and determination of the City Council and staff to make prudent financial decisions while also seeking to preserve levels of service to the community by continually pursuing and implementing cost savings and efficiencies in operations.

Table 9 below presents an analysis of the fund balances in the Governmental Funds and Enterprise Funds.

City of Ketchum, Idaho
MANAGEMENT DISCUSSION AND ANALYSIS

Continued...

**Table 9: Analysis of Fund Balances
for All Funds
For the Fiscal Year Ended September 30, 2011**

	<u>Investment in Capital Assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total Balance</u>
General Fund	\$		\$ 2,445,785	\$ 2,445,785
City Sales Tax Fund		161,515		161,515
GO Bond Debt Fund		1,973		1,973
Capital Improvement Fund		3,262		3,262
In-Lieu Housing Fund		276,893		276,893
Wagon Days Fund		7,855		7,855
Police Trust Fund		108,044		108,044
Planning & Zoning Trust Fund		16,982		16,982
Water	989,672	162,893	(171,887)	980,678
Wastewater	4,973,377	288,063	905,238	6,166,678

REQUESTS FOR INFORMATION

Requests for information regarding City finances should be directed to:

Sandra Cady, CMC
City Treasurer/ Clerk
City of Ketchum, Idaho
P.O. Box 2315
Ketchum, Idaho, 83340
Telephone: (208) 726-3841

ACKNOWLEDGMENTS

A special thanks to City Treasurer/Clerk, Sandra Cady and her staff, Patricia Bennett, Katie Carnduff, and Kathleen Schwartzenberger, for working so hard to operate the financial department of the City. Also, appreciation is expressed to the Mayor, City Council and all the Department Directors for their cooperation and assistance throughout the year in matters pertaining to the financial affairs of the City.

Respectfully submitted,

Gary B. Marks
CITY ADMINISTRATOR

CITY OF KETCHUM, IDAHO
Statement of Net Assets
at September 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit Urban Renewal Agency</u>
<u>ASSETS</u>				
Cash and Deposits	\$ 2,317,623	\$ 759,931	\$ 3,077,554	\$ 662,884
Accounts Receivable & Prepaid Expenses		25,607	25,607	
Taxes Receivable	81,998		81,998	7,497
Due From Other Governments	220,738	79,462	300,200	
Restricted Cash	402,379	450,956	853,335	550,472
Other Assets			0	244,510
Totals	<u>3,022,738</u>	<u>1,315,956</u>	<u>4,338,694</u>	<u>1,465,363</u>
Capital Assets:				
Land	4,347,889	15,380	4,363,269	4,494,746
Infrastructure	557,829		557,829	
Buildings and Improvements	6,914,205	22,741,142	29,655,347	2,034,542
Equipment and Vehicles	6,907,033	624,504	7,531,537	
Accumulated Depreciation	<u>(7,392,030)</u>	<u>(9,312,977)</u>	<u>(16,705,007)</u>	<u>(40,000)</u>
Total Capital Assets	<u>11,334,926</u>	<u>14,068,049</u>	<u>25,402,975</u>	<u>6,489,288</u>
Total Assets	<u>14,357,664</u>	<u>15,384,005</u>	<u>29,741,669</u>	<u>7,954,651</u>
<u>LIABILITIES</u>				
Accounts and Interest Payable	429	44,369	44,798	147,723
Due To Other Funds				
Long-term Liabilities:				
Portion due or payable within one year:				
Bonds Payable	100,000	285,000	385,000	50,000
Portion due or payable after one year:				
Bonds Payable	1,097,000	7,820,000	8,917,000	6,390,000
Compensated Absences	<u>302,750</u>	<u>87,280</u>	<u>390,030</u>	
Total Liabilities	<u>1,500,179</u>	<u>8,236,649</u>	<u>9,736,828</u>	<u>6,587,723</u>
<u>NET ASSETS</u>				
Invested in Capital Assets - net of related debt	10,137,926	5,963,049	16,100,975	49,288
Restricted For:				
Debt Service		450,956	450,956	550,472
Other Purposes	402,379		402,379	767,168
Unrestricted	<u>2,317,180</u>	<u>733,351</u>	<u>3,050,531</u>	<u>0</u>
Total Net Assets	<u>\$ 12,857,485</u>	<u>\$ 7,147,356</u>	<u>\$ 20,004,841</u>	<u>\$ 1,366,928</u>

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Statement of Activities
For the Year Ended September 30, 2011

Activities:	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets			Component Unit - Urban Renewal Agency
		Fees, Fines, and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	
Governmental:							
General Government	\$ 2,253,022	\$ 1,573,072	\$ 191,854	\$ (488,096)		\$ (488,096)	
Public Protection:							
Public Safety	3,192,268			(3,192,268)		(3,192,268)	
Streets	1,383,152			(1,383,152)		(1,383,152)	
Parks and Recreation	817,359	163,759		(653,600)		(653,600)	
Transportation	507,610			(507,610)		(507,610)	
Affordable Housing	265,000			(265,000)		(265,000)	
Interest - on long-term debt	53,616			(53,616)		(53,616)	
Unallocated Depreciation	442,134			(442,134)		(442,134)	
Total Governmental Activities	<u>8,914,161</u>	<u>1,736,831</u>	<u>191,854</u>	<u>(6,985,476)</u>		<u>(6,985,476)</u>	
Business Type:							
Water	1,288,571	1,319,265			\$ 30,694	30,694	
Wastewater	1,619,118	1,695,943			76,825	76,825	
Interest - on long-term debt	361,615				(361,615)	(361,615)	\$ (359,012)
Total Business-type Activities	<u>3,269,304</u>	<u>3,015,208</u>	<u>0</u>		<u>(254,096)</u>	<u>(254,096)</u>	
Total City of Ketchum, Idaho	<u>\$ 12,183,465</u>	<u>\$ 4,752,039</u>	<u>\$ 191,854</u>	<u>(6,985,476)</u>		<u>(7,239,572)</u>	
Component Units:							
Urban Renewal Agency	\$ 176,796						(284,740)
Total							(643,752)
General Revenues:							
Property taxes				3,256,988		3,256,988	568,662
Local Option sales taxes				1,638,904		1,638,904	
Franchises, licenses, permits				818,945		818,945	
State of Idaho revenue sharing				811,605		811,605	
State of Idaho sales tax				69,703		69,703	
State of Idaho liquor receipts				255,356		255,356	
State highway user collections				113,902		113,902	
Penalty and interest on property taxes				23,286		23,286	6,462
County court fines				28,211		28,211	
Earnings on investments				7,853	13,320	21,173	2,443
Miscellaneous				299,376		299,376	84,881
Gain on Sale of Assets				1,020		1,020	
Total general revenues and transfers				<u>7,325,149</u>	<u>13,320</u>	<u>7,338,469</u>	<u>662,448</u>
Changes in net assets				339,673	(240,776)	98,897	18,696
Net Assets - Beginning				<u>12,517,812</u>	<u>7,388,132</u>	<u>19,905,944</u>	<u>1,348,232</u>
Net Assets - Ending				<u>\$ 12,857,485</u>	<u>\$ 7,147,356</u>	<u>\$ 20,004,841</u>	<u>\$ 1,366,928</u>

