

AGENDA ITEM SUMMARY

DATE: 2/23/2009

DEPARTMENT: Legal

DEPT. HEAD SIGNATURE: 

SUBJECT:

Contract for Services Blaine County Housing Authority

AUTHORITY: ID Code _____ IAR _____ City Ordinance/Code _____
(IF APPLICABLE)

BACKGROUND/SUMMARY OF ALTERNATIVES CONSIDERED:

I am forwarding a proposed Contract for Services with the Blaine County Housing Authority. This is a one year contract. The services to be provided are the same as the services that the housing authority recently described in their presentation to the Mayor and Council. The consideration consists of the administrative fee and \$500/month.

Ned

FISCAL IMPACT / PROJECT FINANCIAL ANALYSIS: Casele # _____
Budget Line Item # _____ YTD Line Item Balance \$ _____
Estimated Hours Spent to Date: _____ Estimated Completion Date: _____
Staff Contact: _____ Phone # _____
Comments: _____

ACKNOWLEDGEMENT BY OTHER AFFECTED CITY DEPARTMENTS: (IF APPLICABLE)

<input checked="" type="checkbox"/> City Attorney	<input type="checkbox"/> Clerk / Finance Director	<input type="checkbox"/> Engineer	<input type="checkbox"/> Building
<input type="checkbox"/> Library	<input type="checkbox"/> Planning	<input type="checkbox"/> Fire Dept.	<input type="checkbox"/> _____
<input type="checkbox"/> Safety Committee	<input type="checkbox"/> P & Z Commission	<input type="checkbox"/> Police	<input type="checkbox"/> _____
<input type="checkbox"/> Streets	<input type="checkbox"/> Public Works, Parks	<input type="checkbox"/> Mayor	<input type="checkbox"/> _____

RECOMMENDATION FROM APPLICABLE DEPARTMENT HEAD:

Discuss the proposed Contract for Services, and if acceptable, then make a motion to approve the contract and authorize the Mayor to sign the contract.

FOLLOW-UP REMARKS:

CONTRACT FOR SERVICES

THIS CONTRACT FOR SERVICES ("Agreement") is made and entered into as of October 1, 2008, by and between the CITY OF HAILEY, IDAHO, a municipal corporation ("Hailey") and the BLAINE COUNTY HOUSING AUTHORITY, an Idaho housing authority ("BCHA") (Hailey and BCHA are collectively referred to as "Parties").

RECITALS

A. Hailey is a municipal corporation duly organized and existing under the laws of the State of Idaho.

B. BCHA is an Idaho independent public body, corporate and politic, duly organized and operating under the laws of the State of Idaho.

C. BCHA has proposed to assist the City of Hailey with affordable housing product development, to act as a clearinghouse for information and maintain community housing guidelines and monitor occupancy compliance.

D. Pursuant to Idaho Code §§ 50-301 and 50-302, Hailey is empowered to enter into contracts and take such steps as are reasonably necessary to maintain the peace, good government and welfare of the City.

E. Hailey has deed restricted community housing units and anticipates the construction of additional deed restricted community housing units within its municipal boundaries. The deed restricted community housing units may be income based deed restricted units, workforce deed restricted units or other deed restricted units.

F. The Parties have previously entered into a Contract for Services dated January 1, 2008 ("2008 Contract"), with a term expiring September 30, 2008.

G. The Parties wish to extend and amend the 2008 Contract and enter into a new contract for services.

H. The Parties recognize that i) BCHA is a central and convenient clearinghouse for candidates for income based deed restricted units and that BCHA is capable of monitoring compliance of income based and workforce deed restricted units, ii) the parties are supportive of appropriate modifications of the collection, analysis and presentation of data to better understand and identify the changing or varying needs within the different communities within Blaine County, iii) BCHA maintains the Blaine County Housing Guidelines, iv) the Guidelines are based on the needs identified in the Blaine County Needs Assessment, and v) the Guidelines are intended to supplement city and county land use and building codes.

I. In the future, Hailey intends to grant BCHA an interest in all income based and workforce deed restricted units, and in any other units that are deed restricted.

J. Subject to the terms and conditions of this Agreement, the Parties desire to enter into this Agreement with BCHA providing certain services for the consideration set forth herein.

AGREEMENT

NOW, THEREFORE, IN CONSIDERATION of the above recitals which are incorporated below, and of the mutual covenants and agreements herein contained and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Services Received. BCHA agrees to provide the following services to Hailey during the term of this Agreement:

Database Management:

- a. Maintain accurate, up-to-date database of qualified applicants for community housing.
- b. Match buyers and renters to available community housing units managed by BCHA as well as those managed by other civic organizations and governmental entities
- c. Provide data regarding the applicant database to the County, cities, developers and civic organizations requesting assistance in planning and allocating community housing

Asset Management:

- a. Manage the BCHA inventory of for-sale and rental community housing. This includes, but is not limited to: (i) monitoring occupancy annually to ensure compliance with the applicable BCHA deed covenants; (ii) preserving housing stock by ongoing annual monitoring and enforcement as provided for within the deed covenants, and (iii) providing referrals to counseling and consulting services to minimize any loss of community housing owners due to payment problems
- b. Provide Notices of Intent to Sell and Rent in a timely manner to facilitate quick sale and rent, as applicable.

Communication and Educations Programs:

- a. Be a resource for homebuyer education and credit counseling
- b. Communicate regularly to the external community (database, public at large, press, employers, real estate professionals, mortgage lenders) as well as the applicants and homeowners of Community Homes regarding BCHA programs, expertise, useful information and success stories
- c. Provide regular (not less often than quarterly) reports and regarding status of contract services. BCHA shall also provide to the Hailey City Clerk its annual audited financial statement and an annual report, no later than 180 days after the close of the BCHA fiscal year. In addition, BCHA shall present a semi-annual report to the Hailey City Council at a regular City Council meeting.
- d. Provide quarterly online newsletter with current news, tips and information about programs, activities and educational opportunities regarding community housing.
- e. Hold Housing Fairs, as needed, to educate and attract new candidates to the Community Homes Database of potential applicants

Planning:

- a. Facilitate ongoing planning for community housing by providing information regarding local needs and development standards) to government entities and public/private development entities;
- b. Seek to engage full community participation/feedback in program planning and service quality assurance issues.

Additional Services:

- a. BCHA shall enter into Notices of Intent to Sell for income and workforce based deed restricted units with applicable developers before a certificate of occupancy is issued for affordable units within a development. The Notices of Intent to Sell will allow the marketing of deed restricted units before the units are available for occupancy with the goal of reducing the period of non-occupancy.
- b. As may be requested, BCHA shall provide Hailey staff and/or officials with training and education relating to community housing and with information related to best practices regarding community housing and available resources for programs and services related to community housing, assistance with interpretation of the housing needs assessment and guidelines and input on development proposals related to the provision of community housing.

Excluded Services: Due to funding and staff shortages, BCHA will not take primary responsibility for, but will be a resource for, the following services during 2008/2009:

- a. Development and construction of new community housing
- b. Origination of grant proposals and proposals for designated government funding sources for operations or development
- c. Development of strategies for using in-lieu fees for buy-down, acquisition and/or subsidy programs
- d. Development of programs with non-profits and other agencies and mortgage lenders to take advantage of foreclosure and bank-owned real estate opportunities

2. Term. The term of this Agreement shall commence and be effective on the 1st day of October, 2008, and shall terminate on the 30th day of September, 2009. Notwithstanding any contrary provision of this Agreement, either party may terminate this Agreement effective upon ninety (90) days advance written notice to the other for any reason or no reason. In addition, the Parties agree that in the event BCHA fails, refuses or is unable to provide the services set forth hereinabove, the same shall constitute a default under the terms of this Agreement, and that Hailey shall have the power to terminate this Agreement upon fifteen (15) days' advance written notice to BCHA. Furthermore, this Agreement shall be terminable by Hailey upon five (5) days' advance written notice if BCHA is adjudicated bankrupt, or subject to the appointment of a receiver, or has any of its property attached, or becomes insolvent, or is unable to pay its debts as the same become due.

3. Consideration. In consideration for providing the services described in paragraph 1(of this Agreement, BCHA shall receive the administrative fee as specified in the income based

deed covenants and workforce deed covenants from the proceeds of the sales price at the time of closing. Following the execution of this Agreement, Hailey agrees to require an administrative fee of three percent (3%) of the gross sales price on all income based deed restricted units at the time of closing. For workforce market deed restricted units, Hailey agrees to require an administrative fee of three percent (3%) of the gross sales price, or two percent (2%) of the gross sales price in the event a realtor or realtors are utilized by sellers. In consideration for providing the services described in paragraph 1 of this Agreement, Hailey shall pay BCHA Five Hundred and no/100's Dollars (\$500.00) per month, beginning October 1, 2008, and continuing on the first day of every month thereafter for the term of this Agreement.

4. Special Projects. The Parties anticipate that Hailey will need the assistance of BCHA to further interpret and analyze the housing needs assessment and revise Hailey standards to better respond to and address the housing needs of Hailey employers and residents and that it would be appropriate for the Parties to enter into an agreement specifying the scope of the services involving the needs assessment and ordinance revisions.

5. Miscellaneous Provisions.

A. Law Governing. This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho.

B. Notices. Any notices permitted or required under this Agreement shall be deemed given upon the date of personal delivery or 48 hours after deposit in the United States mail, postage fully prepaid, return receipt requested, addressed to the Parties at the following addresses:

City of Hailey
115 S. Main Street, Suite H
Hailey, ID 83333

BCHA
Post Office Box 550
Hailey, ID 83333

or at any other address as any party may, from time to time, designate by notice given in compliance with this section.

C. Equal Employment Opportunity. BCHA covenants and agrees that it shall not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin.

D. Hold Harmless Agreement. Any contractual obligation entered into or assumed by BCHA, or any liability incurred by reason of personal injury and/or property damage in connection with or arising out of BCHA's obligations pursuant to this Agreement shall be the sole responsibility of BCHA, and BCHA covenants and agrees to indemnify and hold Hailey harmless from any and all claims or causes of action arising out of BCHA's activities and obligations as set forth hereinabove, including, but not limited to, personal injury, property damage and employee complaints.

E. Entire Agreement. This Agreement contains the entire agreement between the parties hereto and shall not be modified or changed in any manner, except by prior written agreement executed by the parties hereto. If any term or provision of this Agreement or

application thereof shall be declared invalid or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect.

