

# Citizen's Financial Report

CITY OF POCA TELLO

A Municipal Corporation of Idaho



CITY OF POCA TELLO EMPLOYEES OF THE QUARTER



**Bert Hulse**  
Information Technology  
1st Quarter 2010



**Anne Butler**  
Human Resources  
2nd Quarter 2010



**Mickey Coward**  
Fire Department  
3rd Quarter 2010



**Kim Ellis**  
Police Department  
4th Quarter 2009

For the Fiscal Year Ended  
September 30, 2010

# A Message From Your Finance Department:

We're pleased to present this sixth edition of what we refer to as a "**Citizen's Financial Report**" for fiscal year 2010.

Every year your city government produces a **Comprehensive Annual Financial Report (CAFR)**. This lengthy report (177 pages this year) conforms to generally accepted accounting principles as established by the Government Accounting Standards Board. It is audited by an external auditor (Deaton and Company) to ensure that it fairly represents the actual financial condition of the City. But it is written by accountants for other accountants. The detail is of primary interest to the financial community for purposes of monitoring our creditworthiness. The CAFR is a technical report whereas our Citizen's Financial Report has been created for all citizens to obtain an understanding of the City's financial condition.

The Government Finance Officer's Association and the Association of Government Accountants encourage "popular reporting" as a supplement to the CAFR to help address this issue. That's what this "Citizen's Financial Report" is. We provide the highlights of the CAFR in a format that is easier to read whereas the CAFR contains more detailed financial information about the City of Pocatello.

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Financial Reporting to the City of Pocatello for its Popular Annual Financial Report for the fiscal year ended September 30, 2009. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period only. The City of Pocatello has received a Popular Award for the fiscal year ended 2009. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

Our full financial report which contains the complete detailed financial information is always available upon request or you can view and print the report on the city website.

Go to [http://www.pocatello.us/finance/finance\\_pastfy.htm](http://www.pocatello.us/finance/finance_pastfy.htm) for the finance department page and click on the report. If you do review the CAFR, we suggest the Management Discussion and Analysis portion on pages 12-26 as well as the improved statistical section beginning on page 148.

In addition to the city's financial condition, citizens are concerned with the service level and cost effectiveness. The improved statistical section in the CAFR provides more information on service trends. The Finance Department also has lead to produce the city's annual "**Service Level Report**" which provides detailed analysis of city services including costs over time and comparisons to other cities. It is also available on our website.

We hope you find the "Citizen's Report" useful and informative.

David Swindell, Chief Financial Officer  
Joyce Stroschein, Finance Manager  
Jerry E. Higgins, City Treasurer  
Susan Timpson, Deputy Treasurer-Payroll Administrator  
Debbie Bergendorf, Accounting Clerk  
Donna Stearns, Accounting Clerk

**Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting**


PRESENTED TO

**City of Pocatello  
Idaho**

for the Fiscal Year Ended

**September 30, 2009**



  
President  
*Jeffrey L. Esser*  
Executive Director

# PROFILE OF THE CITY

The City of Pocatello (population 54,255) was incorporated in 1889 as a junction on the Union Pacific railroad. Pocatello is located in the southeastern portion of the State of Idaho and is the fifth largest city in the State of Idaho after Boise (205,671), Nampa (81,557), Meridian (75,092), and Idaho Falls (56,813).

Pocatello has a land area of 34 square miles and is bordered by the City of Chubbuck, with its own population of 13,992. The trade area population in northern Bannock County is estimated at approximately 82,839. The city is empowered to levy property taxes on both real and personal property within the city limits. The City also has the power to expand the city limits through annexation with processes enumerated in state law.

The City operates under the Council-Mayor form of government. Legislative authority is vested in a six-person City Council presided over by the Mayor. The Council is responsible for passing ordinances, adopting the budget, appointing committees, approval of the internal control framework, and hiring city management. The Mayor acts as the Chief Executive Officer and oversees the day-to-day operations of the City. Council members are elected on a non-partisan basis from the community at large. The Mayor and Council members are elected for 4-year terms, with three of the Council members standing for election every two years.



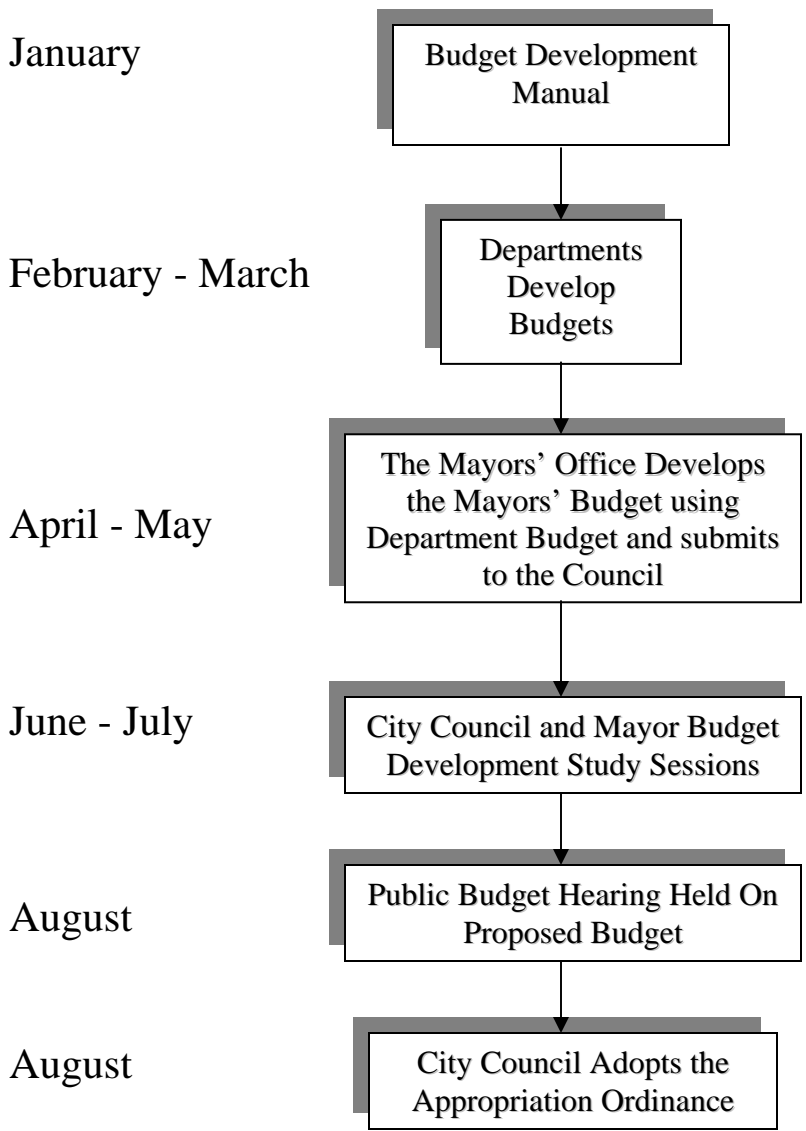
**City of Pocatello elected officials:**