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
 Balance Sheet
 Governmental Funds
 for the year ended September 30, 2011

	<u>General Fund</u>	<u>City Sales Tax Fund</u>	<u>GO Bond Debt Fund</u>
ASSETS:			
Cash and Cash Deposits	\$ 2,143,150	\$ 161,843	\$ 1,973
Taxes Receivable	81,998		
Prepaid Expenses			
Due From Other Governments	<u>220,738</u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,445,886</u>	<u>161,843</u>	<u>1,973</u>
LIABILITIES:			
Accounts Payable	101	328	
Funds Held in Trust			
Due To Other Funds	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>101</u>	<u>328</u>	<u>0</u>
FUND BALANCE:			
General Fund	2,445,785		
Special Revenue Funds		161,515	
Debt Service Funds			1,973
Capital Project Funds	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>2,445,785</u>	<u>161,515</u>	<u>1,973</u>
Total Liabilities and Fund Balance	<u>\$ 2,445,886</u>	<u>\$ 161,843</u>	<u>\$ 1,973</u>

Amounts reported for governmental activities in the Statement of Net Assets (page 11) are different because:

Governmental fund capital assets are not financial resources and therefore are not reported in the funds.
 The cost of assets is \$ 18,726,956 and the accumulated depreciation is \$ 7,392,030

Long-term liabilities, including bonds and compensated absences are not payable in the current period and therefore are not reported in the governmental funds

Net Assets of Governmental Funds

The accompanying notes are a part of these financial statements.

<u>Capital Improvement Fund</u>	<u>In-Lieu Housing Fund</u>	<u>Wagon Days Fund</u>	<u>Police & Fire Trust Fund</u>	<u>Planning & Zoning Trust Fund</u>	<u>Total Governmental Funds</u>
\$ 3,262	276,893	\$ 7,855	\$ 108,044	\$ 16,982	\$ 2,720,002
					81,998
					0
					220,738
<u>3,262</u>	<u>276,893</u>	<u>7,855</u>	<u>108,044</u>	<u>16,982</u>	<u>3,022,738</u>
					429
					0
					0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>429</u>
					2,445,785
	276,893	7,855	108,044	16,982	571,289
					1,973
<u>3,262</u>					<u>3,262</u>
<u>3,262</u>	<u>276,893</u>	<u>7,855</u>	<u>108,044</u>	<u>16,982</u>	3,022,309
<u>\$ 3,262</u>	<u>\$ 276,893</u>	<u>\$ 7,855</u>	<u>\$ 108,044</u>	<u>\$ 16,982</u>	\$
.....					11,334,926
.....					<u>(1,499,750)</u>
.....					<u>\$ 12,857,485</u>

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
for the year ended September 30, 2011

	<u>General Fund</u>	<u>City Sales Tax Fund</u>	<u>GO Bond Debt Fund</u>
REVENUE:			
Property taxes	\$ 3,256,988	\$	\$
Local Option sales taxes		1,638,904	
Franchises, licenses, permits	568,350	27,620	
State of Idaho shared revenue	811,605		
State of Idaho sales tax	69,703		
State of Idaho liquor receipts	255,356		
State highway user collections	113,902		
Penalty and interest on property taxes	23,286		
County court fines	28,211		
Fees, fines and charges for services	1,498,518		
Grants and contributions	73,099		
Earnings on investments	6,592	31	5
Miscellaneous	300,396		
	<u>7,006,006</u>	<u>1,666,555</u>	<u>5</u>
Total Revenue			
EXPENDITURES:			
General Government	1,469,869	650,122	500
Public Safety	2,894,553	168,915	
Streets	1,383,152		
Capital outlay			
Parks and Recreation	817,359		
Transportation		507,610	
Affordable Housing			
Debt Service			149,617
	<u>6,564,933</u>	<u>1,326,647</u>	<u>150,117</u>
Total Expenditures			
EXCESS REVENUE (EXPENDITURES)	441,073	339,908	(150,112)
OTHER FINANCING SOURCES (USES):			
Operating transfers from other funds	188,032		150,000
Operating transfers (to) other funds	<u>(150,000)</u>	<u>(263,032)</u>	
NET CHANGE IN FUND BALANCES	479,105	76,876	(112)
FUND BALANCE - BEGINNING	<u>1,966,680</u>	<u>84,639</u>	<u>2,085</u>
FUND BALANCE - ENDING	<u>\$ 2,445,785</u>	<u>\$ 161,515</u>	<u>\$ 1,973</u>

The accompanying notes are a part of these financial statements.