F. Waiver. Failure of either party at any time to require performance of any provision of this Agreement shall not limit the party's right to enforce the provision, nor shall any waiver of any breach of any provision be a waiver of any succeeding breach of any provision or a waiver of the provision itself for any other provision.

G. Assignment. Except as otherwise provided within this Agreement, neither party hereto may transfer or assign this Agreement without prior written consent of the other party.

H. Attorney's Fees. In the event of any dispute with regard to the interpretation or enforcement of this Agreement, the prevailing party shall be entitled to recover his/her reasonable costs and attorneys' fees incurred therein, whether or not a lawsuit is actually filed, and on any appeals, and in any bankruptcy proceeding.

I. Presumption. This Agreement or any section thereof shall not be construed against any party due to the fact that this Agreement or any section thereof was drafted by a party.

J. Agreement Binding. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

K. Further Action. The parties hereto shall execute and deliver all documents, provide all information and take or forbear from all such action as may be necessary or appropriate to achieve the purposes of this Agreement.

L. Counterparts. This Agreement may be executed in several counterparts and all so executed shall constitute one agreement, binding on all the parties hereto even though all the parties are not signatories to the original or the same counterpart.

M. Remedies. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude nor waive its rights to use any or all other remedies. Any rights provided to the parties under this Agreement are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise. In the event of default, termination of this Agreement or dissolution of BCHA, Hailey shall have the right to demand that BCHA convey its interest in all Hailey income based deeds, workforce deeds or similar deeds to Hailey. In such an event of default, termination of this Agreement or dissolution of BCHA, Hailey shall have the right to pursue specific performance for the conveyance of BCHA's interest in the income based, workforce or similar deeds.

N. Severability. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the Agreement.

O. Authority. Each signatory agrees that he or she has full authority and consent to sign this Agreement.

P. Amendment. This Agreement may be revised, amended, or canceled in whole or in part, only by means of a written instrument executed by the Parties.

Q. Interpretation. This Agreement shall be liberally construed in accordance with the general purposes of this Agreement and interpreted and enforced under the laws of the State of Idaho. No presumption shall exist in favor of or against any party to this Agreement as the result of drafting and preparing this Agreement. The headings in this Agreement are inserted for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of the Agreement or any provisions of the Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Contract for Services to be executed on the day and years first written above.

BLAINE COUNTY HOUSING AUTHORITY CITY OF HAILEY

By _____

Title

By _____
Richard L Davis
Hailey Mayor

ATTEST:

By _____
Hailey City Clerk

DRAFT

CITY OF HAILEY, IDAHO

**BASIC FINANCIAL STATEMENTS
AND
SELECTED OTHER FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

CITY OF HAILEY, IDAHO

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Justamere Inn
401 Gooding Street North, Suite 201
P.O. Box 1293
Twin Falls, Idaho 83303-1293

Phone (208) 734-2077
Fax (208) 734-2079

office@hcmholmstead.com

Independent Auditor's Report

Honorable Mayor and City Council
City of Hailey
State of Idaho

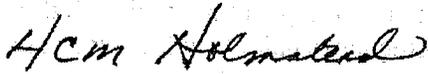
We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of City of Hailey, Idaho as of and for the year ending September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of City of Hailey, Idaho as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 18, 2009 on our consideration of City of Hailey's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of the audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.



HCM Holmstead, PLLC
February 18, 2009

Justamere Inn
401 Gooding Street North, Suite 201
P.O. Box 1293
Twin Falls, Idaho 83303-1293

Phone (208) 734-2077
Fax (208) 734-2079

office@hcmholmstead.com

REPORT ON COMPLIANCE

Honorable Mayor and City Council
City of Hailey
State of Idaho

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of City of Hailey, Idaho as of and for the year ending September 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal Control.

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

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

This report is intended solely for the information and use of management, City Council, and others within the City administration and is not intended to be and should not be used by anyone other than these specific parties.



HCM Holmstead, PLLC
February 18, 2009

CITY OF HAILEY
MANAGEMENT DISCUSSION AND ANALYSIS
September 30, 2008

This section of the City of Hailey's annual financial report presents management's discussion and analysis of the City's financial performance during the year ended September 30, 2008. Please use this information in conjunction with the information furnished in the City's financial statements.

FINANCIAL HIGHLIGHTS

- The total assets of the City of Hailey exceeded its liabilities at September 30, 2008 by \$24,080,020. Of this amount \$7,848,348 is unrestricted and available to meet the City's on-going obligations to citizens and creditors.
- During fiscal year 2008 the City's total net assets increased \$1,378,398. Net assets of the governmental activities increased \$1,340,196 and net assets of business type activities increased \$38,202.
- Total fund balance of governmental funds at September 30, 2008 was \$2,963,653 compared to a total governmental fund balance at September 30, 2007 of \$2,545,787.
- The City has \$3,696,136 in long-term debt, including debt still remaining on a sewer revenue bond, equipment purchases of snow blower and loader, and accrued compensated absences.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of five parts – management discussion and analysis, the government-wide financial statements, fund financial statements, notes to the financial statements, and required supplementary information.

Government- Wide Financial Statements

These statements report information about all of the operations of the City using accounting methods similar to those used by private sector businesses.

The government-wide financial statements are divided into two categories:

The Statement of Net Assets presents all of the City's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator or whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how government's assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This accrual basis of accounting requires that revenues are reported when they are earned and expenses are reported as soon as liabilities are incurred. Items such as uncollected taxes, unpaid vendor invoices for items received in the previous year, and earned but unused paid time off will be included in the statement of activities as revenues and expenses, even though the cash associated with these items will not yet be received or distributed.

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Examples of the government type activities of the City of Hailey include general government and administration, public safety and emergency services activities, community planning and development, and parks and library operations. The major business-type activities of the City include the water and sewer systems.

Fund Financial Statements

The Fund financial statements provide information about the City's major *funds*, not the City as a whole. The City uses fund accounting to separate specific sources of funds and corresponding expenditures. Funds may be required by law or may be established by the City Council to segregate funds for specific activities or objectives. The City of Hailey has the following funds:

CITY OF HAILEY
MANAGEMENT DISCUSSION AND ANALYSIS
September 30, 2008

Governmental Funds: These funds encompass the City's basic governmental and administrative services, public safety and emergency services, community planning and development, and parks and library. These are essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on short-term inflows and outflows of resources. Information provided by these statements provides a short-term view of what resources will be available to meet needs.

The City of Hailey has three governmental funds:

General Fund – The general fund is the general operating fund of the City. It derives most of its income from property tax, state taxes, franchises and fees for services, thereby funding operations.

Debt Service Fund – The Debt Service Fund is used to account for financial resources derived from the tax levied to pay off general obligation bond debt.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition of major capital facilities.

Proprietary Fund: User fees finance activities in these funds. The City of Hailey only has one type of propriety fund, the enterprise fund. The water and sewer utilities and all the activities necessary to support their operation are accounted for in this fund. Accounting for this fund is the same as a private business on a full accrual basis.

Notes to the Financial Statements

The notes provide additional information that is necessary to fully understand the data presented in the government-wide and fund financial statements.

Required Supplementary Information

This section has information that further explains and supports the information in the financial statements by including a comparison of the City's budget data for the year.

FINANCIAL ANALYSIS OF THE CITY OF HAILEY AS A WHOLE

A comparison of the City of Hailey's Assets, Liabilities and Net Assets

ASSETS	<u>2006-2007</u>	<u>2007-2008</u>
Current and Other Assets	7,958,909	8,569,722
Capital Assets	19,991,950	19,888,752
Total Assets	<u>27,950,859</u>	<u>28,458,474</u>
LIABILITIES		
Long-Term Liabilities	3,860,526	3,696,136
Other Liabilities	1,388,711	682,318
Total Liabilities	<u>5,249,237</u>	<u>4,378,454</u>
NET ASSETS		
Invested in Capital Assets, Net of Debt	15,296,667	16,231,671
Restricted	200,880	1
Unrestricted	7,204,075	7,848,348
Total Net Assets	<u><u>22,701,622</u></u>	<u><u>24,080,020</u></u>

CITY OF HAILEY
MANAGEMENT DISCUSSION AND ANALYSIS
September 30, 2008

Net Assets

Net assets measure the difference between what the City owns (assets) versus what the City owes (liabilities). The total assets of the City of Hailey exceeded its liabilities at September 30, 2008 by \$24,080,020, an increase of \$1,378,398 over the previous year's net asset balance of \$22,701,622. Of this amount \$7,848,348 is unrestricted and available to meet the City's on-going obligations to citizens and creditors, which is \$644,274 more than the previous year's unrestricted amount of \$7,204,075. The unrestricted net assets equal 32.6% of net assets.

The largest portion of the City's net assets, 67.4%, is invested in capital assets net of related debt. Capital assets include land, building, equipment and machinery, and infrastructure, and are used to provide services to the citizens and are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The city's net fixed assets increased in value by \$935,004, which sum is comprised largely of the new Keefer Park in central Woodside, and a new traffic light at Countryside Drive and State Highway 75, and a new snow blower.

Changes in Net Assets

During the year the City's financial position increased by \$1,378,405, compared to the previous year ending September 30, 2007, during which the City's financial position increased by \$2,927,622. The year prior to that, ending September 30, 2006, showed the City's financial position increasing by \$1,414,877. The 2007 spike was largely due to the timing of receipts from the State Revolving Loan Fund for a water storage tank project nearing construction completion during the summer of 2007.

Governmental Activities:

Governmental activities increased the City's net assets by \$1,340,199, compared to the previous year's \$376,995. This governmental increase in net assets is comparable most recently to 2004, during which the city's governmental activities net assets increased by \$920,102. During both 2004 and 2008, the city received annexation fees of approximately \$300,000 from Airport West and Old Cutters, respectively. The 2008 increase in governmental activities net assets is further enhanced by approximately \$242,000 in development impact fees. Finally, the fact that operational expenses are now budgeted such that they don't exceed operational revenues contributes significantly to the 2008 increase.

Business-Type Activities:

Business-type activities increased net assets by \$38,206, compared to the previous year's increase of \$2,550,627. The 2007 spike was largely due to the timing of receipts from the State Revolving Loan Fund for a water storage tank project nearing construction completion during the summer of 2007. Nevertheless, the 2008 amount is significantly less than previous years, which have ranged from just over \$380,000 in 2004 and 2005 to nearly \$534,000 in 2006. The business-type activities net asset increase of \$38,206 in 2008 can be attributed to refinements of our metered billing formulas now in place after water meters were activated.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

General Fund - the general fund is the principal fund used for the City's governmental operations. The fund balance at September 30, 2008 was \$2,805,410, a \$411,934 increase over the prior year's fund balance of \$2,393,476. The major factors increasing fund balance were twofold: a decrease in capital fund balance as several capital projects were completed, and an increase in operating fund balance, as general operating expenses were held more than \$600,000 below operational revenues.