Back left to right: Steve Brown, Roger Bray, Gary Moore, Craig Cooper

Front left to right: Ron Frasure, Council President Eva Nye, Mayor Brian Blad

# Pocatello's Budget Process

The annual budget serves as the foundation for the City of Pocatello's financial planning and control. On or before the first week of June of each year, all departments of the City submit requests for appropriation to the City's Chief Financial Officer and the Mayor so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriation for the next fiscal year. Prior to August 1, the Chief Financial Officer and the Mayor submit the proposed budget to the City Council for review. The City Council holds public hearings and may add to, subtract from or change the proposed budget, but may not change the form of the budget. Prior to August 30, the budget is legally enacted through passage of the annual appropriation ordinance (not in excess of the proposed budget) by the City Council.



## Pocatello's Financial Information

Idaho State Law requires that all general-purpose local governments with an annual budget that exceeds two hundred fifty thousand dollars submit copies of their audited financial statements to the legislative council. These statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The City of Pocatello's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. These detailed statements are reported annually in the CAFR. The popular report provides an overview of this information.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

The *statement of net assets* presents information on all of the City of Pocatello's assets and liabilities, with the difference between the two reported as *net assets*. The City's total assets are subdivided into governmental type activities (tax supported activities like police, fire, and streets) and business type activities (fees supported activities like our utilities, i.e. water, sewer).

The Statement of Net Assets has three components which describes the types of net assets held by the City. The components are composed of invested in capital assets net of related debt, restricted, and unrestricted.

The investment in capital assets net of related debt component of net assets is restricted due to the nature of the type of asset.

The restricted assets are identified to indicate those assets which have limited availability due to conditions imposed by creditors, grantors, laws, or regulations by other governments.

The unrestricted component of net assets represents these assets which have no restrictions and are available for use.

### City of Pocatello's Net Assets

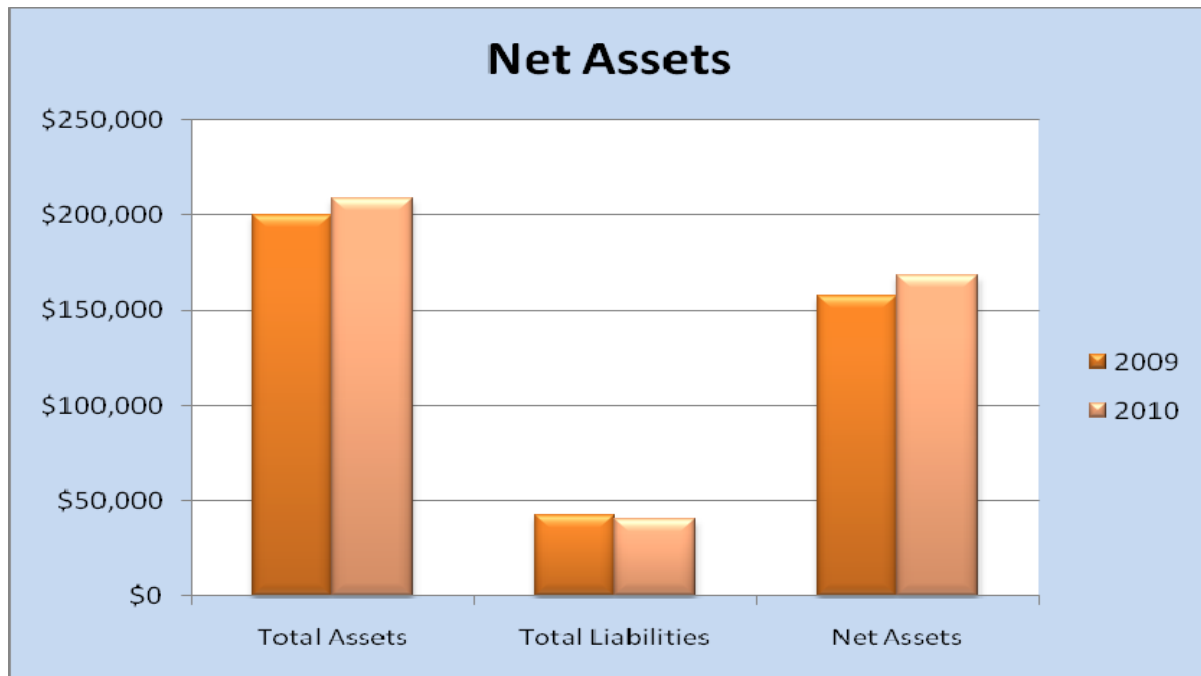
	Governmental – Type Activities		Business – Type Activities		Total Activities	
	2009	2010	2009	2010	2009	2010
Current and other assets	\$13,401	\$15,143	\$26,712	\$24,241	\$40,113	\$39,384
Capital assets	88,435	94,227	71,319	74,927	159,754	169,154
<b>Total assets</b>	<b>101,836</b>	<b>109,370</b>	<b>98,031</b>	<b>99,168</b>	<b>199,867</b>	<b>208,538</b>
Long-term liabilities outstanding	4,961	4,724	28,349	26,711	33,310	31,435
Other liabilities	4,782	4,971	3,957	3,716	8,739	8,687
<b>Total liabilities</b>	<b>9,743</b>	<b>9,695</b>	<b>32,306</b>	<b>30,427</b>	<b>42,049</b>	<b>40,122</b>
<b>Net Assets:</b>	<b>\$92,093</b>	<b>\$99,675</b>	<b>\$65,725</b>	<b>\$68,741</b>	<b>\$157,818</b>	<b>\$168,416</b>
Invested in capital assets, net of related debt	\$85,958	\$91,852	\$42,401	\$47,500	\$128,359	\$139,352
Restricted	1,843	2,226	2,166	2,166	4,009	4,392
Unrestricted	4,292	5,597	21,158	19,075	25,450	24,672
<b>Total net assets</b>	<b>\$92,093</b>	<b>\$99,675</b>	<b>\$65,725</b>	<b>\$68,741</b>	<b>\$157,818</b>	<b>\$168,416</b>

(table amounts expressed in thousands)

Over time, increase or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Pocatello is improving or deteriorating.

### Financial Highlights

- The assets of the City of Pocatello exceeded its liabilities at the close of the most recent fiscal year by \$168,416,352.
- The government's total net assets increased by \$10,597,909 over the prior year balances of \$157,818,443.