<u>Capital Improvement Fund</u>	<u>In-Lieu Housing Fund</u>	<u>Wagon Days Fund</u>	<u>Police/Fire Trust Fund</u>	<u>Planning & Zoning Trust Fund</u>	<u>Total Governmental Funds</u>
\$		\$	\$	\$	\$ 3,256,988
222,975					1,638,904
					818,945
					811,605
					69,703
					255,356
					113,902
					23,286
					28,211
11,622	140,618	6,291		79,782	1,736,831
		9,825	108,930		191,854
1	615	41	314	160	7,759
			94		300,490
<u>234,598</u>	<u>141,233</u>	<u>16,157</u>	<u>109,338</u>	<u>79,942</u>	<u>9,253,834</u>
160,551		97,084		186,859	2,564,985
			128,800		3,192,268
2,531					1,383,152
					2,531
					817,359
	265,000				507,610
					265,000
					149,617
<u>163,082</u>	<u>265,000</u>	<u>97,084</u>	<u>128,800</u>	<u>186,859</u>	<u>8,882,522</u>
71,516	(123,767)	(80,927)	(19,462)	(106,917)	371,312
		75,000			413,032
					(413,032)
71,516	(123,767)	(5,927)	(19,462)	(106,917)	371,312
(68,254)	400,660	13,782	127,506	123,899	2,650,997
<u>\$ 3,262</u>	<u>276,893</u>	<u>\$ 7,855</u>	<u>\$ 108,044</u>	<u>\$ 16,982</u>	<u>\$ 3,022,309</u>

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
for the year ended September 30, 2011

Net Change in Fund Balance - Total Governmental Funds (Page 16)	\$ 371,312
<p>Governmental funds report capital outlays as current year expenditures. In the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of current capital outlay for new fixed assets.</p>	
This is the amount of current year depreciation.	(442,134)
This is the amount of new Governmental Fund assets.	258,979
This is the amount of disposed of Governmental Fund assets.	
<p>Long term liabilities are not recorded in the Governmental funds. Capital lease payments are expensed in the period that the payments are paid. Capital leases are recorded as liabilities in the Statement of Net Assets. Current year payments reduce the amount of the debt.</p>	
This is the amount of current year payments of capital leases.	55,859
This is the amount of payments on General Obligation Bonds Payable	96,000
<p>Liability for personal leave days are not recorded in Governmental funds.</p>	
This is the decrease in compensated leave during the year.	<u>(343)</u>
Change in Net Assets of Governmental Activities (Page 12)	<u>\$ 339,673</u>

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Statement of Net Assets
Proprietary Funds
at September 30, 2011

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
Assets:			
Current Assets:			
Cash and Deposits	\$ (129,418)	\$ 889,349	\$ 759,931
Accts receivable - customers	8,471	17,136	25,607
Accts receivable - other govts.		79,462	79,462
	<u>(120,947)</u>	<u>985,947</u>	<u>865,000</u>
Restricted Current Assets:			
Cash and Deposits	<u>162,893</u>	<u>288,063</u>	<u>450,956</u>
Total Current Assets	<u>41,946</u>	<u>1,274,010</u>	<u>1,315,956</u>
Capital Assets:			
Plant and equipment	11,362,854	12,018,173	23,381,027
Accumulated depreciation	<u>(5,188,182)</u>	<u>(4,124,796)</u>	<u>(9,312,978)</u>
Net Plant and equipment	<u>6,174,672</u>	<u>7,893,377</u>	<u>14,068,049</u>
Total Assets	<u>6,216,618</u>	<u>9,167,387</u>	<u>15,384,005</u>
Liabilities:			
Current Liabilities:			
Accounts and Interest Payable	19,829	24,540	44,369
Current portion long-term debt	<u>125,000</u>	<u>160,000</u>	<u>285,000</u>
Total current liabilities	<u>144,829</u>	<u>184,540</u>	<u>329,369</u>
Noncurrent Liabilities:			
Bonds Payable	5,060,000	2,760,000	7,820,000
Compensated Absences Payable	<u>31,111</u>	<u>56,169</u>	<u>87,280</u>
Total noncurrent liabilities	<u>5,091,111</u>	<u>2,816,169</u>	<u>7,907,280</u>
Total Liabilities	<u>5,235,940</u>	<u>3,000,709</u>	<u>8,236,649</u>
Net Assets:			
Investment in capital assets net of related debt	989,672	4,973,377	5,963,049
Restricted	162,893	288,063	450,956
Unrestricted	<u>(171,887)</u>	<u>905,238</u>	<u>733,351</u>
Total Net Assets	<u>\$ 980,678</u>	<u>\$ 6,166,678</u>	<u>\$ 7,147,356</u>

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Statement of Revenues, Expenditures, and Changes in Net Assets
Proprietary Funds
for the year ended September 30, 2011

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
Operating Revenues:			
Charges for services	\$ 1,301,609	\$ 1,681,571	\$ 2,983,180
Hookups and connections	11,810	11,251	23,061
Reimbursements and Misc.	<u>5,846</u>	<u>3,121</u>	<u>8,967</u>
Total Operating Revenue	<u>1,319,265</u>	<u>1,695,943</u>	<u>3,015,208</u>
Operating Expenses:			
Salaries and benefits	526,307	834,524	1,360,831
Administrative and supplies	455,883	551,364	1,007,247
Depreciation	<u>306,381</u>	<u>233,230</u>	<u>539,611</u>
Total Operating Expenses	<u>1,288,571</u>	<u>1,619,118</u>	<u>2,907,689</u>
Operating Income	<u>30,694</u>	<u>76,825</u>	<u>107,519</u>
Nonoperating Revenues (Expenses):			
Interest Income	5,396	7,924	13,320
Interest Expense	(238,428)	(123,187)	(361,615)
Gain (Loss) on asset disposal			0
Other			
Total Nonoperating	<u>(233,032)</u>	<u>(115,263)</u>	<u>(348,295)</u>
Income (Loss) before transfers	<u>(202,338)</u>	<u>(38,438)</u>	<u>(240,776)</u>
Transfers in			
Transfers out			
Net Income (Loss)	(202,338)	(38,438)	(240,776)
Total Net Assets - Beginning	<u>1,183,016</u>	<u>6,205,116</u>	<u>7,388,132</u>
Total Net Assets - Ending	<u>\$ 980,678</u>	<u>\$ 6,166,678</u>	<u>\$ 7,147,356</u>

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Statement of Cash Flows
Proprietary Funds
for the year ended September 30, 2011