CITY OF HAILEY
MANAGEMENT DISCUSSION AND ANALYSIS
September 30, 2008

The general fund balance currently contains the Fireworks Endowment Fund and the Capital Improvement Fund. Having tracked capital expenses through the end of several projects, the City plans to separate the Capital Improvement Fund from the General Fund in future financial reports.

General Fund Budgetary Highlights

There were no amendments made to the appropriated budget during the fiscal year. The general fund revenue exceeded its budgeted revenue by \$114,882. Included in this budgeted revenue was all anticipated annexation and park in lieu fees, grants, and capital reimbursements from developers.

General Fund expenses exceeded budgeted expenses by \$247,569. Not included in these budgeted expenses are capital projects which were expected to be completed in the previous year. Future financial reports will separate the Capital Improvement Fund activity from the General Operating Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2008 the City had \$19,888,752 invested in capital assets, (net of accumulated depreciation) compared to last year's \$19,408,675, an increase of \$480,077 compared to the previous year's increase of \$3,320,327. Net capital assets of governmental activities increased by \$1,063,498 and those of business-type activities decreased by \$583,422.

The City investment in capital assets includes land, park improvements, buildings, sewer and water lines, automobiles and equipment and street lights, sidewalks, and roads.

Long-Term Debt

The City has a 20-year sewer revenue bond of \$4.5 million, a long-term debt obligation through 2021. The current amount on the debt is \$3,315,029. A general obligation bond was fully retired on August 1, 2008, and held, at the end of its term, an excess fund balance of \$155,358. The City has an agreement with D.L. Evans Bank for purchase of a loader over a four-year period ending December 2009, and another agreement with Mountain West Bank for purchase of a snow blower over a three-year period ending January, 2011.

FY09 BUDGETARY CONSIDERATIONS

The City of Hailey bases the budget on a revenue analysis and projection. Over the past three years, a concentrated effort to discontinue a former practice of budgeting expenses in excess of operating revenue has proven successful. The passage of a Local Option Tax has significantly assisted Hailey's effort to generate sufficient operating revenue to cover operating expenses without fund balance being appropriated for operations. In a time of declining revenues, the practice of utilizing fund balance to subsidize operations could result in dangerously declining reserves.

Fund balance is still needed to defray operating expenses during the first quarter of each fiscal year, a period during which general fund revenue receipts lag behind expenses by nearly 15% of the operating budget (nearly \$650,000 in the first quarter of 2008/2009). Unlike when used to cover expenses not otherwise able to be paid for, these reserves are not budgeted, but are held for the purpose of defraying budgeted expenses until January 25, after which the receipt of property tax revenue restores the cash balance such that revenues are again in excess of expenses.

CITY OF HAILEY
MANAGEMENT DISCUSSION AND ANALYSIS
September 30, 2008

At the end of fiscal year 2008, the General Fund operating activity has been evaluated separately from capital projects drawn to completion, with the results being that a true operating fund balance of over \$600,000 has been identified from the year's activity. Hailey has now positioned itself to fully separate its Governmental Activities into a General Operating Fund and a distinct General Capital Improvement Fund, leaving all of the operational reserves in the former and all of the unspent annexation fees, development impact fees, park in lieu fees and other capital reserves in the latter. This separation of funds will benefit the city in several ways: 1) operational revenue and expenses can be tracked separately, and monitored against their own cash flow; 2) capital projects can be budgeted and the funds spent without detriment to operations or operational cash flow; 3) a former practice of utilizing capital fund balance to defray first quarter operating expenses will be discontinued; and 4) the financial position of the City of Hailey will be stated more clearly in its financial reports.

Budgetary considerations require that focused attention be directed toward declining revenue sources, including interest, state taxes, development permit fees, and local option taxes. Hailey will be challenged to find opportunities to control expenses in this economic climate, and find even more efficient ways of delivering services to its constituents.

Requests for Information

This report is designed to provide a general overview of the City of Hailey's finances for our citizens and customers. If you have questions about this report or need additional financial information contact the Finance Office: 115 Main Street S., Hailey, Idaho 83333, 788-4221.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Hailey
Statement of Net Assets
September 30, 2008

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ (549,069)	\$ 4,160,232	\$ 3,611,163
Investments	3,556,625	502,297	4,058,922
Accounts Receivable	410,501	346,618	757,119
Delinquent Taxes Receivable	61,635	-	61,635
Inventory	-	107,539	107,539
Total Current Assets	3,479,692	5,116,686	8,596,378
Non Current Assets			
Restricted Cash and Investments	1	-	1
Capital Assets, net of Accumulated Depreciation	6,748,678	13,140,073	19,888,751
Total Non Current Assets	6,748,679	13,140,073	19,888,752
Total Assets	10,228,371	18,256,759	28,485,130
LIABILITIES			
Current Liabilities			
Vouchers Payable	37,999	-	37,999
Accrued Payroll and Benefits Payable	69,720	-	69,720
Accrued Interest Payable	5,509	16,284	21,793
Surety and Security Bonds Payable	326,290	41,271	367,561
Note Payments Due Within One Year	-	185,000	185,000
Total Current Liabilities	439,518	242,555	682,073
Long-Term Debt			
Note Payments Due Beyond One Year	157,051	3,315,029	3,472,080
Accrued Compensated Absences	186,900	37,156	224,056
Total Long-Term Liabilities	343,951	3,352,185	3,696,136
Total Liabilities	783,469	3,594,740	4,378,209
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	6,591,627	9,640,044	16,231,671
Restricted	1	-	1
Unrestricted	2,853,272	5,021,975	7,875,247
Total Net Assets	\$ 9,444,900	\$ 14,662,019	\$ 24,106,919

See accompanying notes and accountants' report.

City of Hailey
Statement of Activities
For the Year Ended September 30, 2008

Functions/Programs	Direct Expenses	Indirect Expenses	Fees, Fines & Charges for Services	Operating Grants and Contributions	Net (Exp.) Revenue & Changes in Net Assets	
					Governmental Activities	Business-Type Activities
Governmental Activities:						
General Government:					\$ 599,715	-
Dedicated Projects	62,681	(62,681)	-	-	-	-
Legislative	202,617	(202,617)	-	-	-	-
Chief Executive	162,614	(162,614)	-	-	-	-
Engineering	163,359	(27,428)	10,113	5,520	(120,298)	-
Financial and Administrative	236,058	67,854	111,779	2,000	(190,133)	-
Planning and Zoning	1,212,487	62,420	290,287	388	(984,232)	-
Law Enforcement	168,105	80,106	243,166	11,464	(5,045)	-
Building Inspector	757,425	108,546	89,359	-	(765,148)	-
Streets	76,494	(76,494)	-	-	-	-
Public Works	416,473	58,336	18,425	1,500	(454,884)	-
Library	193,496	90,802	26,991	54,510	(202,797)	-
Parks and Recreation	562,146	63,770	27,259	113,991	(484,666)	-
Fire Control	5,125	-	-	-	(5,125)	-
Bond Interest and Fees	4,219,080	-	1,417,094	189,373	(2,612,613)	-
Total Government Activities						
Business-Type Activities:						
Water Revenue Fund	1,257,848	-	1,219,402	-	-	(38,446)
Sewer Revenue Fund	1,484,237	-	1,379,473	-	-	(104,764)
Water Replacement Fund	102,844	-	193,724	-	-	90,880
Sewer Replacement Fund	133,438	-	148,602	-	-	15,164
Total Business-Type Activities	2,978,367		2,941,201			(37,166)
Total	7,197,447		4,358,295	189,373	(2,612,613)	(37,166)
General Revenues						
Property Taxes					1,908,128	-
Local Option Taxes					371,877	-
State Allocations					1,099,688	-
Franchises					384,587	-
Earnings on Investments					215,784	75,372
Miscellaneous					5,426	-
Total General Revenues					3,985,490	75,372
Net Transfers (In) Out						
					1,372,877	38,206
Change in Net Assets					8,077,802	14,623,813
Net Assets - Beginning						
Net Assets - Ending					\$ 9,450,679	\$ 14,662,019

See accompanying notes and accountants' report.

FUND FINANCIAL STATEMENTS

**City of Hailey
Balance Sheet
Governmental Funds
September 30, 2008**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ (706,648)	\$ 154,694	\$ 2,885	\$ (549,069)
Investments	3,556,625			3,556,625
Accounts Receivable	410,501	-	-	410,501
Property Taxes Receivable	55,192	6,443	-	61,635
Total Assets	<u>3,315,670</u>	<u>161,137</u>	<u>2,885</u>	<u>3,479,692</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Vouchers Payable	\$ 37,999	\$ -	\$ -	\$ 37,999
Accrued Payroll Expenses	69,720	-	-	69,720
Surety and Security Bonds Payable	326,290	-	-	326,290
Deferred Revenue	49,351	5,779	-	55,130
Total Liabilities	<u>483,360</u>	<u>5,779</u>	<u>-</u>	<u>489,139</u>
Fund Balances				
Unreserved, Reported In:				
Designated Fund Balance				
General Fund	2,832,310			2,832,310
Debt Service Fund		155,358		155,358
Special Revenue Funds			2,885	2,885
Total Fund Balances	<u>2,832,310</u>	<u>155,358</u>	<u>2,885</u>	<u>2,990,553</u>
Total Liabilities and Fund Balances	<u>\$ 3,315,670</u>	<u>\$ 161,137</u>	<u>\$ 2,885</u>	<u>\$ 3,479,692</u>

See accompanying notes and accountants' report.

City of Hailey
**Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 For the Year Ended September 30, 2008**

Total Governmental Fund Balances	\$ 2,990,553
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>	6,748,678
<p>Property taxes collected beyond 60 days after year end are not recorded recorded as assets in the Governmental Funds Balance Sheet</p>	55,130
<p>Long-Term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the statement of net assets. Balances at September 30, 2008 are as follows:</p>	
Capital Leases	(157,050)
Accrued Interest Payable	(5,509)
Compensated Absences Payable	(186,900)
	(349,459)
Net Assets of Governmental Activities	\$ 9,444,902

See accompanying notes and accountants' report.