(chart amounts expressed in thousands)

## Discrete Component Unit

The government-wide financial statements include not only the City of Pocatello itself (known as the primary government), but also a legally separate development authority, Pocatello Development Authority, (PDA), for which the City of Pocatello is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The Board of Commissioners of the Authority consists of no less than 3 members and no more than 9 members, which are appointed by the Mayor.

The financial information presented in this year's report represents their fiscal year which ends on September 30, 2010.

Complete financial statements of the Authority can be obtained from the City Finance Department or online at:

[www.pocatello.us/finance/finance\\_pda.htm](http://www.pocatello.us/finance/finance_pda.htm)

## Statement of Net Assets Pocatello Development Authority

<b>Pocatello Development Authority</b>	<b>2010</b>
Current and other assets	\$7,571
Capital assets	-
<b>Total assets</b>	<b>7,571</b>
Long-term liabilities outstanding	1,247
Other liabilities	7,150
<b>Total liabilities</b>	<b>8,397</b>
<b>Net Assets:</b>	<b>\$(826)</b>
Invested in capital assets, net of related debt	-
Restricted	\$5,382
Unrestricted	(6,208)
<b>Total net assets</b>	<b>\$(826)</b>

(chart amounts expressed in thousands)

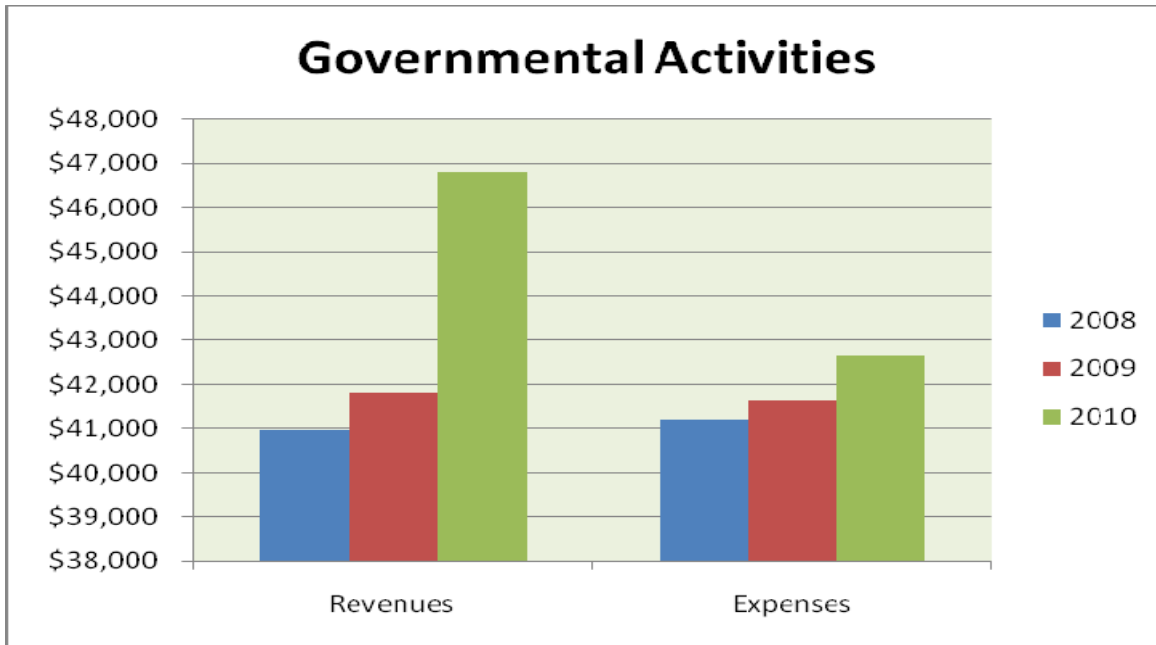
## Pocatello's Statement of Activities:

The *Statement of Activities* reflects the revenue and expense activity for the City of Pocatello. This table provides information about revenues and expenses for the fiscal years 2006 - 2010. The change in net assets is the net difference between the revenue and expense activity.

### City of Pocatello's Changes in Governmental Activities Net Assets

(table amounts expressed in thousands)

	Governmental Activities				
	2006	2007	2008	2009	2010
Revenues	\$41,397	\$41,351	\$40,961	\$41,798	\$46,789
Expenses	(37,819)	(39,636)	(41,214)	(41,647)	(42,638)
Special items	-	-	-	-	-
Transfers	4,167	3,091	3,427	3,558	3,431
Change in Net Assets	7,745	4,806	3,174	3,709	7,582
Net Assets Beginning	72,539	80,404	85,210	88,384	92,093
Prior Period Adjustment	120	-	-	-	-
Net Assets Ending	\$80,404	\$85,210	\$88,384	\$92,093	\$99,675

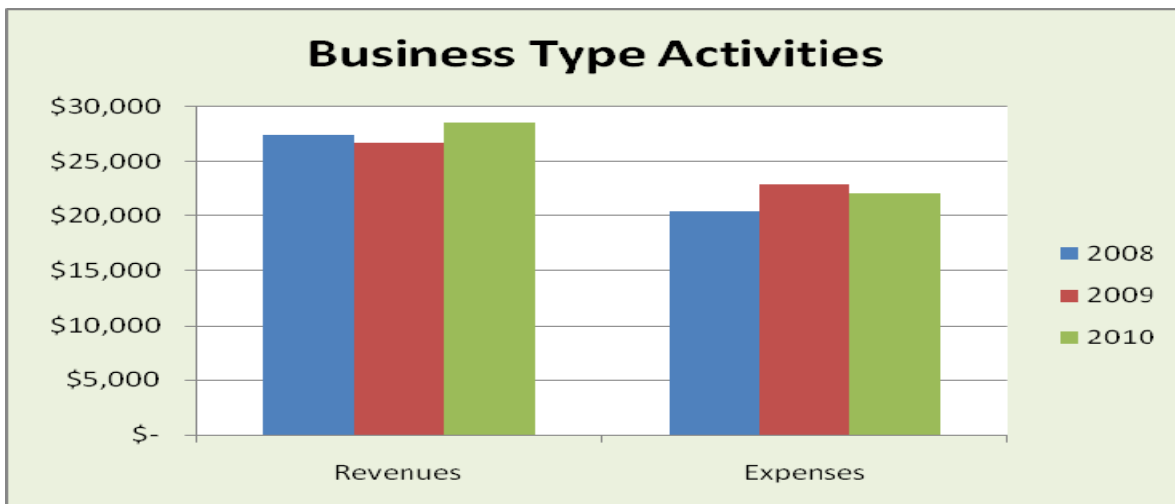


(chart amounts expressed in thousands)