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Receipts from customers	\$ 1,310,252	\$ 1,747,548	\$ 3,057,800
Payments to suppliers	(455,883)	(551,364)	(1,007,247)
Payments to employees	(534,879)	(829,345)	(1,364,224)
Payments from (to) other funds			
Other receipts	<u>5,846</u>	<u>3,121</u>	<u>8,967</u>
Net cash provided (used) by operations	<u>325,336</u>	<u>369,960</u>	<u>695,296</u>
Cash Flows From Capital and Related Financing Activities:			
Purchase and construction of capital assets	(77,411)	(183,770)	(261,181)
Principal paid on capital debt	(120,000)	(155,000)	(275,000)
Interest paid on capital debt	<u>(238,478)</u>	<u>(124,342)</u>	<u>(362,820)</u>
Net cash provided (used) by capital and related financing activities	<u>(435,889)</u>	<u>(463,112)</u>	<u>(899,001)</u>
Cash Flows From Investing Activities:			
Interest Income	<u>5,396</u>	<u>7,924</u>	<u>13,320</u>
Net Increase (Decrease) in Cash and Deposits	(105,157)	(85,228)	(190,385)
Balances - Beginning of the year	<u>138,632</u>	<u>1,262,640</u>	<u>1,401,272</u>
Balances - Ending of the year	<u>\$ 33,475</u>	<u>\$ 1,177,412</u>	<u>\$ 1,210,887</u>
Displayed as:			
Pooled Cash and Investments	(129,418)	889,349	759,931
Restricted Assets	<u>162,893</u>	<u>288,063</u>	<u>450,956</u>
Balances - Ending of the year	<u>\$ 33,475</u>	<u>\$ 1,177,412</u>	<u>\$ 1,210,887</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	30,695	76,825	107,520
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	306,381	233,230	539,611
Changes in assets and liabilities:			
Receivables, net	(3,167)	54,726	51,559
Accounts and other payables	<u>(8,573)</u>	<u>5,179</u>	<u>(3,394)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 325,336</u>	<u>\$ 369,960</u>	<u>\$ 695,296</u>

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ketchum, Idaho became an incorporated city under the laws of the State of Idaho on October 16, 1961. The accounting policies of the City of Ketchum, Idaho conform to generally accepted accounting principles as applicable to governmental units. The financial statements of the City of Ketchum, Idaho have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities (enterprise funds) provided they do not conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies:

(A) Basis of Presentation – Basis of Accounting

Basis of Presentation:

For this reporting period, the City has conformed its financial statement model to *Governmental Auditing Standards Board (GASB) Statement No. 34*. This model presents the financial statements as follows:

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the City). These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category—*governmental* and *proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following governmental funds:

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

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2011

-Continued

The City reports the following enterprise funds:

Water and Wastewater Fund. This fund accounts for the operation, maintenance, and development of the City's water and waste-water facilities.

Discretely Presented Component Unit

The Component unit column in the financial statements includes the financial data of the City's only discretely presented component unit, the Ketchum Urban Renewal Agency. It is reported in a separate column to emphasize that it is separate from the City's operations. Complete financial statements of the Ketchum Urban Renewal Agency can be requested.

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

(B) Assets, Liabilities, and Equity

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the State of Idaho Treasurer's Office for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at September 30 of each year based on market prices. The individual funds' portions of the pool's fair value are presented as "Cash and Deposits". Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the average daily balance of each participating fund.

Cash and Deposits

The City considers cash and deposits in proprietary funds to be cash on hand. In addition, because the State Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a deposit.

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2011

-Continued

Receivables and Payable

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

Property Tax Calendar

Property taxes are levied each November based on the assessed value of property as listed on the previous September tax rolls. Assessed values are an approximation of market value. The Blaine County Assessor establishes assessed values. Property tax payments are due in one-half installments in December and June. Property taxes become a lien on the property when it is levied.

Capital Assets

Purchased or constructed capital assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. They are reported net of accumulated depreciation on the Statement of Net Assets. The City capitalizes assets in excess of \$5,000.

Under the requirements of *GASB Statement No. 34*, the City is considered a Phase 3 government, as its total annual revenues are less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. Accordingly, the City has determined not to retroactively report this type of capital asset.

Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office and Other Equipment	3-15
Computer Equipment	3-15

Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2011

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NOTE 2 – CASH AND DEPOSITS

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial credit risk. At year end, none of the City's bank balances were exposed to custodial credit risk because it was insured by the FDIC.

Investments: Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the City held the following investments:

Investment Type

Idaho State Local Government Investment Pool \$ 3,305,906

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

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

Credit Risk: The City's policy is to comply with Idaho State statutes which authorize the City to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.

Interest rate risk and concentration of credit risk: The City has no policy regarding these two investment risk categories.

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is presented on the combined balance sheet as "Cash and Deposits".

Cash and Deposits are comprised of the following at the financial statement date:

Cash on Hand	\$	100
Deposits with financial institutions:		
Demand deposits		23,107
Other Banks and Investments		601,776
State of Idaho Investment Pool		<u>3,305,906</u>
Total		<u>\$3,930,889</u>

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2011

-Continued

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the current year ended was as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Governmental Activities:				
<i>Capital Assets not being depreciated:</i>				
Land	\$ 4,347,889	\$	\$	\$ 4,347,889
Construction in Progress				
Total	<u>4,347,889</u>	<u>-</u>	<u>-</u>	<u>4,347,889</u>
 <i>Capital Assets being depreciated:</i>				
Buildings & Improvements	6,914,205			6,914,205
Infrastructure	557,829			557,829
Vehicles and Equipment	<u>6,838,757</u>	<u>134,394</u>	<u>66,118</u>	<u>6,907,033</u>
Total	14,310,791	134,394	66,118	14,379,067
Less: Accumulated Depreciation:	<u>7,016,014</u>	<u>442,134</u>	<u>(66,118)</u>	<u>7,392,030</u>
Total Net Depreciated Assets	<u>7,294,777</u>	<u>(307,740)</u>	<u>0</u>	<u>6,987,037</u>
 Governmental capital assets, net	 <u>\$ 11,642,666</u>	 <u>\$ (307,740)</u>	 <u>\$ 0</u>	 <u>\$ 11,334,926</u>
 Business-type activities:				
<i>Capital Assets not being depreciated:</i>				
Land	\$ 15,380	\$	\$	\$ 15,380
Construction in Progress				0
Total	<u>15,380</u>	<u>-</u>	<u>-</u>	<u>15,380</u>
 <i>Capital Assets being depreciated:</i>				
Buildings & Improvements	22,494,746	246,396		22,741,142
Vehicles and Equipment	<u>609,719</u>	<u>14,785</u>		<u>624,504</u>
Total	23,104,465	261,181	-	23,365,646
Less: Accumulated Depreciation	<u>8,773,366</u>	<u>539,611</u>		<u>9,312,977</u>
Total Net Depreciated Assets	<u>14,331,099</u>	<u>(278,430)</u>	<u>-</u>	<u>14,052,669</u>
 Business-type capital assets, net	 <u>\$ 14,346,479</u>	 <u>\$ (278,430)</u>	 <u>\$ -</u>	 <u>\$ 14,068,049</u>