City of Hailey
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2008

	General Fund	Debt Service Fund	Other Governmental Funds	Total (Governmental Funds)
REVENUES				
Property Tax	\$ 1,709,092	\$ 190,111	\$ -	\$ 1,899,203
Fees and Fines	1,733,506	-	-	1,733,506
Licenses and Permits	349,368	-	-	349,368
Intergovernmental	1,176,057	-	-	1,176,057
Miscellaneous	413,175	5,943	-	419,118
Total Revenues	5,381,198	196,054	-	5,577,252
EXPENDITURES				
Dedicated Projects	-	-	-	-
Legislative	62,681	-	-	62,681
Chief Executive	189,627	-	-	189,627
Engineering	159,334	-	-	159,334
Financial and Administrative	143,404	-	-	143,404
Planning & Zoning	232,786	-	-	232,786
Law Enforcement	1,247,974	-	-	1,247,974
Animal Control	-	-	-	-
Building Inspector	171,666	-	-	171,666
Streets	1,350,474	-	-	1,350,474
Public Works	76,270	-	-	76,270
Library	411,732	-	-	411,732
Parks and Recreation	347,116	-	-	347,116
Fire Control	549,300	-	-	549,300
Debt Service:				-
Bond Interest and Fees	-	10,591	-	10,591
Bond Principal	-	179,534	-	179,534
Total Expenditures	4,942,364	190,125	-	5,132,489
Excess (Deficiency) of Revenues over Expenditures	438,834	5,929	-	444,763
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	438,834	5,929	-	444,763
Fund Balances, Beginning of Year	2,393,476	149,429	2,885	2,545,790
Fund Balances, End of Year	\$ 2,832,310	\$ 155,358	\$ 2,885	\$ 2,990,553

See accompanying notes and accountants' report.

City of Hailey
 Reconciliation of the Statement of Revenues
 and Changes in Fund Balance of Governmental Funds
 To the Statement of Activities
 For the Year Ended September 30, 2008

Net Change in Fund Balances - Total Governmental Funds \$ 444,763

The amounts reported for governmental activities in the Statement of Activities are different because:

Property tax revenues that are not received within sixty days after year end do not provide current financial resources and thus are not recorded as revenue in the Governmental Fund 8,925

Governmental funds report capital outlays as current expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.

In the current period, these amounts are:

Capital Outlay	\$ 1,020,718	
Depreciation Expense	<u>(339,615)</u>	
Excess of Depreciation Expense over Capital Outlay		681,103

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which repayments exceeded proceeds. 258,565

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of financial resource availability.

Decrease in Accrued Interest Payable	\$ 3,249	
Increase in Compensated Absences	<u>(29,505)</u>	
		<u>(26,256)</u>

Change in Net Assets of Governmental Activities \$ 1,367,100

See accompanying notes and accountants' report.

City of Hailey
Statement of Net Assets - Proprietary Funds
September 30, 2008

	<u>Water Revenue Fund</u>	<u>Sewer Revenue Fund</u>	<u>Water Replacement Fund</u>	<u>Sewer Replacement Fund</u>	<u>Total Proprietary Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,315,425	\$ 446,371	\$ 1,153,617	\$ 1,244,818	\$ 4,160,231
Investment			502,297	-	502,297
Accounts Receivable, Net	194,556	152,062	-	-	346,618
Inventory	107,539	-	-	-	107,539
Restricted Cash & Investments	-	-	-	-	-
Interfund Receivable	-	-	98,651	-	98,651
Construction In Progress	-	-	-	-	-
Property, Plant and Equipment, Net	<u>7,030,791</u>	<u>6,109,282</u>	<u>-</u>	<u>-</u>	<u>13,140,073</u>
Total Assets	<u>8,648,311</u>	<u>6,707,715</u>	<u>1,754,565</u>	<u>1,244,818</u>	<u>18,355,409</u>
LIABILITIES					
Current Liabilities:					
Vouchers Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Payroll Expense	-	-	-	-	-
Accrued Interest Payable	-	16,283	-	-	16,283
Security Deposits	41,271	-	-	-	41,271
Current Portion of Interfund Payable	-	50,000	-	-	50,000
Current Portion of Long-Term Debt	-	185,000	-	-	185,000
Non-Current Liabilities					
Interfund Payable	-	48,651	-	-	48,651
Surety and Security Bonds	-	-	-	-	-
Accrued Compensated Absences	15,021	22,135	-	-	37,156
Sewer Revenue Bonds	-	3,315,029	-	-	3,315,029
Total Liabilities	56,292	3,637,098	-	-	3,693,390
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	7,030,791	2,609,253	-	-	9,640,044
Reserved for System Replacement			1,754,565	1,244,818	2,999,383
Unreserved	1,561,228	461,364	-	-	2,022,592
Total Net Assets	<u>\$ 8,592,019</u>	<u>\$ 3,070,617</u>	<u>\$ 1,754,565</u>	<u>\$ 1,244,818</u>	<u>\$ 14,662,019</u>

See accompanying notes and accountants' report.

City of Hailey
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds
For the Year Ended September 30, 2008

	Water Revenue Fund	Sewer Revenue Fund	Water Replacement Fund	Sewer Replacement Fund	Total Proprietary Funds
OPERATING REVENUES					
User Charges	\$ 1,183,736	\$ 1,355,541	\$ 1	\$ 9	\$ 2,539,287
Hook-Up and Inspection Fees	28,074	23,932	193,722	148,593	394,321
Miscellaneous	-	-	-	-	-
Total Operating Revenues	<u>1,211,810</u>	<u>1,379,473</u>	<u>193,723</u>	<u>148,602</u>	<u>2,933,608</u>
OPERATING EXPENSES					
Salaries and Benefits	525,671	519,173	-	-	1,044,844
Office Supplies and Postage	6,281	8,691	-	-	14,972
Chemical and Lab Testing	7,368	11,820	-	-	19,188
Advertising and Publishing	2,836	2,181	-	-	5,017
Legal and Audit	36,168	34,898	-	-	71,066
Insurance	39,375	38,304	-	-	77,679
Travel and Meetings	3,881	3,496	-	-	7,377
Dues and Subscriptions	2,967	2,378	-	-	5,345
Telephone	7,010	6,870	-	-	13,880
Utilities and Rent	61,397	90,627	-	-	152,024
Gas and Oil	12,964	22,505	-	-	35,469
Repairs and Maintenance	13,558	49,611	98,889	61,267	223,325
Depreciation	318,779	409,988	-	-	728,767
Services	72,013	28,206	1,603	-	101,822
Prevention Program	291	1,440	145	-	1,876
Reimbursements and Clothing	5,097	5,259	-	-	10,356
Education and Miscellaneous	9,251	7,228	-	-	16,479
Supplies	6,901	11,655	-	-	18,556
Special Project & Capital Outlay	25,602	60,931	2,206	72,172	160,911
Total Operating Expenses	<u>1,157,410</u>	<u>1,315,261</u>	<u>102,843</u>	<u>133,439</u>	<u>2,708,953</u>
Operating Income (Loss) 54,400		64,212	90,880	15,163	224,655
Non-Operating Revenues (Expenses)					
Grant Revenue	7,591	-	-	-	7,591
Interest Earned	11,862	16,137	26,916	20,458	75,373
Interest Expense		(168,976)			(168,976)
Total Non-Operating Revenues (Expenses)	<u>19,453</u>	<u>(152,839)</u>	<u>26,916</u>	<u>20,458</u>	<u>(86,012)</u>
Income (Loss) Before Other Adjustments	73,853	(88,627)	117,796	35,621	138,643
Other Adjustments to Net Assets					
Capitalization of Deprec. Property and Inventory	(100,437)	-	-	-	(100,437)
Transfer of Cash and Replacement Property	-	-	-	-	-
Total Other Adjustments To Net Assets	<u>(100,437)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,437)</u>
Change in Net Assets	(26,584)	(88,627)	117,796	35,621	38,206
Net Assets Beginning of Period	<u>8,618,603</u>	<u>3,159,244</u>	<u>1,636,769</u>	<u>1,209,197</u>	<u>14,623,813</u>
Net Assets End of Period	<u>\$ 8,592,019</u>	<u>\$ 3,070,617</u>	<u>\$ 1,754,565</u>	<u>\$ 1,244,818</u>	<u>\$ 14,662,019</u>

See accompanying notes and accountants' report.

City of Hailey
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2008

	Water Revenue Fund	Sewer Revenue Fund	Water Replacement Fund	Sewer Replacement Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 1,272,679	\$ 1,397,443	\$ 193,723	\$ 148,602	\$ 3,012,447
Cash Payments to Suppliers for Goods	(208,826)	(386,100)	(102,843)	(133,439)	(831,208)
Cash Payments to Employees for Services	(526,742)	(513,496)	-	-	(1,040,238)
Net Cash Provided (Used) by Operating Activities	537,111	497,847	90,880	15,163	1,141,001
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interest paid	-	(7,512)	-	-	-
Principal (Paid) Received on Long-Term Debt	-	(50,000)	50,000	-	-
Cash Advanced to (from) Other Funds	-	-	-	-	-
Cash Received from Grants	7,587	-	-	-	7,587
Net Cash Provided (Used) by Noncapital Financing Activities	7,587	(57,512)	50,000	-	7,587
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(189,906)	(55,875)	-	-	(245,781)
Increase in Investments	-	-	4,016	506,313	-
Reduction of Debt	-	(196,364)	-	-	(196,364)
Interest Paid	-	(161,509)	-	-	(161,509)
Net Cash Provided (Used) by Capital and Related Financing Activities	(189,906)	(413,748)	4,016	506,313	(93,325)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	11,863	16,136	26,915	20,456	75,370
Redemption of Investments	-	-	-	-	-
Net Cash Provided (Used) by Financing Activities	11,863	16,136	26,915	20,456	75,370
Net Increase (Decrease) in Cash	366,655	42,723	171,811	541,932	1,123,121
CASH - BEGINNING OF YEAR	<u>948,770</u>	<u>403,648</u>	<u>981,806</u>	<u>702,886</u>	<u>3,037,110</u>
CASH (OVERDRAFT) - END OF YEAR	<u>\$ 1,315,425</u>	<u>\$ 446,371</u>	<u>\$ 1,153,617</u>	<u>\$ 1,244,818</u>	<u>\$ 4,160,231</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 54,400	\$ 64,212	\$ 90,880	\$ 15,163	\$ 224,655
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation	318,779	409,988	-	-	728,767
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	60,869	17,970	-	-	78,839
(Increase) Decrease in Inventory	100,437	-	-	-	100,437
Increase (Decrease) in Vouchers Payable	-	-	-	-	-
Increase (Decrease) in Accrued Payroll Expense	-	-	-	-	-
Increase (Decrease) in Security Deposits	3,697	-	-	-	3,697
Increase (Decrease) in Compensated Absences	(1,071)	5,677	-	-	4,606
Total Adjustments	482,711	433,635	-	-	916,346
Net Cash Provided (Used) by Operating Activities	<u>\$ 537,111</u>	<u>\$ 497,847</u>	<u>\$ 90,880</u>	<u>\$ 15,163</u>	<u>\$ 1,141,001</u>

See accompanying notes and accountants' report.