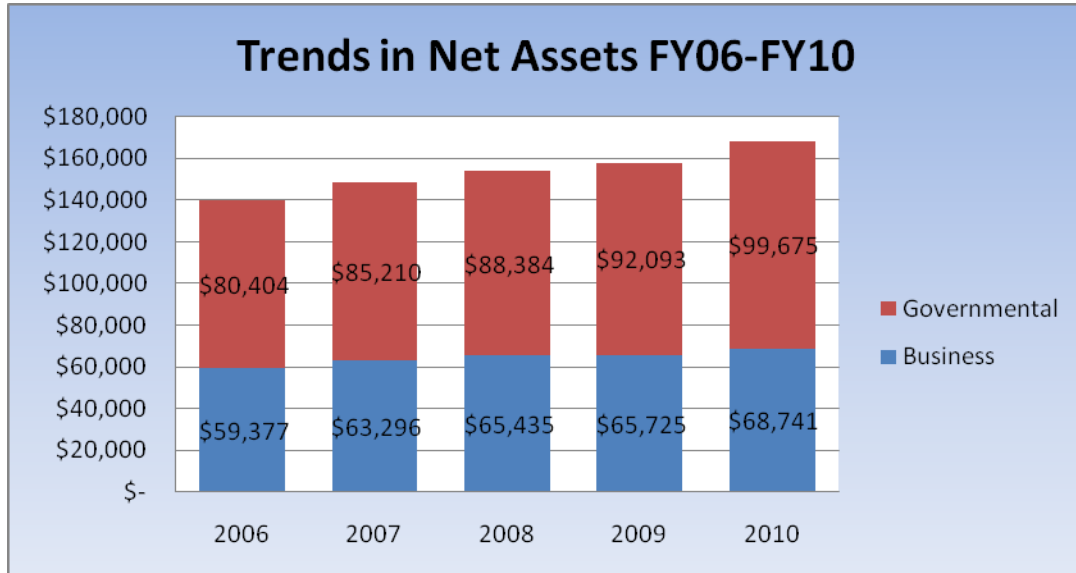
### City of Pocatello's Changes in Business Type Activities Net Assets

(table amounts expressed in thousands)

	Business-type Activities				
	2005	2006	2007	2009	2010
Revenues	\$25,089	\$27,438	\$27,405	\$26,741	\$28,562
Expenses	(17,894)	(19,299)	(20,395)	(22,893)	(22,115)
Transfers	(3,634)	(4,167)	(3,091)	(3,558)	(3,431)
Change in Net Assets	3,561	3,972	3,919	290	3,016
Net Assets Beginning	52,867	56,428	59,377	65,435	65,725
Prior Period Adjustment	-	(1,023)	-	-	-
Net Assets Ending	\$56,428	\$59,377	\$63,296	\$65,725	\$68,741



(chart amounts expressed in thousands)

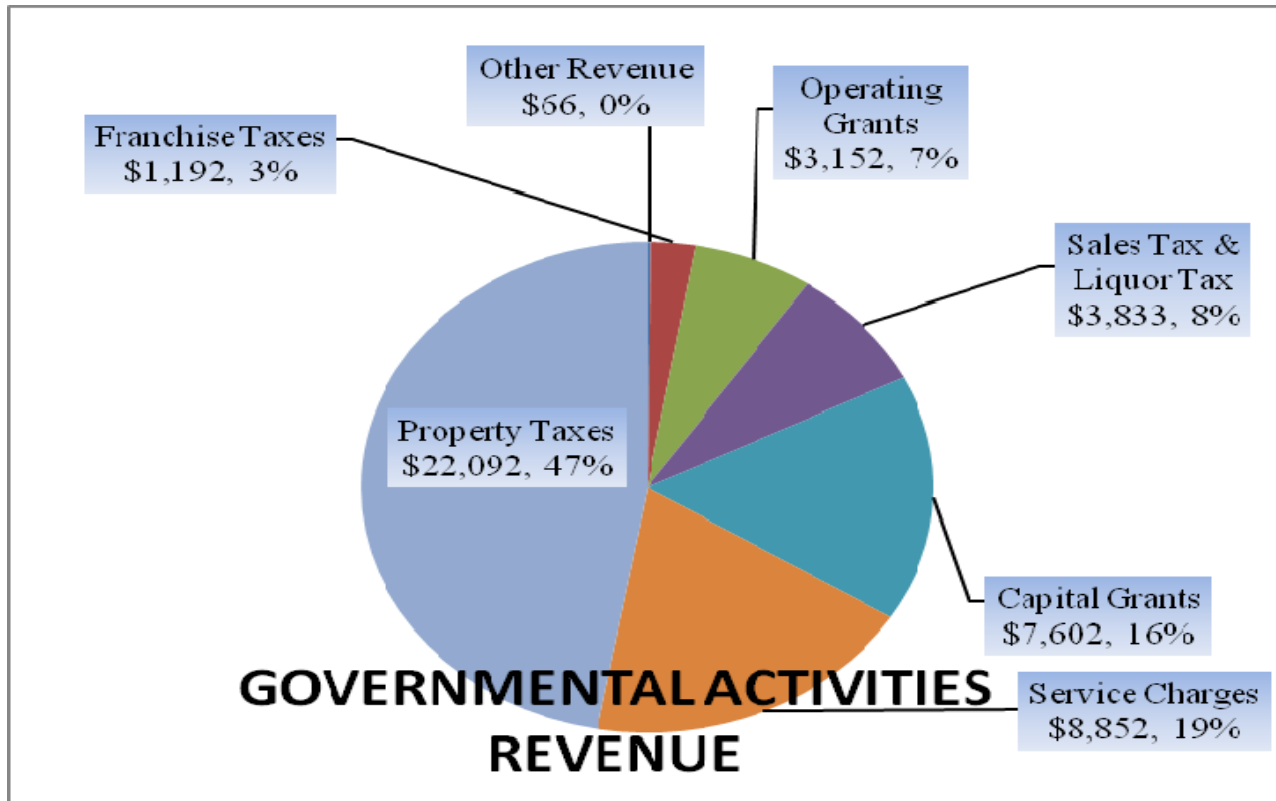


(chart amounts expressed in thousands)

## Where the Money Comes From

The Statement of Activities reports on two types of revenue sources, program revenue and general revenue. Program revenue is comprised of charges for service and grants and contributions. The general revenues are comprised of tax revenue including; property, franchise, sales and liquor tax. Miscellaneous revenue is comprised of interest earnings and gains on sale of assets. In the chart below, we illustrate the results of revenue reported by governmental activities for fiscal year 2010. In comparison to fiscal year 2009, the City realized increases in capital grant revenue of 256% and operating grants revenue of 7%, while decreases were realized in sales tax revenue by 2% and service charges by 16%.