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2011

– Continued

NOTE 4 - BONDS PAYABLE

In July of 1998, the City sold \$ 3,405,000 of Water Revenue Bonds, Series 1998. The proceeds of this issue were used to construct a new water storage facility for the City. The bonds are to be retired by user fees generated in the City's enterprise fund.

In 2006 the outstanding bonds were defeased by placing proceeds of a new bond issue, Water Revenue Refunding Bonds Series 2006B for \$ 3,030,000, in an irrevocable trust to provide for all future debt payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the financial statements.

In December of 2004, the City sold \$ 1,990,000 of Sewer Revenue Bonds, Series 2004. The proceeds of this issue were and are being used to make improvements to the City's waste water system. The bonds are to be retired by user fees generated in the City's enterprise fund.

In May of 2006, the City sold \$ 1,730,000 of Sewer Revenue Bonds, Series 2006A. The proceeds of this issue were and are being used to make improvements to the City's waste water system. The bonds are to be retired by user fees generated in the City's enterprise fund.

Also, in May of 2006, the City sold \$ 2,780,000 of Water Revenue Bonds, Series 2006A. The proceeds of this issue were and are being used to make improvements to the City's water system. The bonds are to be retired by user fees generated in the City's enterprise fund.

In June of 2007, the City sold \$1,550,000 of General Obligation Bonds, Series June 5, 2007. The proceeds of this issue were and are being used for capital equipment acquisitions.

The following is a list of the interest and principal payments through the end of the bond issues:

<u>FY</u>	<u>Water Refunding Bonds 2006B</u>		<u>Sewer Revenue Bonds 2004</u>	
	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2012	\$ 110,865	\$ 105,000	\$ 56,610	\$ 85,000
2013	106,665	110,000	53,547	90,000
2014	101,165	120,000	50,397	90,000
2015	95,165	125,000	47,184	95,000
2016-2027	<u>634,397</u>	<u>1,995,000</u>	<u>248,125</u>	<u>1,170,000</u>
Total	<u>\$1,048,257</u>	<u>\$ 2,455,000</u>	<u>\$455,863</u>	<u>\$1,530,000</u>

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2011

Bonds Payable – Continued

<u>FY</u>	<u>Sewer Revenue Bonds 2006A</u>		<u>Water Revenue Bonds 2006A</u>	
	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2012	\$ 62,095	\$ 70,000	\$ 122,877	\$ 20,000
2013	59,095	75,000	122,077	20,000
2014	55,345	75,000	121,078	15,000
2015	51,345	80,000	120,327	15,000
2016-2035	<u>279,320</u>	<u>1,160,000</u>	<u>1,873,021</u>	<u>2,660,000</u>
Total	\$ <u>507,200</u>	\$ <u>1,460,000</u>	\$ <u>2,359,380</u>	\$ <u>2,730,000</u>

General Obligation Bonds Series June 5, 2007

<u>FY</u>	<u>Interest</u>	<u>Principal</u>
2012	\$ 49,902	\$ 100,000
2013	46,012	103,000
2014	41,954	108,000
2015	37,644	112,000
2016-2021	<u>121,606</u>	<u>774,000</u>
Total	\$ <u>297,118</u>	\$ <u>1,197,000</u>

NOTE 5 – MISCELLANEOUS REVENUES, GOVERNMENTAL FUND TYPES

The miscellaneous revenues section of the combined statement of revenues and expenditures includes the following amounts:

	<u>General</u>
Rents	\$ 239,173
Donations	53,492
Sale of Assets	1,020
Miscellaneous	<u>6,711</u>
Total	\$ <u>300,396</u>

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2011

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NOTE 6 – LITIGATION

The City, at the financial statement date, is not involved in any material disputes as either plaintiff or defendant.

NOTE 7 – RESTRICTED NET ASSETS

The ordinance authorizing the Enterprise Fund revenue bonds requires that the City establish certain restricted cash accounts to be used in the retirement of the bonds and improvements to the water and waste-water systems. In addition certain cash amounts are restricted for use in law enforcement, zoning ordinance enforcement, and for other restrictions imposed by the city council in the general fund; and for debt retirement in the long-term debt group of accounts. The City's policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. These restricted amounts are as follows:

	<u>General Fund</u>	<u>Enterprise Funds</u>
Police & Fire Trust Cash	\$ 108,022	
Planning & Zoning Trust Cash	17,464	
In-Lieu Housing Cash	276,893	
Water Revenue Bond Bond Debt Service		\$ 163,393
Wastewater Bonds Debt Service		287,563
Totals	<u>\$ 402,379</u>	<u>\$ 450,956</u>

NOTE 8 – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; injuries to the general public; and natural disasters. The City carries commercial insurance coverage for these risks to the extent deemed prudent by the City Council. The City is also protected by the Idaho Tort Claims Act, which limits exposure to tort claims against the city.

NOTE 9 – KETCHUM URBAN RENEWAL AGENCY

The component unit column in the combined financial statements includes the financial data of the Ketchum Urban Renewal Agency, the City's only discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the City in accordance with State Urban Renewal law. The Agency has authority to construct public improvements including the acquisition of public right-of-way within the blighted area legally designated as the redevelopment district. The City appoints the governing board of the Agency. The Agency derives its funding from tax increment financing.