NOTES TO FINANCIAL STATEMENTS

CITY OF HAILEY, IDAHO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hailey was incorporated in 1909. The City operates under a Mayor-Council form of government and provides the following services: public safety, public works, recreation, social services, and community development. The City also provides water and waste water services which are financed by user charges. The significant revenues and receivables are generated by the residents of the City of Hailey through property tax and water and waste water charges.

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

1. Financial Reporting Entity

The City's financial statements include the accounts of all operations under the oversight authority of the City Council and those of separately administered organizations over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

2. Government-Wide and Fund Financial Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These statements report financial information for the City as a whole excluding fiduciary activities such as employee pension plans. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

CITY OF HAILEY, IDAHO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

2. Government-Wide and Fund Financial Statements (cont.)

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

3. Measurement Focus and Basis of Accounting

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

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

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

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, and intergovernmental revenues. In general, other revenues are recognized when cash is received.

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

**CITY OF HAILEY, IDAHO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

4. Fund Accounting

The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

GOVERNMENTAL FUNDS

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources not reported in another fund.

Debt Service Funds — The debt service fund is used to account for the accumulation of financial resources for the payment of principal and interest on the City's governmental debt.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise funds include Water, Waste Water, Water Replacement and Waste Water Replacement. All but Waste Water Replacement are reported as major enterprise funds.

OTHER FUND TYPES

The City also reports the following fund types:

Capital Projects Funds - These funds account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions. The fund is currently inactive with an amount of cash remaining in the fund.

Fiduciary Funds - Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include expendable trust funds, non-expendable trust funds, and agency funds. The agency fund in use by the City of Hailey is L.I.D 92-1.

**CITY OF HAILEY, IDAHO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

5. Budgetary Data

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

- a. Prior to September 1, the City Clerk submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- b. After reviewing the preliminary budget, the Council sets a public budget hearing to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally enacted through passage of an ordinance.

The budget is prepared on the modified accrual basis of accounting, as described above.

The City does not use the encumbrance method of accounting.

6. Cash and Cash Equivalents

The City maintains and controls cash and investment pools in which the primary government funds share. Each fund's portion of a pool is displayed on its respective balance sheet.

For purposes of the Statement of Cash Flows, the enterprise funds consider cash and cash equivalents to include cash on hand and all amounts on deposit with financial institutions.

7. Inventory

Inventories in governmental funds are considered to be immaterial and are not reported. Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis.

8. Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. The City has not, nor is required to retroactively report infrastructure assets. The City has capitalized all acquired infrastructure after October 1, 2003.

CITY OF HAILEY, IDAHO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

8. Capital Assets, Depreciation, and Amortization (cont.)

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

Buildings and Improvements	20-50
Equipment	5-15
Infrastructure	15-20
Books	5-10
Trucks and Vehicles	3-10

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets.

9. Long-Term Debt

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities.

The governmental fund financial statements recognize the proceeds of debt as other financing sources of the current period.

NOTE B - CASH AND INVESTMENTS

Interest Rate Risk — The City does not have a formal investment policy that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk — The City has no investment policy which would further limit its investment choices beyond those stated in Idaho Code. The City's investment in the State Treasurer's Investment Pool is not currently rated. All deposits in the State Investment Pool are either FDIC insured or fully collateralized, with securities held in trust by the State Treasurer but not in the name of the City of Hailey

Concentration of Credit Risk — The City places no limit on the amount the City may invest in any one issuer.

Custodial Credit Risk, Deposits — Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. The City's pooled and non-pooled deposits are categorized to give an indication of the level of risk assumed by the City at fiscal year-end. The cash is recorded in terms of United States currency and consists of the following:

**CITY OF HAILEY, IDAHO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

NOTE B - CASH AND INVESTMENTS (cont.)

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Mountain West Bank - Checking	\$ 4,446	\$ 4,446
Mountain West Bank - Cash Management	(532,402)	81,517
Bank of America - Interest Bearing Checking	6,775	6,444
Cash on Hand	300	300
Chase - Checking	21,995	21,995
State of Idaho Investment Pool	4,110,047	3,978,902
Piper Jaffray Investment	<u>4,058,922</u>	<u>4,058,922</u>
Total Cash and Investments	<u>\$7,670,083</u>	<u>\$8,152,526</u>

There are three categories of credit risk that apply to the City's cash and investments:

- 1) Insured or collateralized or for which the securities are held by the City or the City's agent in the City's name;
- 2) Uninsured and uncollateralized; or
- 3) Uninsured and unregistered for which the securities are held by the counter party or by its trust department or agent but not in the City's name. This category also includes repurchase agreements with no underlying securities.

Balances are held in each category are as follows:

	<u>Categories</u>			<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Deposits	\$33,516	\$(532,402)	-	\$(498,886)
Investment in Piper Jaffray				4,058,922
Investments in State of Idaho's Investment Pool				<u>4,110,047</u>
Total Cash and Investments				<u>\$7,670,083</u>

Funds held in the Water Replacement and Waste Water Replacement Funds (Enterprise Funds) in the amount of \$2,845,968 are reserved for repairs and replacement of the existing systems and equipment.

NOTE C - DELINQUENT TAXES RECEIVABLE

Property taxes are levied in November of each year and recognized as revenue when the tax notices are printed. Taxes are due in two equal installments at December and June following the levy date.

CITY OF HAILEY, IDAHO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

NOTE C - DELINQUENT TAXES RECEIVABLE (cont.)

If payment is not received upon the due dates, a 2% penalty is charged and taxes are classified as past due subject to 12% interest. Taxes receivable are stated at taxes levied less amounts collected and canceled.

The City has not experienced any significant loss of delinquent taxes receivable in past years, and, therefore, does not consider it necessary to establish any allowance for uncollectible taxes receivable. The City feels secure in the right of the County to take tax deeds on property for the collection of real property taxes and the City's ability to take tax anticipation notes if needed to finance liabilities of the current period. Deferred revenue has been recorded as recommended by NCGA Interpretation #3 - "Revenue Recognition".

NOTE D - ACCOUNTS RECEIVABLE

The City charges for water and waste water services and garbage collection on the first of the month for usage during that month. Therefore, the user normally prepays utilities provided by the City and these are recognized in a separate ledger account as deferred revenue. At the end of each month the payment is applied to charges for services based on a predetermined occupancy rate. The balance of accounts receivable is for billings occurring September 1, 2008 and prior. Due to water and waste water services that would be terminated if an account goes 90 days overdue, very few accounts become uncollectible. If an account goes over 120 days then the City will make an allowance for the bad debt.

The following funds have uncollected receivables at September 30, 2008:

	General		Waste Water	
	Fund	Water Fund	Fund	Total
Utility Receivables	\$ 112,939	\$ 194,556	\$ 152,062	\$459,557
State Highway Users Tax	68,173	-	-	68,173
State Sales Tax	141,355	-	-	141,355
State Liquor Distribution	29,980	-	-	29,980
Building and Connection Permits	16,211	-	-	16,211
Local Option Tax	26,656	-	-	26,656
Misc. and Misc. Grants	17,861	-	-	17,861
Total Receivables	\$ 413,175	\$ 194,556	\$ 152,062	\$759,793

CITY OF HAILEY, IDAHO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

NOTE E - INTERFUND RECEIVABLES / PAYABLES

This account represents amounts due between funds for the following purposes:

	<u>Enterprise</u>	
	<u>Waste</u>	<u>Water</u>
	<u>Water</u>	<u>Replacement</u>
Sewer System Loan	\$(98,651)	\$98,651

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2008, is as follows:

	Balance 9/30/2007	Additions	Deductions	Balance 9/30/2008
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land, Easements and Collections	\$ 1,669,008	\$ -	\$ -	\$ 1,669,008
Capital Assets, Being Depreciated				
Buildings and improvements	3,134,185	171,482	-	3,305,667
Equipment	3,017,923	1,003,292	(232,474)	3,788,741
Infrastructure	67,202	193,764	-	260,966
Books	251,301	-	-	251,301
Trucks & Vehicles	696,727	312,624	(94,500)	914,851
Total Capital Assets, Being Depreciated	7,167,338	1,681,162	(326,974)	8,521,526
Less Accumulated Depreciation:				
Buildings and Improvements	(921,745)	(85,337)	-	(1,007,082)
Equipment	(1,586,318)	(164,328)	80,265	(1,670,381)
Infrastructure	(11,162)	(5,332)	-	(16,494)
Books	(170,548)	(17,630)	-	(188,178)
Trucks & Vehicles	(461,394)	(66,988)	101,730	(426,652)
Total Accumulated Depreciation	(3,151,167)	(339,615)	181,995	(3,308,787)
Capital Assets, Net	\$ 5,685,179	\$ 1,341,547	\$ (144,979)	\$ 6,881,747
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land and Easements	\$ 235,391	\$ -	\$ -	\$ 235,391
Capital Assets, Being Depreciated				
Buildings and Improvements	474,029	46,980	-	521,009
Equipment	3,757,825	80,303	(255,963)	3,582,165
Infrastructure	14,034,353	-	-	14,034,353
Trucks & Vehicles	503,917	100,987	(18,851)	586,053
Total Capital Assets, Being Depreciated	18,770,124	228,270	(274,814)	18,723,580
Less Accumulated Depreciation:				
Buildings and Improvements	(118,698)	(18,258)	-	(136,956)
Equipment	(979,294)	(181,107)	15,381	(1,145,020)
Infrastructure	(3,929,773)	(446,621)	-	(4,376,394)
Trucks & Vehicles	(254,255)	(55,559)	83,548	(226,266)
Total Accumulated Depreciation	(5,282,020)	(701,545)	98,929	(5,884,636)
Capital Assets, Net	\$ 13,723,495	\$ (473,275)	\$ (175,885)	\$ 13,074,335

**CITY OF HAILEY, IDAHO
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

NOTE F — CAPITAL ASSETS (cont.)