**Governmental Activities** include services for police and fire protection, building permits and inspections, planning and development and engineering services and parks, street and storm sewer maintenance. Governmental activities also include the operations of the municipal airport, the city transit system and the City recreation facilities and programs. Governmental activities are generally service oriented activities that deliver intangibles. Labor costs are a high percentage of the total cost of these services.



(chart amounts expressed in thousands)

The primary revenue sources for these services are local property taxes and intergovernmental revenue received from the State of Idaho in the form of sale tax revenue, state liquor revenue and state highway user fees. Property taxes was the largest source of revenue, amounting to \$22,091,881 in fiscal year 2010. Also, the City receives it's share of the following taxes from the State of Idaho: Sales, Liquor, and Highway which totaled \$5,688,231 in fiscal year 2010 compared to \$5,793,119 received in fiscal year 2009. The City realized a decrease in state revenues of \$104,888.

The chart below illustrates the trend data for intergovernmental revenue for the past 10 years.

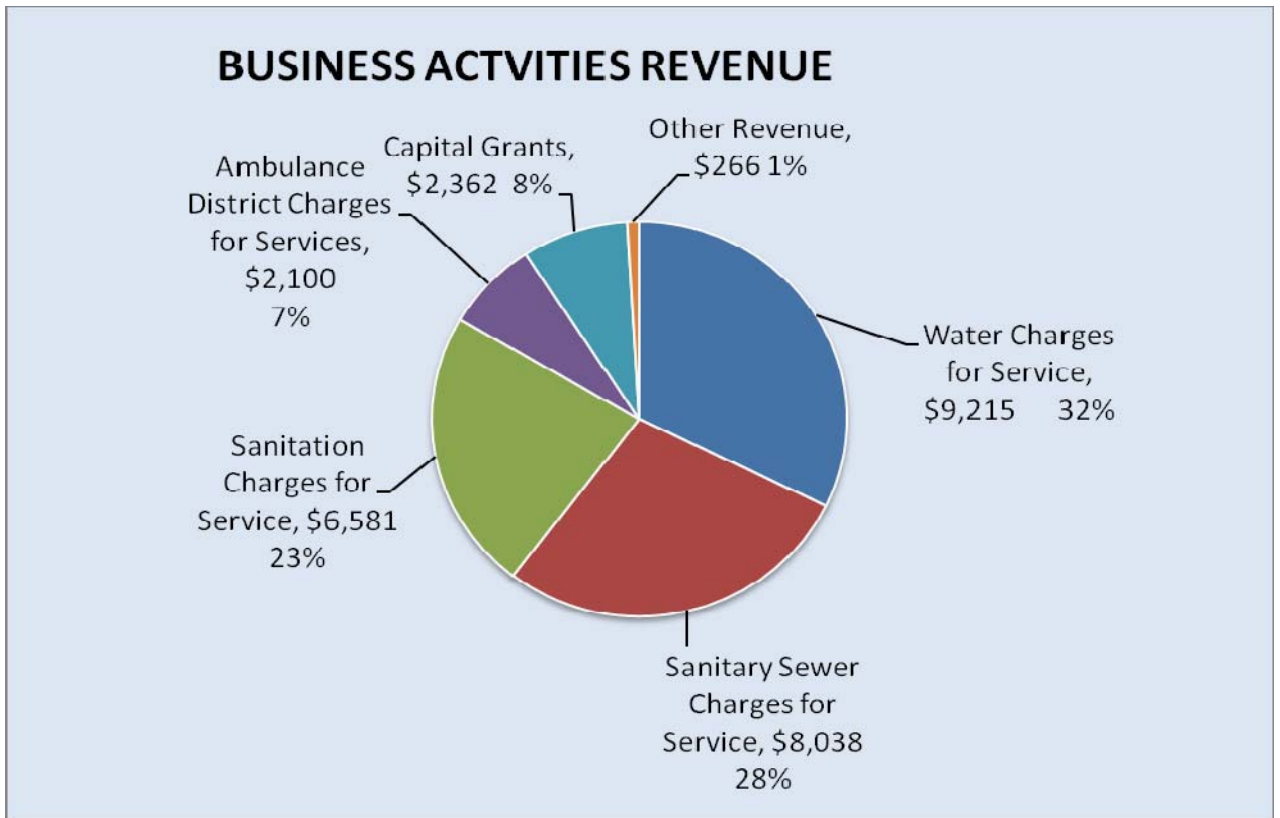
<b>Fiscal Year</b>	<b>State Sales Tax</b>	<b>State Liquor Tax</b>	<b>State Highway Tax</b>	<b>Total Intergovernmental Tax</b>
2001	\$3,158	\$274	\$2,376	\$5,808
2002	\$3,251	\$286	\$2,060	\$5,597
2003	\$3,255	\$337	\$1,975	\$5,567
2004	\$3,378	\$379	\$1,945	\$5,702
2005	\$3,594	\$392	\$1,965	\$5,951
2006	\$3,895	\$384	\$2,064	\$6,343
2007	\$3,977	\$473	\$2,085	\$6,535
2008	\$3,722	\$519	\$2,009	\$6,535
2009	\$3,348	\$569	\$1,877	\$5,794
<b>2010</b>	<b>\$3,290</b>	<b>\$544</b>	<b>\$1,855</b>	<b>\$5,689</b>

(chart amounts expressed in thousands)

The trend data illustrates the problem with the State Highway Tax. The City has never recovered the revenue from the decrease in Highway Tax dollars since the decline began in fiscal year 2000.

**Business-type Activities** account for operations that function in a manner similar to private business, where the cost of providing goods or services is paid for mainly through user charges. The business-type activities of the City of Pocatello include, water delivery, sanitary sewer discharge collection and treatment, garbage pickup and removal and the operation of North Bannock County Ambulance District.

The chart below illustrates the composition of Pocatello's Business-type activities which experienced minor percentage changes compared to the amounts reported in fiscal year 2009 for the various activities.