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2011

-Continued

NOTE 10 - PENSION PLAN

Public Employee Retirement System of Idaho - The Public Employee Retirement System of Idaho (PERSI), a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. 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% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

For the current year, the required contribution rate for general employees was 6.23% and 7.65% of covered payroll for the City of Ketchum, Idaho and its employees, respectively, and 10.39% and 10.73% for police/firefighter employees, for the City of Ketchum, Idaho and its employees, respectively. The City of Ketchum, Idaho contributions required and paid were \$ 442,134, \$ 520,197, and \$ 542,368 for the three years ended September 30, 2011, 2010, and 2009 respectively.

CITY OF KETCHUM, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- General Fund
for the year ended September 30, 2011

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE:			
Property taxes	\$ 3,240,200	\$ 3,256,988	\$ 16,788
Franchises, licenses, permits	586,507	568,350	(18,157)
State of Idaho shared revenue	760,000	811,605	51,605
State of Idaho sales tax	70,000	69,703	(297)
State of Idaho liquor receipts	271,894	255,356	(16,538)
State highway user collections	111,395	113,902	2,507
Penalty and interest on property taxes	9,200	23,286	14,086
County court fines	29,000	28,211	(789)
Fees, fines and charges for services	1,426,347	1,498,518	72,171
Grants and contributions	6,000	73,099	67,099
Earnings on investments	4,000	6,592	2,592
Miscellaneous	168,900	300,396	131,496
Total Revenue	<u>6,683,443</u>	<u>7,006,006</u>	<u>322,563</u>
EXPENDITURES:			
General Government	1,645,403	1,469,869	175,534
Public Safety	2,955,549	2,894,553	60,996
Streets	1,808,670	1,383,152	425,518
Capital outlay			
Parks and Recreation	825,748	817,359	8,389
Transportation			
Affordable Housing			
Debt Service			
Total Expenditures	<u>7,235,370</u>	<u>6,564,933</u>	<u>670,437</u>
EXCESS REVENUE (EXPENDITURES)	(551,927)	441,073	993,000
OTHER FINANCING SOURCES (USES):			
Operating transfers from other funds	188,032	188,032	0
Operating transfers (to) other funds	<u>(150,000)</u>	<u>(150,000)</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	(513,895)	479,105	993,000
FUND BALANCE - BEGINNING	<u>1,966,680</u>	<u>1,966,680</u>	
FUND BALANCE - ENDING	<u>\$ 1,452,785</u>	<u>\$ 2,445,785</u>	

CITY OF KETCHUM, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- City Sales Tax Fund
for the year ended September 30, 2011

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE:			
Property taxes	\$	\$	\$
Local Option sales taxes	1,854,280	1,638,904	(215,376)
Franchises, licenses, permits	26,000	27,620	1,620
State of Idaho shared revenue			
State of Idaho sales tax			
State of Idaho liquor receipts			
State highway user collections			
Penalty and interest on property taxes			
County court fines			
Fees, fines and charges for services			
Grants and contributions			
Earnings on investments	0	31	31
Miscellaneous			
	<u> </u>	<u> </u>	<u> </u>
Total Revenue	<u>1,880,280</u>	<u>1,666,555</u>	<u>(213,725)</u>
EXPENDITURES:			
General Government	675,797	650,122	25,675
Public Safety	180,000	168,915	11,085
Streets			
Capital outlay			
Parks and Recreation			
Transportation	507,610	507,610	0
Affordable Housing			
Debt Service			
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>1,363,407</u>	<u>1,326,647</u>	<u>36,760</u>
EXCESS REVENUE (EXPENDITURES)	516,873	339,908	(176,965)
OTHER FINANCING SOURCES (USES):			
Operating transfers from other funds			0
Operating transfers (to) other funds	<u>(263,032)</u>	<u>(263,032)</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	253,841	76,876	(176,965)
FUND BALANCE - BEGINNING	<u>84,639</u>	<u>84,639</u>	
FUND BALANCE - ENDING	<u>\$ 338,480</u>	<u>\$ 161,515</u>	

CITY OF KETCHUM, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- General Obligation Bond Debt Fund
for the year ended September 30, 2011

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE:			
Property taxes	\$	\$	\$
Local Option sales taxes			
Franchises, licenses, permits			
State of Idaho shared revenue			
State of Idaho sales tax			
State of Idaho liquor receipts			
State highway user collections			
Penalty and interest on property taxes			
County court fines			
Fees, fines and charges for services			
Grants and contributions			
Earnings on investments	0	5	5
Miscellaneous			
	<u>0</u>	<u>5</u>	<u>5</u>
Total Revenue	<u>0</u>	<u>5</u>	<u>5</u>
EXPENDITURES:			
General Government	500	500	0
Public Safety			
Streets			
Capital outlay			
Parks and Recreation			
Transportation			
Affordable Housing			
Debt Service	<u>149,617</u>	<u>149,617</u>	<u>0</u>
	<u>150,117</u>	<u>150,117</u>	<u>0</u>
Total Expenditures	<u>150,117</u>	<u>150,117</u>	<u>0</u>
EXCESS REVENUE (EXPENDITURES)	(150,117)	(150,112)	5
OTHER FINANCING SOURCES (USES):			
Operating transfers from other funds	150,000	150,000	0
Operating transfers (to) other funds			
	<u>150,000</u>	<u>150,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	(117)	(112)	5
FUND BALANCE - BEGINNING	<u>2,085</u>	<u>2,085</u>	
FUND BALANCE - ENDING	\$ <u><u>1,968</u></u>	\$ <u><u>1,973</u></u>	

CITY OF KETCHUM, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- Capital Improvement Fund
for the year ended September 30, 2011

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE:			
Property taxes	\$	\$	\$
Local Option sales taxes			
Franchises, licenses, permits	207,000	222,975	15,975
State of Idaho shared revenue			
State of Idaho sales tax			
State of Idaho liquor receipts			
State highway user collections			
Penalty and interest on property taxes			
County court fines			
Fees, fines and charges for services	84,000	11,622	(72,378)
Grants and contributions			0
Earnings on investments	500	1	(499)
Miscellaneous			
	<u> </u>	<u> </u>	<u> </u>
Total Revenue	<u>291,500</u>	<u>234,598</u>	<u>(56,902)</u>
EXPENDITURES:			
General Government	167,865	160,551	7,314
Public Safety			
Streets			
Capital outlay	20,000	2,531	17,469
Parks and Recreation			
Transportation			
Affordable Housing			
Debt Service			
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>187,865</u>	<u>163,082</u>	<u>24,783</u>
EXCESS REVENUE (EXPENDITURES)	103,635	71,516	(32,119)
OTHER FINANCING SOURCES (USES):			
Operating transfers from other funds			0
Operating transfers (to) other funds			
	<u> </u>	<u> </u>	<u> </u>
NET CHANGE IN FUND BALANCES	103,635	71,516	(32,119)
FUND BALANCE - BEGINNING	<u>(68,254)</u>	<u>(68,254)</u>	
FUND BALANCE - ENDING	\$ <u>35,381</u>	\$ <u>3,262</u>	