The following depreciation has been charged to the respective programs in the government wide statements:

Finance	\$33,551	Streets	161,305
Law Enforcement	21,332	Library	24,831
Building Inspector	4,039	Parks	46,067
		Fire	48,490
			\$339,615

NOTE G - VOUCHERS PAYABLE AND ACCRUED LIABILITIES

Vouchers payable and accrued expenses are stated at cost and are recognized liabilities for goods and services rendered to the City as of September 30.

NOTE H - DEFERRED REVENUE. GENERAL FUND

Deferred revenue of the Governmental Funds consists of delinquent taxes receivable not collected within 60 days of the fiscal year end.

NOTE I - ACCRUED COMPENSATED ABSENCES

Compensated absences for vacation pay, sick pay and "comp" time have been accrued. "Comp" time is computed at the rate of 1-hour overtime equals 1.5 hours off. Compensated absences are reported as accrued in the government-wide and proprietary fund financial statements. Such compensation in the governmental fund financial statements will be paid from future resources of the City and is, therefore, reported only if matured compensated absences are payable to currently terminating employees, when it is included in accrued payroll and benefits.

NOTE J - LONG-TERM OBLIGATIONS

The City has entered into the following agreements. Although the lease agreements provide cancellation clauses for termination of the lease due to non-appropriation of funds by the City (lessee) for any fiscal period during the term of the lease, the likelihood of the lease being canceled is considered remote. Therefore, the leases are presented for financial purposes as capital leases. The capital leases are secured by said equipment.

**CITY OF HAILEY, IDAHO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

NOTE J - LONG-TERM OBLIGATIONS (cont.)

<u>Description</u>	<u>Maturity Date</u>	<u>Rate</u>	<u>Amount Outstanding 9/30/2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Amount Outstanding 9/30/2008</u>	<u>Amount Due in One Year</u>
GENERAL FUND							
Capital Leases:							
2006 Loader	12/15/2009	4.43%	\$ 230,616	\$ -	\$ 73,565	\$ 157,051	\$ 76,824
Snowblower	2/1/2010	5.41%	249,100		137,962	111,138	54,105
Bonds:							
2003 GO Refunding Bonds	N/A	N/A	185,000	-	185,000	-	-
Other:							
Acc. Comp. Absences	N/A		157,369	29,531	-	186,900	-
Total General Fund			<u>\$ 822,085</u>	<u>\$ 29,531</u>	<u>\$ 396,527</u>	<u>\$ 455,089</u>	<u>\$ 130,929</u>
PROPRIETARY FUNDS							
Bonds:							
Sewer Bond	3/1/2021	Various	\$ 3,696,393	\$ -	\$ 196,365	\$ 3,500,028	\$ 185,000
Other:							
Acc. Comp. Absences	N/A		32,550	4,606		\$ 37,156	-
Total Proprietary Fund			<u>\$ 3,728,943</u>	<u>\$ 4,606</u>	<u>\$ 196,365</u>	<u>\$ 3,537,184</u>	<u>\$ 185,000</u>

Note and bond sinking fund requirements at the balance sheet date are as follows:

<u>Year Ended</u>	<u>Governmental</u>		<u>Proprietary</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	-	-	235,000	174,202
2010	-	-	243,651	163,575
2011	-	-	205,000	153,442
Thereafter	-	-	2,948,453	777,704
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,632,104</u>	<u>\$1,289,923</u>

CITY OF HAILEY, IDAHO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

NOTE L - SEWER REVENUE BONDS

On April 17, 2001, the City of Hailey issued revenue bonds to advance refund a Department of Environmental Quality (DEQ) loan of \$4,500,000. The DEQ loan had accrued interest of \$209,319 and carried an interest rate of 4.5%. Due to DEQ requesting the city to pay off the loan by using public funds at a higher interest rate, they were willing to forgive all but \$1,271 of the accrued interest on the loan. This transaction resulted in no economic gain or loss to the City by refunding the DEQ loan. There will be an additional cash flow requirement over the life of the new loan in the amount of \$161,280.

Revenues of the Waste Water Fund serve as collateral for bond payments. A bond maturity and interest schedule of the newly issued bonds follows:

Sewer Revenue Bond 2001 Amortization Schedule

City of Hailey

\$4,500,000 dated April 17, 2001

<u>Payment Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total</u>	<u>Total by Fiscal Year</u>
3/1/2009	185,000	4.500%	88,144	273,144	
9/1/2009			83,981	83,981	357,125
3/1/2010	195,000	4.500%	83,981	278,981	
9/1/2010			79,594	79,594	358,575
3/1/2011	205,000	5.625%	79,594	284,594	
9/1/2011			73,828	73,828	358,422
3/1/2012	220,000	5.625%	73,828	293,828	
9/1/2012			67,641	67,641	361,469
3/1/2013	230,000	5.625%	67,641	297,641	
9/1/2013			61,172	61,172	358,813
3/1/2014	245,000	5.625%	61,172	306,172	
9/1/2014			54,281	54,281	360,453
3/1/2015	260,000	5.625%	54,281	314,281	
9/1/2015			46,969	46,969	361,250
3/1/2016	270,000	5.625%	46,969	316,969	
9/1/2016			39,375	39,375	356,344
3/1/2017	285,000	5.000%	39,375	324,375	
9/1/2017			32,250	32,250	356,625
3/1/2018	300,000	5.000%	32,250	332,250	
9/1/2018			24,750	24,750	357,000
3/1/2019	315,000	5.000%	24,750	339,750	
9/1/2019			16,875	16,875	356,625
3/1/2020	330,000	5.000%	16,875	346,875	
9/1/2020			8,625	8,625	355,500
3/1/2021	345,000	5.000%	8,625	353,625	353,625
	<u>3,385,000</u>		<u>1,266,826</u>	<u>4,651,826</u>	<u>4,651,826</u>

CITY OF HAILEY, IDAHO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

NOTE L - SEWER REVENUE BONDS (cont.)

Because the interest rate is higher on the bonds than would have been paid to DEQ, the interest accrued at the time of the bonding plus cash accrued at the time of bonding will be amortized (reduce interest expense) over the life of the bonds. The Sewer Revenue Bond payable is comprised of the following:

Sewer Revenue Bonds Outstanding	\$ 3,385,000
Unamortized Interest Expense	115,029
	<u>\$ 3,500,029</u>

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

After five 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 forty-two months.

The contribution requirements of the City of Hailey and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended September 30, 2007, the required contribution rate as a percentage of covered payroll for members was 6.23% for general members and 7.65% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighters. The City of Hailey contributions required and paid were \$297,254, \$292,647 and \$278,725 for the three years ended September 30, 2008, 2007, and 2006 respectively.

**CITY OF HAILEY, IDAHO
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

NOTE N - INVESTMENT IN JOINT VENTURE - FRIEDMAN MEMORIAL AIRPORT

Effective October 1, 1994, Blaine County, Idaho and the City of Hailey, Idaho entered into a Joint Powers Agreement creating the Friedman Memorial Airport Authority for the purpose of operating and managing airport activities in City of Hailey, Idaho. The Authority is a public entity of the State of Idaho and therefore the Authority's income is exempt from Federal and Idaho income taxes. A five-member board governs the Airport Authority with two members representing Blaine County, two members representing the City of Hailey and one member who is unanimously selected by the other four members. The Authority has hired employees to provide for the day-to-day operations and management.

Pursuant to the Joint Powers Agreement, all buildings, improvements, facilities, equipment, and personal property used by the Authority were conveyed by Blaine County and the City of Hailey to the Authority for use and benefit of the Authority and title thereof shall be held by the Authority. Upon termination of this Agreement, title to all buildings, improvements, facilities, equipment and personal property held by the Authority shall vest jointly in Blaine County and the City of Hailey.

Audited financial statements of the Friedman Memorial Airport Authority for the year ended September 30, 2008 can be obtained at the Airport, Blaine County, or the City of Hailey offices.

During the Airport Authority's fiscal year ending September 30, 2008, the City of Hailey's share of the Retained Earnings/Equity increased \$3,989,936 and the City's share of Net Assets is \$18,477,030.

NOTE O - RISK MANAGEMENT

A City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year, the City contracted with Idaho County Risk Management Program (ICRMP) for property, crime and fleet insurance and the State Insurance Fund for workman's compensation. Under the terms of the ICRMP policy, The City of Hailey's liability is limited to the amount of annual financial membership contributions including \$1,000 per occurrence deductible with a \$10,000 annual aggregate stop-loss. There has been no significant reduction in insurance coverage in the current year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE P - COMPARATIVE FINANCIAL STATEMENTS

Because of grouping of accounts maintained by the City, some changes have occurred in the manner of presentation of corresponding items in financial statements from prior years and differences may exist for comparative purposes.

REQUIRED SUPPLEMENTARY INFORMATION

City of Hailey
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended September 30, 2008

	Original & Final Budget	Actual	Variance with Final Budget
REVENUES:			
Property Taxes, Penalty and Interest	\$ 1,714,797	\$ 1,709,092	\$ (5,705)
Fees and Fines	1,904,899	1,733,506	(171,393)
Licenses and Permits	473,375	349,368	(124,007)
Intergovernmental	1,015,000	1,176,057	161,057
Miscellaneous	158,000	413,175	255,175
Total Revenues	5,266,071	5,381,198	115,127
EXPENDITURES:			
Legislative	75,518	62,681	12,837
Chief Executive	146,957	189,627	(42,670)
Engineering	45,010	159,334	(114,324)
Financial and Administrative	176,993	143,404	33,589
Planning and Zoning	266,287	232,786	33,501
Law Enforcement	1,311,309	1,247,974	63,335
Animal Control	-	-	-
Building Inspector	195,480	171,666	23,814
Streets	1,115,947	1,350,474	(234,527)
Public Works	162,140	76,270	85,870
Library	448,773	411,732	37,041
Parks and Recreation	201,151	347,116	(145,965)
Fire Control	549,230	549,300	(70)
Capital Outlay	-	-	-
Total Expenditures	4,694,795	4,942,364	(247,569)
Excess (Deficit) Revenues Over Expenditures	571,276	438,834	(132,442)
Transfers In (Out)	-	-	-
Net Change in Fund Balance	571,276	438,834	(132,442)
FUND BALANCE BEGINNING OF YEAR	2,393,476	2,393,476	-
FUND BALANCE END OF YEAR	\$ 2,964,752	\$ 2,832,310	\$ (132,442)

See accompanying notes and accountants' report.