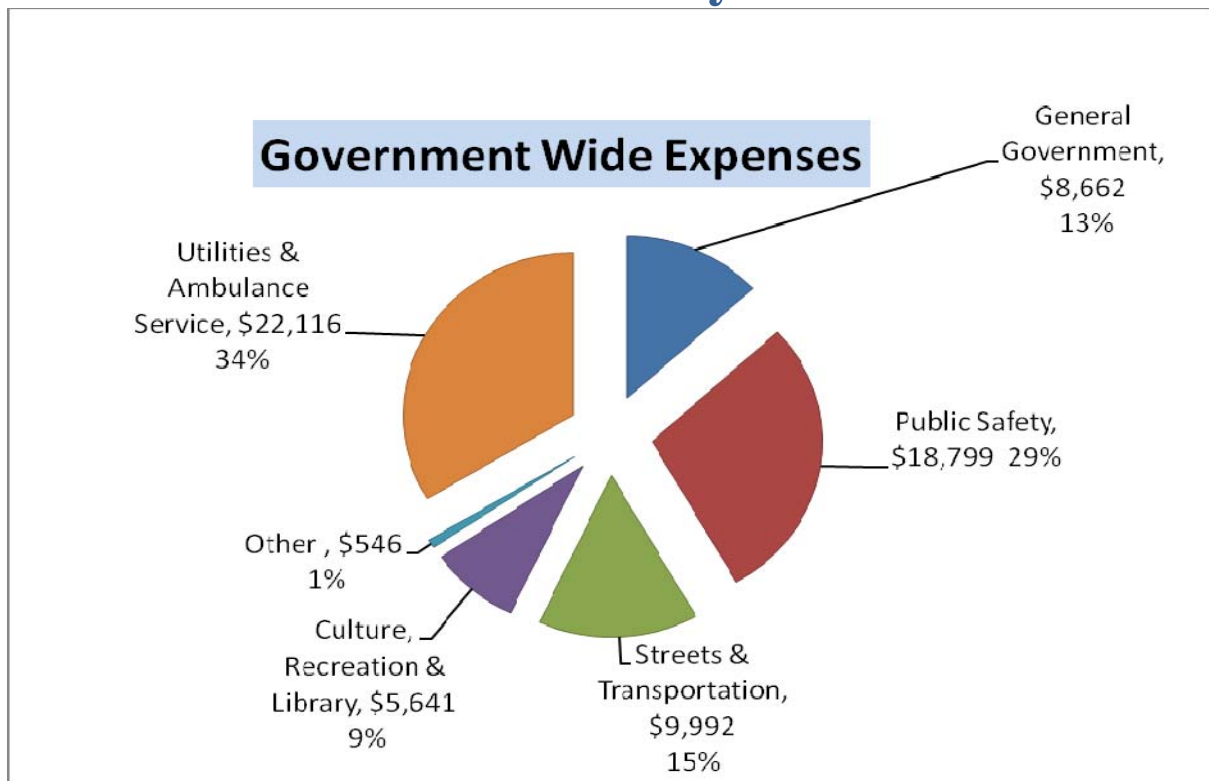


(chart amounts expressed in thousands)

**Where the Money Goes:** The largest portion of the government wide city budget consists of the City utilities (water, sewer and sanitation) along with the ambulance service. The Public Safety function accounts for the second largest portion of the City’s budget. The Public safety function represents the services provided by the Police, Fire, and Animal Control departments. These departments represent 29% of the City operating expenses for the 2010 fiscal year. These numbers reflect both citizen demand and managements concern for the health and safety of our population.

The chart below illustrates “where the money goes”:

## Where the Money Goes



(chart amounts expressed in thousands)

### Financial Highlights

- Governmental Activities realized increases in net assets were the result of increased cash, cash equivalents and investments, and capital assets. The amount of new debt was minor and the net result is an increase of \$7,582,390 in net assets. The major change component was an increase in capital assets of \$5,791,375.
- Business Type Activities realized an increase in net assets of \$3,015,519. This net change was the result of cash and cash equivalents decreasing and non-current assets increasing. Non-current assets are composed of long term investments, water right assets, note receivables, and capital assets. Long term debt accounts decreased by \$1,638,452 as no new debt were obtained.

## ECONOMIC CONDITION

After weathering a significant economic slowdown, FY2010 was a year of modest recovery, as most economic indicators remained flat but did not decline further from FY09 lows.

Local and regional labor statistics in September, 2010 are presented in the following table, along with comparisons from 2008 and 2009:

	Labor Force	# unemployed	% unemployed	# employed
<b>City of Pocatello</b>				
Sept, 2008	28,220	1,279	4.5%	26,941
Sept, 2009	28,262	2,248	8.0%	26,014
Sept, 2010	27,929	2,250	8.1%	25,679
1 yr change	-333	2	0.1%	-335
2 yr change	-291	971	3.6%	-1,262
<b>Metropolitan Statistical Area (MSA); all of Bannock &amp; Power Counties</b>				
Sept, 2008	43,537	2,026	4.7%	41,511
Sept, 2009	43,590	3,507	8.0%	40,083
Sept, 2010	43,719	3,545	8.1%	40,174
1 yr change	129	38	0.1%	91
2 yr change	182	1,519	3.4%	-1,337
<b>State of Idaho</b>				
Sept, 2008	757,316	36,515	4.8%	720,801
Sept, 2009	749,139	59,769	8.0%	689,370
Sept, 2010	759,236	66,455	8.8%	692,781
1 yr change	10,097	6,686	0.8%	3,411
2 yr change	1,920	29,940	4.0%	-28,020
Source: State of Idaho Department of Labor September 2008, 2009 and September 2010 Benchmarks				

Building activity reflected the slowdown, with only 74 single family home starts (half of FY07 and a quarter of FY06).

<b>Building &amp; Construction Activity</b>						<b>5 year % change</b>	
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>		<b>2010</b>
Permits Sold	4,391	4,896	4,839	4,274	3,614	2,955	-32.7%
Valuation	\$67,888,821	\$83,311,197	\$70,109,445	\$185,286,777	\$148,614,647	\$28,015,070	-58.7%
New 1 family	200	306	169	93	84	74	-63.0%

FY2010 contained several bright spots which hold promise for the future:



New hospital under construction on Portneuf Medical Center's east Campus. This \$200M facility will be a regional medical center that will significantly improve medical services and increase employment in the medical industry. The new facility opens in May, 2011.



Hoku Scientific resumed construction on their \$400M polysilicon plant, with initial production slated for September, 2011



At the end of FY2010, Allstate Insurance announced that they would build a regional service center at the edge of the city in our neighboring community of Chubbuck. The center will employ 600 when it opens in November 2011.



## SERVICE STATISTICS

Police Calls for Service	31,364
Major Crimes	4,475
Traffic Accidents	1,386
Fire Alarm Runs	5,849
False Alarms	254
Hazardous condition calls	104
Ambulance Runs	5,195
Busiest Fire Response Hour	5-6 p.m.
Miles of Paved Streets	265 miles
Miles of Sanitary Sewer	270 miles
Daily Average Sewer flow	7 million gallons
Number of Water Services	17,107
Annual Water Consumption	4,768,065 gallons
Number of Parks	26
Number of Baseball fields	25
Number of Soccer fields	18
Transit Boardings	548,957
Building Permits Issued	2,224
Library circulation	584,766
Library programs attendance	27,489

## SERVICE REPORT HIGHLIGHT

Every year the City produces a formal service level report, under the overall guidance of the Chief Financial Officer. The goal is to examine each department with an objective measurement of inputs, outputs, efficiency, effectiveness and overall outcome. This year we are presenting the service report information for the Pocatello Regional Transit Department.