CITY OF KETCHUM, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- In-Lieu Housing Fund
for the year ended September 30, 2011

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE:			
Property taxes	\$	\$	\$
Local Option sales taxes			
Franchises, licenses, permits			
State of Idaho shared revenue			
State of Idaho sales tax			
State of Idaho liquor receipts			
State highway user collections			
Penalty and interest on property taxes			
County court fines			
Fees, fines and charges for services		140,618	140,618
Grants and contributions			
Earnings on investments	900	615	(285)
Miscellaneous			
	<u>900</u>	<u>141,233</u>	<u>140,333</u>
Total Revenue	<u>900</u>	<u>141,233</u>	<u>140,333</u>
EXPENDITURES:			
General Government			0
Public Safety			
Streets			
Capital outlay			
Parks and Recreation			
Transportation			
Affordable Housing	370,000	265,000	105,000
Debt Service			
	<u>370,000</u>	<u>265,000</u>	<u>105,000</u>
Total Expenditures	<u>370,000</u>	<u>265,000</u>	<u>105,000</u>
EXCESS REVENUE (EXPENDITURES)	(369,100)	(123,767)	245,333
OTHER FINANCING SOURCES (USES):			
Operating transfers from other funds			
Operating transfers (to) other funds			
	<u> </u>	<u> </u>	<u> </u>
NET CHANGE IN FUND BALANCES	(369,100)	(123,767)	245,333
FUND BALANCE - BEGINNING	<u>400,660</u>	<u>400,660</u>	
FUND BALANCE - ENDING	\$ <u>31,560</u>	\$ <u>276,893</u>	

CITY OF KETCHUM, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- Wagon Days Fund
for the year ended September 30, 2011

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE:			
Property taxes	\$	\$	\$
Local Option sales taxes			
Franchises, licenses, permits			
State of Idaho shared revenue			
State of Idaho sales tax			
State of Idaho liquor receipts			
State highway user collections			
Penalty and interest on property taxes			
County court fines			
Fees, fines and charges for services	11,800	6,291	(5,509)
Grants and contributions	15,000	9,825	(5,175)
Earnings on investments	30	41	11
Miscellaneous	10,000		(10,000)
	<u>36,830</u>	<u>16,157</u>	<u>(20,673)</u>
Total Revenue			
EXPENDITURES:			
General Government	119,500	97,084	22,416
Public Safety			
Streets			
Capital outlay			
Parks and Recreation			
Transportation			
Affordable Housing			
Debt Service			
	<u>119,500</u>	<u>97,084</u>	<u>22,416</u>
Total Expenditures			
EXCESS REVENUE (EXPENDITURES)	(82,670)	(80,927)	1,743
OTHER FINANCING SOURCES (USES):			
Operating transfers from other funds	75,000	75,000	0
Operating transfers (to) other funds			
	<u>75,000</u>	<u>75,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	(7,670)	(5,927)	1,743
FUND BALANCE - BEGINNING	13,782	13,782	
	<u>13,782</u>	<u>13,782</u>	
FUND BALANCE - ENDING	\$ <u>6,112</u>	\$ <u>7,855</u>	

CITY OF KETCHUM, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- Police and Fire Trust Funds
for the year ended September 30, 2011

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE:			
Property taxes	\$	\$	\$
Local Option sales taxes			
Franchises, licenses, permits			
State of Idaho shared revenue			
State of Idaho sales tax			
State of Idaho liquor receipts			
State highway user collections			
Penalty and interest on property taxes			
County court fines			
Fees, fines and charges for services			
Grants and contributions	131,000	108,930	(22,070)
Earnings on investments	250	314	64
Miscellaneous	<u>20,000</u>	<u>94</u>	<u>(19,906)</u>
Total Revenue	<u>151,250</u>	<u>109,338</u>	<u>(41,912)</u>
EXPENDITURES:			
General Government			
Public Safety	207,000	128,800	78,200
Streets			
Capital outlay			
Parks and Recreation			
Transportation			
Affordable Housing			
Debt Service			
Total Expenditures	<u>207,000</u>	<u>128,800</u>	<u>78,200</u>
EXCESS REVENUE (EXPENDITURES)	(55,750)	(19,462)	36,288
OTHER FINANCING SOURCES (USES):			
Operating transfers from other funds			
Operating transfers (to) other funds			
NET CHANGE IN FUND BALANCES	(55,750)	(19,462)	36,288
FUND BALANCE - BEGINNING	<u>127,506</u>	<u>127,506</u>	
FUND BALANCE - ENDING	<u>\$ 71,756</u>	<u>\$ 108,044</u>	

CITY OF KETCHUM, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- Planning and Zoning Trust Fund
for the year ended September 30, 2011

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE:			
Property taxes	\$	\$	\$
Local Option sales taxes			
Franchises, licenses, permits			
State of Idaho shared revenue			
State of Idaho sales tax			
State of Idaho liquor receipts			
State highway user collections			
Penalty and interest on property taxes			
County court fines			
Fees, fines and charges for services	200,000	79,782	(120,218)
Grants and contributions			
Earnings on investments		160	160
Miscellaneous			
	<u> </u>	<u> </u>	<u> </u>
Total Revenue	<u>200,000</u>	<u>79,942</u>	<u>(120,058)</u>
EXPENDITURES:			
General Government	200,000	186,859	13,141
Public Safety			
Streets			
Capital outlay			
Parks and Recreation			
Transportation			
Affordable Housing			
Debt Service			
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>200,000</u>	<u>186,859</u>	<u>13,141</u>
EXCESS REVENUE (EXPENDITURES)	0	(106,917)	(106,917)
OTHER FINANCING SOURCES (USES):			
Operating transfers from other funds			
Operating transfers (to) other funds			
	<u> </u>	<u> </u>	<u> </u>
NET CHANGE IN FUND BALANCES	0	(106,917)	(106,917)
FUND BALANCE - BEGINNING	<u>123,899</u>	<u>123,899</u>	
FUND BALANCE - ENDING	\$ <u>123,899</u>	\$ <u>16,982</u>	