City of Hailey
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - Debt Service Fund
 For the Year Ended September 30, 2008

	Original & Final Budget	Actual	Variance With Final Budget
REVENUES:			
Property Tax	\$ 190,625	\$ 190,111	\$ (514)
Miscellaneous	-	5,943	5,943
Total Revenues	<u>190,625</u>	<u>196,054</u>	<u>5,429</u>
EXPENDITURES:			
Bond Interest	-	10,591	(10,591)
Bond Principal	190,625	179,534	11,091
Total Expenditures	<u>190,625</u>	<u>190,125</u>	<u>500</u>
Excess (Deficit) Revenues Over Expenditures	-	5,929	5,929
Transfers In (Out)	-	-	-
Net Change in Fund Balance	-	5,929	5,929
FUND BALANCE BEGINNING OF YEAR	<u>149,429</u>	<u>149,429</u>	<u>149,429</u>
FUND BALANCE END OF YEAR	<u>\$ 149,429</u>	<u>\$ 155,358</u>	<u>\$ 155,358</u>

See accompanying notes and accountants' report.

SUPPLEMENTARY INFORMATION

City of Hailey
Statement of Revenues, Expenses, and Changes in Net Assets
Budget and Actual - Water Fund
For the Year Ended September 30, 2008

	Original & Final Budget	Actual	Variance With Final Budget
OPERATING REVENUES			
User Charges	\$ 973,810	\$ 1,183,736	209,926
Hook-Up and Inspection Fees	174,031	28,074	(145,957)
Miscellaneous	-	-	-
Total Operating Revenues	<u>1,147,841</u>	<u>1,211,810</u>	<u>63,969</u>
OPERATING EXPENSES			
Salaries and Benefits	731,253	525,671	205,582
Office Supplies and Postage	8,500	6,281	2,219
Chemical and Lab Testing	6,000	7,368	(1,368)
Advertising and Publishing	5,867	2,836	3,031
Legal and Audit	36,953	36,168	785
Insurance	40,598	39,375	1,223
Travel and Meetings	6,758	3,881	2,877
Dues and Subscriptions	3,467	2,967	500
Telephone	14,067	7,010	7,057
Utilities and Rent	72,500	61,397	11,103
Gas and Oil	15,480	12,964	2,516
Repairs and Maintenance	38,721	13,558	25,163
Depreciation	-	318,779	(318,779)
Services	68,048	72,013	(3,965)
Prevention Program	1,370	291	1,079
Reimbursements and Clothing	6,500	5,097	1,403
Education and Miscellaneous	11,080	9,251	1,829
Supplies	10,913	6,901	4,012
Special Project & Capital Outlay	19,395	25,602	(6,207)
Total Operating Expenses	<u>1,097,470</u>	<u>1,157,410</u>	<u>(59,940)</u>
Operating Income (Loss)	50,371	54,400	123,909
Non-Operating Revenues (Expenses)			
Grant Revenue	-	7,591	7,591
Interest Earned	-	11,862	11,862
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>19,453</u>	<u>19,453</u>
Income (Loss) Before Other Adjustments	50,371	73,853	143,362
Other Adjustments to Retained Earnings			
Transfer of Depreciable Property and Inventory	-	(100,437)	(100,437)
Transfer of Cash	-	-	-
Total Other Adjustments To Net Assets	<u>-</u>	<u>(100,437)</u>	<u>(100,437)</u>
Net Income (Loss), after Adjustments	50,371	(26,584)	42,925
Net Assets, Beginning of Period	<u>8,618,603</u>	<u>8,618,603</u>	<u>8,618,603</u>
Net Assets, End of Period	<u>\$ 8,668,974</u>	<u>\$ 8,592,019</u>	<u>\$ 8,661,528</u>

See accompanying notes and accountants' report.

City of Hailey
Statement of Revenues, Expenses, and Changes in Net Assets
 Budget and Actual - Sewer Fund
 For the Year Ended September 30, 2008

	Original & Final Budget	Actual	Variance With Final Budget
OPERATING REVENUES			
User Charges	\$ 1,370,610	\$ 1,355,541	(15,069)
Hook-Up and Inspection Fees	5,000	23,932	18,932
Miscellaneous	-	-	-
Total Operating Revenues	<u>1,375,610</u>	<u>1,379,473</u>	<u>3,863</u>
OPERATING EXPENSES			
Salaries and Benefits	728,473	519,173	209,300
Office Supplies and Postage	11,500	8,691	2,809
Chemical and Lab Testing	12,000	11,820	180
Advertising and Publishing	3,767	2,181	1,586
Legal and Audit	36,893	34,898	1,995
Insurance	40,598	38,304	2,294
Travel and Meetings	8,358	3,496	4,862
Dues and Subscriptions	2,317	2,378	(61)
Telephone	8,367	6,870	1,497
Utilities and Rent	129,500	90,627	38,873
Gas and Oil	16,240	22,505	(6,265)
Repairs and Maintenance	63,627	49,611	14,016
Depreciation	-	409,988	(409,988)
Services	40,378	28,206	12,172
Prevention Program	3,110	1,440	1,670
Reimbursements and Clothing	8,500	5,259	3,241
Education and Miscellaneous	8,840	7,228	1,612
Supplies	14,373	11,655	2,718
Special Project & Capital Outlay	48,455	60,931	(12,476)
Total Operating Expenses	<u>1,185,296</u>	<u>1,315,261</u>	<u>(129,965)</u>
Operating Income (Loss)	190,314	64,212	133,828
Non-Operating Revenues (Expenses)			
Grant Revenue	-	-	-
Interest Earned	-	16,137	16,137
Principal Payments	-	(168,976)	168,976
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>(152,839)</u>	<u>185,113</u>
Income (Loss) Before Other Adjustments	190,314	(88,627)	318,941
Other Adjustments to Retained Earnings			
Transfer of Depreciable Property and Inventory	-	-	-
Transfer of Cash	-	-	-
Total Other Adjustments To Net Assets	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss), after Adjustments	190,314	(88,627)	318,941
Net Assets, Beginning of Period	<u>3,159,244</u>	<u>3,159,244</u>	<u>8,618,603</u>
Net Assets, End of Period	<u>\$ 3,349,558</u>	<u>\$ 3,070,617</u>	<u>\$ 8,937,544</u>

See accompanying notes and accountants' report.

City of Hailey
Schedule of Revenues, Expenditures and Changes in Fund Balance
Detailed Budget and Actual - General Fund
For the Year Ended September 30, 2008

	Original & Final Budget	Actual	Variance with Final Budget
REVENUES:			
Property Taxes, Penalty and Interest	\$ 1,714,797	\$ 1,709,092	\$ (5,705)
Business Licenses and Local Option Tax	403,676	414,879	11,203
Permits	429,700	306,368	(123,332)
County Animal Control	-	-	-
Franchises	290,000	304,602	14,602
Fines and Forfeitures	71,500	111,719	40,219
Rubbish Bookkeeping	80,000	79,985	(15)
Refunds and Reimbursements	10,000	121,791	111,791
Development Impact Fees	535,375	242,264	(293,111)
Annexation in-Lieu Fees	311,000	323,190	12,190
Interest Earned	121,000	209,841	88,841
State Shared Liquor Funds	110,000	148,593	38,593
Highway Users	300,000	288,734	(11,266)
Fees and Miscellaneous	18,250	20,113	1,863
Miscellaneous	27,000	81,543	54,543
Federal Grants	-	76,370	76,370
Applications	58,500	98,779	40,279
Rent and Contracts	180,273	180,976	703
State Sales Tax and Shared Revenue	605,000	662,360	57,360
Total Revenues	5,266,071	5,381,199	115,128
EXPENDITURES:			
Legislative Salaries and Benefits	36,718	25,620	11,098
Legislative	38,800	37,061	1,739
Chief Executive Salaries and Benefits	46,075	27,017	19,058
Chief Executive	100,432	162,437	(62,005)
Chief Executive Capital Outlay	450	173	277
Engineering Salaries and Benefits	39,450	41,189	(1,739)
Engineering	5,520	14,879	(9,359)
Engineering Capital Outlay	40	103,266	(103,226)
Financial and Administrative Salaries and Benefits	106,844	90,201	16,643
Financial and Administrative	57,584	48,648	8,936
Financial and Administrative Capital Outlay	12,565	4,555	8,010
Planning and Zoning Salaries and Benefits	227,932	210,981	16,951
Planning and Zoning	35,855	21,656	14,199
Planning and Zoning Capital Outlay	2,500	149	2,351
Law Enforcement Salaries and Benefits	1,106,584	1,061,570	45,014
Law Enforcement	152,225	144,280	7,945
Law Enforcement Capital Outlay	52,500	42,124	10,376
Animal Control Salaries and Benefits	-	-	-
Animal Control	-	-	-

See accompanying notes and accountants' report.

City of Hailey
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Detailed Budget and Actual - General Fund
 For the Year Ended September 30, 2008

	Original & Final Budget	Actual	Variance with Final Budget
Building Inspector Salaries and Benefits	163,152	152,890	10,262
Building Inspector	14,528	7,676	6,852
Building Inspector Capital Outlay	17,800	11,100	6,700
Streets Salaries and Benefits	540,135	474,508	65,627
Streets	352,578	339,784	12,794
Streets Capital Outlay	223,234	536,182	(312,948)
Public Works Salaries and Benefits	74,913	48,377	26,536
Public Works	21,387	27,893	(6,506)
Public Works Capital Outlay	65,840	-	65,840
Library Salaries and Benefits	341,823	316,977	24,846
Library	53,950	45,632	8,318
Library Capital Outlay	53,000	49,123	3,877
Parks and Recreation Salaries and Benefits	56,381	53,875	2,506
Parks and Recreation	104,770	100,961	3,809
Parks and Recreation Capital Outlay	40,000	192,280	(152,280)
Fire Control Salaries and Benefits	381,380	384,366	(2,986)
Fire Control	67,150	98,787	(31,637)
Fire Control Capital Outlay	100,700	66,147	34,553
Capital Outlay	-	-	-
Total Expenditures	4,694,795	4,942,364	(247,569)
Excess (Deficit) Revenues Over Expenditures	571,276	438,835	(132,441)
Transfers In (Out)	-	-	-
Net Change in Fund Balance	571,276	438,835	(132,441)
FUND BALANCE BEGINNING OF YEAR	2,393,476	2,393,476	-
FUND BALANCE END OF YEAR	<u>\$ 2,964,752</u>	<u>\$ 2,832,311</u>	<u>\$ (132,441)</u>

See accompanying notes and accountants' report.