## FY10 Service Summary Public Transit Department

**Mission:** Provide safe, reliable efficient and coordinated public transit throughout our service area (Pocatello plus 7 counties in Idaho's 5<sup>th</sup> Transportation District).

**Contribution to Council Goals & Objectives:**

- #2.1& #2.3 Economic Development (attract jobs, business friendly environment)
- #3.2 Enhance Relationships (strengthen community and government partnerships)
- #4.2 Quality of Life (improve air quality)

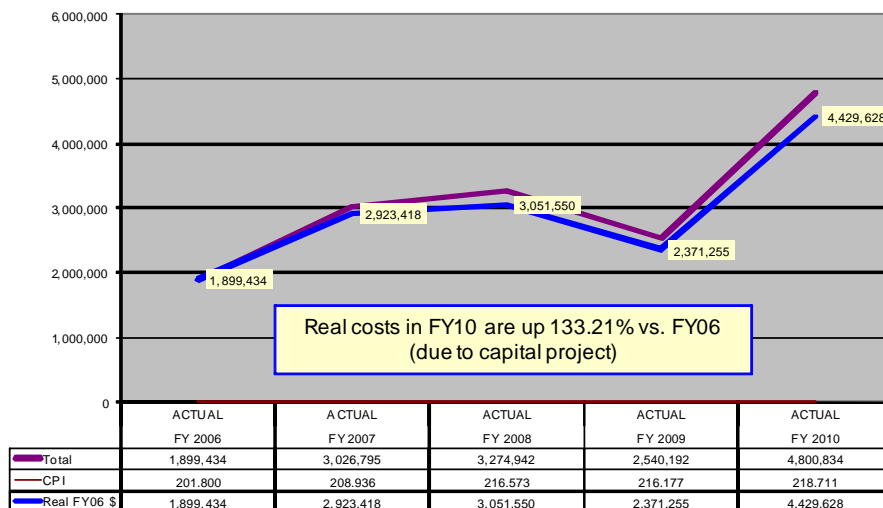
**FY10 Input Summary:**

Budget: \$2,540,192

Full-Time people: 17 FT, 1 HT + 65 part time (58,000 part-time hrs = 28 FTE)

	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 ACTUAL	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 BUDGET
<b>TRANSIT</b>						
Labor	1,238,586	1,334,495	1,650,174	1,674,183	1,744,172	1,753,007
Operating	655,053	725,057	973,133	865,014	894,575	1,008,999
Capital	5,795	967,243	651,635	995	2,162,087	4,341,737
<b>Total</b>	<b>1,899,434</b>	<b>3,026,795</b>	<b>3,274,942</b>	<b>2,540,192</b>	<b>4,800,834</b>	<b>7,103,743</b>
CPI	201.800	208.936	216.573	216.177	218.711	
Real FY06 \$	1,899,434	2,923,418	3,051,550	2,371,255	4,429,628	
% Change in Real FY06 \$, FY06-FY10					133.21%	

Transit Fund  
Nominal & Real FY06-FY10



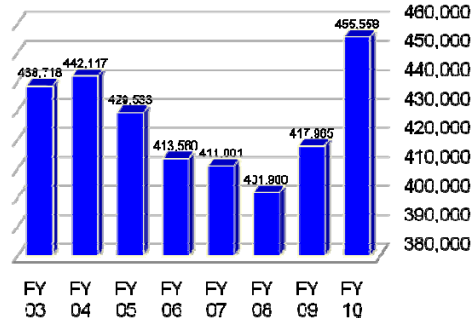
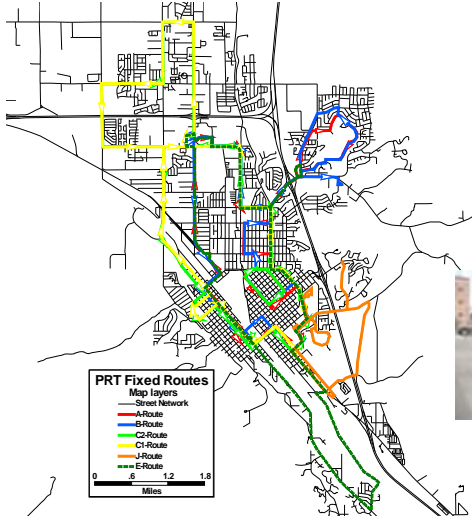
FY10 City Match: \$486,267 + free admin services (\$8.83 per capita)

# Public Transit Department (continued)

## Urban Fixed Route Boardings

### FY10 Output Summary:

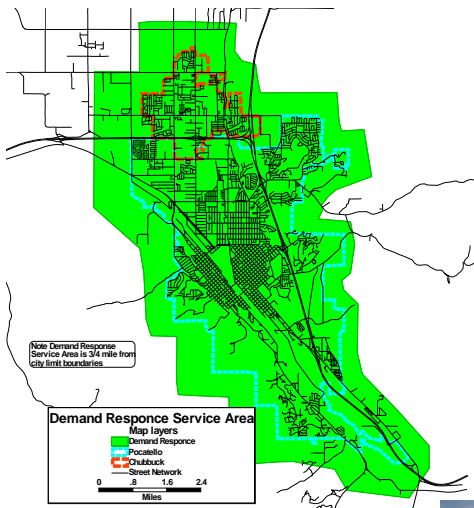
455,558 boardings serving urban fixed routes:



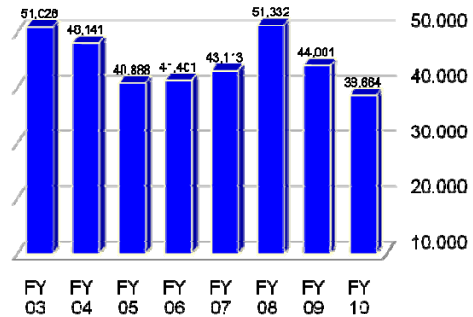
### Fixed Route

- 7 routes, 9 buses @ peak
- FY10: 455,558 boardings
- Fleet has 14 buses available

38,664 boardings for demand response (seniors and disabled certified as unable to use the fixed route system) in service area ¾ mile beyond Pocatello/Chubbuck city limits:



## Demand Responsive Route Boardings



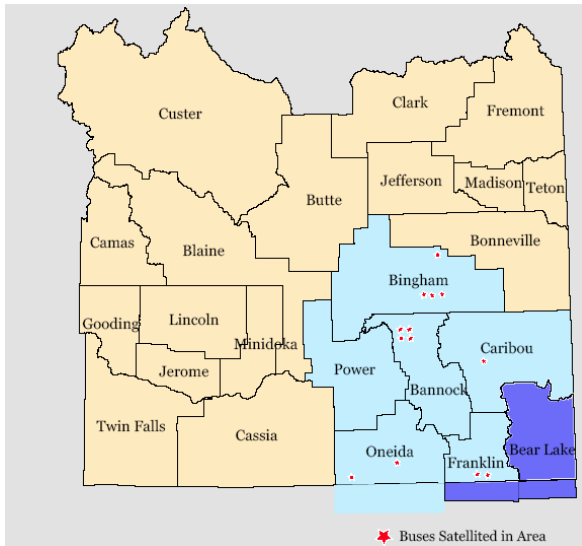
### Demand Response

- 6 demand routes within urban service area
- 6 buses available @ peak
- FY10: 38,664 boardings

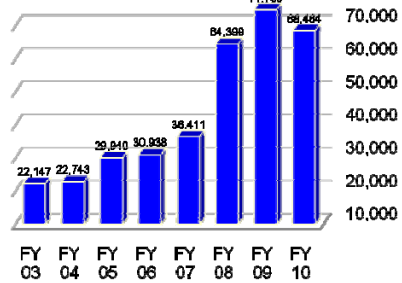
# Public Transit Department (continued)

## FY10 Output Summary:

68,464 rural boardings serving 7 surrounding counties; with service extending to Logan and Snowville, UT:



## Rural Demand Responsive Route Boardings



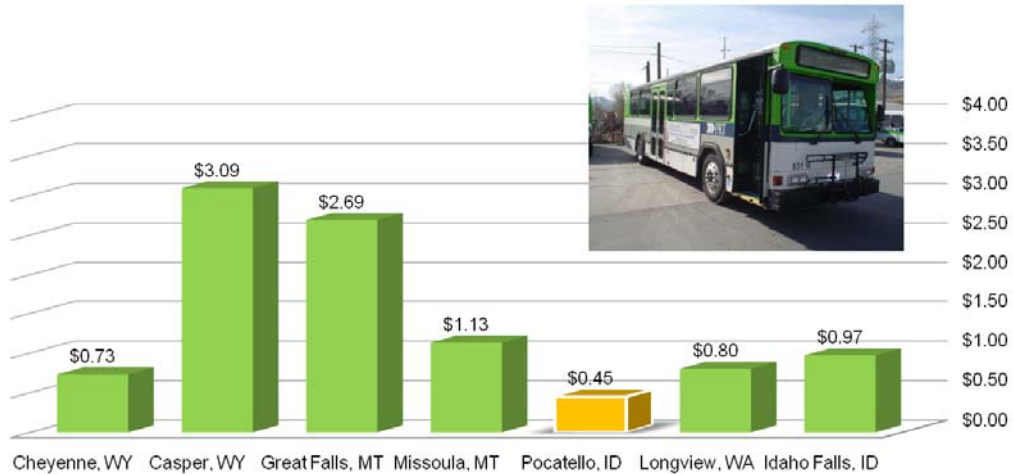
## Rural

- PRT serves Dist 5
- PRT serves non-originating service 3 counties in N. Utah
- 12 buses @ peak
- FY10: 68,464 boardings

## Measures of Efficiency:

Motor Bus (fixed route) cost per passenger trip: \$0.45

*Benchmark:* Compare to other systems of similar size:

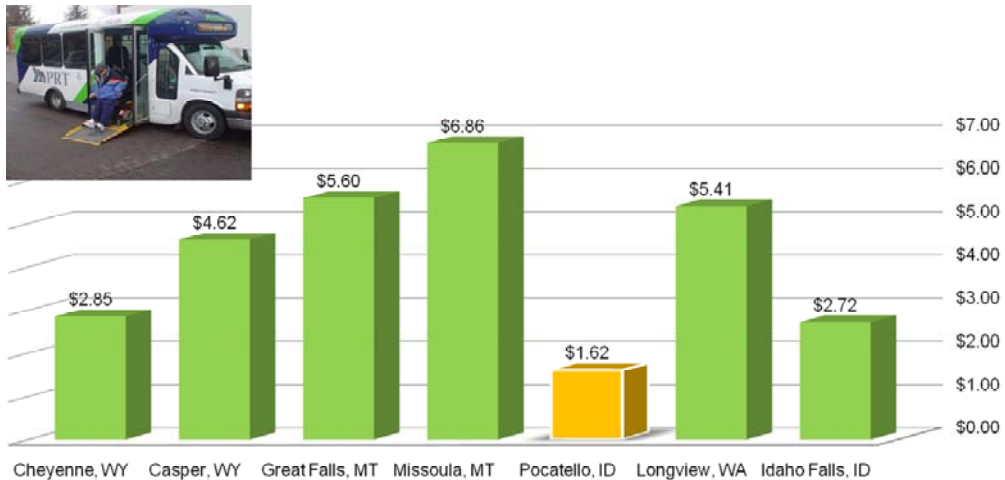


## Public Transit Department (continued)

### **Measures of Efficiency (continued) :**

Demand response cost per passenger trip: \$1.62

*Benchmark:* Compare to other systems of similar size:



### **Outcomes: Effectiveness & Results:**

- Met all FTA standards
- 3% overall ridership growth
- ADA accessibility requirements met or exceeded in all services
- Acquired land for future operations base

### **Explanatory Factors:**

- City has a state university which adds volume
- Cost spike in FY10 due to capital project (land acquisition for future shop)

### **Issues & Concerns:**

- Still too much reliance on part-time drivers (high turnover, training effort)
- Inadequate shop facility (but acquired land for future facility; substantial progress)
- Fuel costs
- Re-mapping fixed route service to reach more citizens; some success in converting demand response customers (expensive) to fixed route users (less expensive).

**Contact:** Dave Hunt, Transit Director (208) 234-6248 dhunt@pocatello.us



**City Council Meetings:** First and Third Thursdays at 6 pm.

**Garbage Pickup:** Pocatello Sanitation collection days will be one day behind the week of Thanksgiving, Christmas, and New Years. All other Holiday collection dates will remain as scheduled. For additional information call the Sanitation Department at 234-6192.

**For an Emergency call 911.**

**For Non-Emergency call police dispatch at 208-234-6100.**

**For City Hall call the information desk at 208-234-6582.**

*Or visit our website:*

[www.pocatello.us](http://www.pocatello.us)