CITY OF KETCHUM, IDAHO
Bond-Future Principal and Interest Requirements
at September 30, 2011

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
General Obligation Bond:				
\$1,550,000 General Obligation Bonds				
Series June 5, 2007				
3.72% - 4.43%				
	3.89%	2012	\$ 100,000	\$ 49,902
	3.94%	2013	103,000	46,012
	3.99%	2014	108,000	41,954
	4.03%	2015	112,000	37,644
	4.08%	2016	116,000	33,131
	4.13%	2017	121,000	28,397
	4.28%	2018	126,000	23,400
	4.33%	2019	131,000	18,007
	4.38%	2020	137,000	12,336
	4.43%	2021	143,000	6,335
			\$ 1,197,000	\$ 297,118

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Bond-Future Principal and Interest Requirements
at September 30, 2011

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
Revenue Bond:				
Water Refunding Bond 2006B				
\$3,030,000, May 11, 2006				
4.00% - 5.00%				
	4.00%	2012	\$ 105,000	\$ 110,865
	5.00%	2013	110,000	106,665
	5.00%	2014	120,000	101,165
	5.00%	2015	125,000	95,165
	5.00%	2016	130,000	88,915
	4.00%	2017	135,000	82,415
	4.20%	2018	145,000	77,015
	4.25%	2019	145,000	70,925
	4.25%	2020	150,000	64,763
	4.20%	2021	160,000	58,387
	4.25%	2022	165,000	51,667
	4.30%	2023	175,000	44,655
	4.30%	2024	185,000	37,130
	5.00%	2025	190,000	29,175
	5.00%	2026	200,000	19,675
	4.50%	2027	215,000	9,675
			\$ 2,455,000	\$ 1,048,257

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Bond-Future Principal and Interest Requirements
at September 30, 2011

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
Revenue Bond:				
Sewer Revenue Bonds 2004				
\$1,990,000, December 15, 2004				
2.50% - 4.15%				
	3.50%	2012	\$ 85,000	\$ 56,610
	3.50%	2013	90,000	53,547
	3.50%	2014	90,000	50,397
	3.45%	2015	95,000	47,184
	3.55%	2016	100,000	43,770
	3.70%	2017	100,000	40,144
	3.70%	2018	105,000	36,353
	3.75%	2019	110,000	32,348
	3.80%	2020	115,000	28,100
	3.90%	2021	120,000	23,575
	4.00%	2022	125,000	18,735
	4.05%	2023	125,000	13,704
	4.12%	2024	130,000	8,491
	4.15%	2025	140,000	2,905
			<u>\$ 1,530,000</u>	<u>\$ 455,863</u>

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
 Bond-Future Principal and Interest Requirements
 at September 30, 2011

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
Revenue Bond:				
Sewer Revenue Bonds 2006A				
\$1,730,000, May 11, 2006				
4.00% - 5.00%				
	4.00%	2012	\$ 75,000	\$ 62,095
	5.00%	2013	75,000	59,095
	5.00%	2014	80,000	55,345
	5.00%	2015	85,000	51,345
	5.00%	2016	85,000	47,095
	4.00%	2017	90,000	42,845
	4.20%	2018	95,000	39,245
	4.25%	2019	100,000	35,255
	4.25%	2020	105,000	31,005
	4.20%	2021	110,000	26,542
	4.25%	2022	115,000	21,923
	4.30%	2023	120,000	17,035
	4.30%	2024	125,000	11,875
	5.00%	2025	130,000	6,500
			\$ 1,390,000	\$ 507,200

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Bond-Future Principal and Interest Requirements
at September 30, 2011

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
Revenue Bond:				
Water Revenue Bonds 2006A				
\$2,780,000, May 11, 2006				
4.00% - 5.00%				
	4.00%	2012	\$ 20,000	\$ 122,877
	5.00%	2013	20,000	122,077
	5.00%	2014	15,000	121,078
	5.00%	2015	15,000	120,327
	5.00%	2016	20,000	119,578
	4.00%	2017	20,000	118,577
	4.20%	2018	20,000	117,778
	4.25%	2019	25,000	116,937
	4.25%	2020	25,000	115,875
	4.20%	2021	25,000	114,813
	4.25%	2022	25,000	113,763
	4.30%	2023	25,000	112,700
	4.30%	2024	25,000	111,625
	5.00%	2025	30,000	110,550
	5.00%	2026	30,000	109,050
	4.50%	2027	25,000	107,550
	4.50%	2028	250,000	106,425
	4.50%	2029	265,000	95,175
	4.50%	2030	275,000	83,250
	4.50%	2031	285,000	70,875
	4.50%	2032	300,000	58,050
	4.50%	2033	315,000	44,550
	4.50%	2034	330,000	30,375
	4.50%	2035	345,000	15,525
			<u>\$ 2,730,000</u>	<u>\$ 2,359,380</u>

The accompanying notes are a part of these financial statements.

DRB
Dennis Brown
CERTIFIED PUBLIC ACCOUNTANT

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

November 20, 2011

To the Honorable Mayor and City Council
City of Ketchum
Ketchum, Idaho

I have audited the financial statements of the governmental activities, and business-type activities, and the discretely presented component unit of the City of Ketchum, Idaho, as of and for the year ended September 30, 2011, which collectively comprise the City of Ketchum, Idaho's basic financial statements and have issued my report thereon dated November 20, 2011. I conducted my 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 my audit, I considered the City of Ketchum, Idaho's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City's internal control over financial reporting.

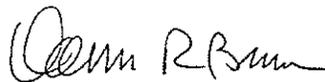
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination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

My 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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ketchum, Idaho's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of 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.



DENNIS R. BROWN
Certified Public Accountant