AGENDA ITEM SUMMARY

DATE: 2/23/09 DEPARTMENT: PW & Police DEPT. HEAD SIGNATURE: 

SUBJECT: Review and revisions to the Parking Municipal code.

AUTHORITY: ID Code _____ IAR _____ City Ordinance/Code _____
(IF APPLICABLE)

BACKGROUND/SUMMARY OF ALTERNATIVES CONSIDERED:

The Public Works and Police Departments are proposing changes to the Parking Municipal Code; 10.08; to address concerns with snow removal and cars for sale on city ROW. The Fire Chief also has a desire to include language concerning parking in Fire Lanes.

During snow removal, and during the winter in general, there is a limited amount of enforcement that can be done by towing vehicles. On a good night we have had 15 cars removed from the streets. What is proposed is the addition of a parking ticket that can be issued to vehicles that we are unable to tow but still present a problem for snow removal activities. We are also clarifying the question of parking in Old Hailey along the streets by requiring parking to be at least 12 feet off the asphalt. This provides clearer direction to both citizens and the Police Department.

This would also be the time to discuss expanding the areas in the City of Hailey where two hour parking is enforced.

FISCAL IMPACT / PROJECT FINANCIAL ANALYSIS: Caselle # _____
Budget Line Item # _____ YTD Line Item Balance \$ _____
Estimated Hours Spent to Date: _____ Estimated Completion Date: _____
Staff Contact: Tom Hellen Phone # 788-9830 Ext 14
Comments:

ACKNOWLEDGEMENT BY OTHER AFFECTED CITY DEPARTMENTS: (IF APPLICABLE)

____ City Attorney	____ Clerk / Finance Director	____ Engineer	____ Building
____ Library	____ Planning	____ Fire Dept.	_____
____ Safety Committee	____ P & Z Commission	____ Police	_____
____ Streets	____ Public Works, Parks	____ Mayor	_____

RECOMMENDATION FROM APPLICABLE DEPARTMENT HEAD:

ADMINISTRATIVE COMMENTS/APPROVAL:

City Administrator _____ Dept. Head Attend Meeting (circle one) Yes No

ACTION OF THE CITY COUNCIL:

Date _____

City Clerk _____

FOLLOW-UP:

*Ord./Res./Agmt./Order Originals: Record

*Additional/Exceptional Originals to: _____

Copies (all info.): _____

Copies (AIS only) _____

Instrument # _____

Draft 12-30-03

Chapter 10.08PARKINGSections:

10.08.010	Definitions.
10.08.015	Establishment of a loading zone.
10.08.020	Parking in interference of snow removal prohibited.
10.08.030	Removal, impoundment and return of vehicles.
10.08.040	Parking restrictions during winter months in residential areas.
10.08.050	Downtown and business district parking restrictions.
10.08.060	Parking and obstructing alleys and similar thoroughfares.
10.08.065	Parking on city-owned property.
10.08.070	Parking in prohibited areas or across parking lines.
10.08.080	Warning signs and barricades.
10.08.090	Parking within twenty feet of fire hydrants prohibited.
10.08.100	Violations-Penalties.

10.08.010 Definitions. For purposes of this chapter the words and phrases defined in this section mean as follows:

“Loading zone” means a space or section of a public right of way which has been set aside for the exclusive purpose of loading and unloading property and persons.

“Parking” means the leaving of any motor vehicle unattended for any purpose, other than an emergency, and the temporary loading and unloading of vehicles. (Ord. 927 §1, 2005; Ord. 461 §1, 1983)

10.08.015 Establishment of a loading zone. Loading zones shall be established by the city council along city streets and rights-of-way by the adoption of a resolution by the city council and by the installation of appropriate signage near the loading zones. (Ord. 927 §2, 2005)

10.08.020 Parking in interference of snow removal prohibited. It is unlawful for any person to intentionally park any vehicle on the public streets of the city in such manner as to interfere with the safe and proper plowing or removal of snow on the public streets of the city. (Ord. 227 §1, 1951)

10.08.030 Removal, impoundment and return of vehicles. No person shall park a vehicle upon the public streets or other rights-of-way regularly used by the public in such a manner as to restrict or prohibit the removal of snow within that right-of-way.

A. Members of the Hailey police department are authorized to remove or have removed a vehicle from a public street or other right-of-way regularly used by public to a place designated by the police department or otherwise maintained by this city, when a vehicle is parked in violation of this section and is interfering or is about to interfere with snow removal operations.

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B. No person shall recover any vehicle removed in accordance with this section except as provided herein. Before the owner or person in charge of such vehicle shall be allowed to recover it from the place where it has been placed or impounded, he shall present to the person holding and in charge of such vehicle evidence of his identity and right to possession of the vehicle, shall sign a receipt for its return, shall pay the cost of removal, and shall pay any cost of storage accrued. Until paid, these charges constitute a lien upon the vehicle which may be enforced in the same manner as a garage keepers lien in accordance with the provisions of Idaho statutory law. All expenses of towing and storage shall be expenses of the vehicle owner.

C. The removal, towing, and impounding of vehicles shall be conducted only by authorized towing companies who have demonstrated to the city proof of adequate equipment, storage facilities and insurance coverage. (Ord. 722 §1, 1999)

10.08.040 Parking restrictions during winter months in residential areas. No person shall park a vehicle within 12 feet of the edge of asphalt of upon the public streets or other rights-of-way regularly used by the public in residential areas within the city from the hours of twelve a.m. to seven a.m., each day from November 1st of each year to May 1st of the following year, in order to facilitate the removal of snow. The city shall install signs at the entrance to all residential subdivisions and upon all residential streets designated as collector streets indicating the substance of this section. (Ord. 722 §2, 1999)

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10.08.050 Downtown and business district parking restrictions.

A. It is unlawful for the driver of any vehicle to park motor vehicle or nonmotorized vehicle on Main Street between McKercher Boulevard and Maple Street, on Broadford Road from Cedar Street to the City of Hailey city limits or on Bullion and Croy Streets between First Avenue and River Street for any period exceeding two hours between the hours of nine a.m. and six p.m.

B. It is unlawful for the driver of any vehicle to park any motor vehicle or non-motorized vehicle on Main Street between McKercher Boulevard and Maple Street between the hours of two a.m. to six a.m. Such restrictions shall apply during the entire year to facilitate street cleaning and snow removal operations. Nothing contained in this section shall be construed to prohibit parking of motor vehicles for periods exceeding two hours during hours other than those specified herein and/or areas other than those specified herein, provided such parking does not violate the provisions of this section.

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C. It is unlawful for the driver of any vehicle to stop, stand or park a vehicle within any place marked as a loading zone, except while actively engaged in the expeditious loading or unloading of persons or property. In no case shall the stopping, standing or parking for the loading or unloading exceed ten (10) minutes.

D. Nothing in this section shall be construed as amending the provisions of Section 10.08.070 or any amendment thereof.

E. The city shall install signs upon Main Street between McKercher Boulevard and Cedar Street, and at other locations deemed appropriate, showing the hours of limited parking and otherwise indicating the substance of this section.

F. The driver of any motor vehicle parking that vehicle on any portion of Main Street where parking is allowed shall park his or her vehicle at an angle parallel to the

right-hand curb so that the right side of the vehicle is not more than one foot from the curb and so that said vehicle will be within any parking lane or space marked on the street or curb by or under the authority of the mayor and city council. Vehicles parking on other streets shall be parked parallel or at an oblique angle, in accordance with any signs posted under the authority of the mayor and city council. (Ord. 927 §3, 2005; Ord. 722 §3, 1999; Ord. 703 §3, 1997; Ord. 643 §1, 1994; Ord. 578 §1, 1991; Ord. 567 §§1--5, 7, 1990)

10.08.060 Parking and obstructing alleys and similar thoroughfares. It is unlawful for any person, firm, corporation, partnership or association to park in, or to obstruct in any way, method or manner, any alley or similar public thoroughfare, under any circumstances without the express permission of the city. (Ord. 461 §2, 1983)

10.08.065 Parking on city-owned property. It is unlawful to park any motor vehicle upon property owned by the city except where designated as a city-wide parking area or upon any portion of a city right-of-way posted to indicate that such parking is illegal. (Ord. 927 §4, 2005; Ord. 608 §§1, 2, 1992)

10.08.070 Parking in prohibited areas or across parking lines. It is unlawful for the driver of any vehicle to park said vehicle in or across any private driveway, or in those areas prohibited by order of the mayor or city council, including areas in front of gasoline pumps or driveways to garages or service stations. Further, where parking lines have been established by order of the mayor or city council, it is unlawful for the driver of any vehicle in parking his vehicle wherever such parking lines exist to have his vehicle overlap such lines. (Ord. 238 §8, 1954)

10.08.080 Warning signs and barricades. It is unlawful for any person, firm, corporation or association doing any work in or upon any alley or similar public thoroughfare, whether by permit or otherwise, if such work is not completed by sunset, to fail to provide a fence, or other suitable obstruction or obvious warning sign, around the site of the work and shall provide a minimum of four lights, and, keep them burning throughout the hours from sunset to sunrise. (Ord. 461 §3, 1983)

10.08.090 Parking within twenty feet of fire hydrants prohibited. No vehicle shall park within twenty feet of any fire hydrant. (Ord. 238 §11, 1954)

10.08.100 Violations-Penalties. A. Any violations of the provisions of Section 10.03.030 (B) of this chapter regarding recovery or moving of any vehicle removed by the police department without payment for removal and storage shall be guilty of a misdemeanor.

B. Every person who violates any provision of section ~~10.08.040~~, shall be deemed guilty of an infraction and shall be subject to a penalty of ~~fifty dollars (\$50.00)~~ per violation, per day, and a penalty of ~~thirty five dollars (\$35.00)~~ per violation, per day for a second and subsequent offense within a calendar year. Each parking space used in violation of this section shall constitute a separate infraction.

C. Except as otherwise provided in section 10.08.100(B), every person who violates any provision of chapter 10.08 shall be deemed guilty of an infraction and shall be subject to a

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penalty of ten dollars (\$10.00) per violation, per day, and a penalty of thirty-five dollars (\$35.00) per violation, per day for a second and subsequent offense within a calendar year. Each parking space used in violation of this section shall constitute a separate infraction, the penalty for each violation established in the Idaho Infraction Rules. Each day or parking space used in violation of this section shall constitute a separate infraction. (Ord. 927 §5, 6, 2005; Ord. 722 §4, 1999; amended during 1992 codification; Ord. 461 §4, 1983; Ord. 227 §2, 1951)

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