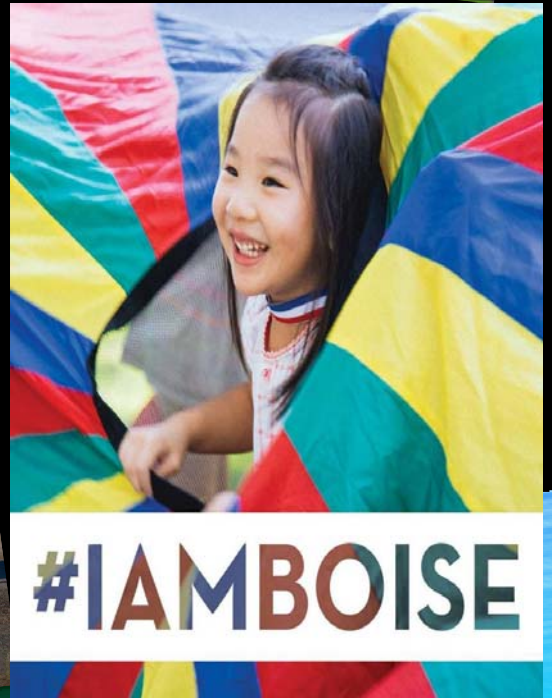




COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Boise, Idaho
September 30, 2016



#IAMBOISE

COMPREHENSIVE FINANCIAL ANNUAL REPORT



City of
Boise, Idaho

For the fiscal year ended September 30, 2016

The Department of Finance and Administration – Central Accounting division is responsible for the preparation of this report.

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Lynda Lowry
CFO & Director
Ex Officio City Clerk
Ex Officio Treasurer

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Mayor
David H. Bieter

City Council
President
Elaine Clegg

Council Pro Tem
Lauren McLean

Maryanne Jordan
Scot Ludwig
Ben Quintana
TJ Thomson

Finance & Administration

March 1, 2017

Honorable Mayor Bieter,
Members of the Boise City Council,
Citizens of the City of Boise,
and our Valued Employees

Ladies and Gentlemen:

The Department of Finance & Administration is pleased to present to you the accompanying Comprehensive Annual Financial Report (CAFR) of the City of Boise for the fiscal year ended September 30, 2016. State law requires that a complete set of financial statements, presented in conformance with generally accepted accounting principles (GAAP), audited by a licensed independent certified public accountants be released to the public within nine months of fiscal year-end by submitting to the Idaho Legislative Council. This report is being issued to fulfill these statutory requirements.

Responsibility for both the accuracy of the information presented and the completeness and fairness of its presentation, including all disclosures is vested in management of the city. Management believes that the data as presented is accurate in all material respects; that the report is presented in a manner designed to fairly set forth the financial activity of the city's various funds; and that all disclosures necessary have been included to enable the reader to gain the maximum understanding of the city's financial affairs.

Internal Controls

Management of the City of Boise has established a comprehensive internal control framework that is designed to provide reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and ensure that the financial records for preparing the financial statements and maintaining accountability for assets are reliable. The concept of reasonable assurance recognizes that the costs of the control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgements by management. We believe that the City of Boise's internal control framework fulfills this objective.

Independent Audit

In compliance with the laws of the State of Idaho, the City of Boise's financial statements have been audited by Eide Bailly LLP, a firm of licensed independent certified public accountants, in accordance with generally accepted governmental auditing standards. The audit was performed to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used for significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor issued an unmodified opinion on the City of Boise's financial statements for the year ended September 30, 2016. The independent auditors' report is presented as the first component in the financial section of this report.

The independent audit of the financial statements also included a broader, federally mandated audit over expenditures of federal awards, designed to meet the special needs of federal grantor agencies. The standards governing these federal programs require the independent auditor report not only on the fair presentation of the financial statements but also on the government's internal controls and compliance with legal requirements, with special emphasis on those involving the administration of federal awards. These reports are contained in the "Single Audit" section of this report.

The basic structure and contents of the CAFR are defined in GAAP and is set up in 3 distinct sections: introductory section, financial section, and statistical section. Management's discussion and analysis (MD&A), included within the financial section, is included to provide an objective and clear analysis of the government's financial activities for the year ended September 30, 2016. The city's MD&A can be found immediately following the independent auditors' report and should be read in conjunction with this transmittal letter.

Profile of City Government

The City of Boise was chartered in 1866 under the laws of the Territory of Idaho. Since 1961, the city has been governed through a Mayor-Council form of government. Pursuant to City Code, the mayor is the chief executive officer (CEO) of the city and directs its operations, participating with a six-member city council in developing policy. The mayor and six members of the city council are elected at large by popular vote. The Boise City Council serves part-time, holding budget and policy-setting authority for the city. The chief of staff to the mayor and all department directors comprise the executive management team (EMT). This group recommends budget and operational priorities to the mayor and city council.



The city limits enclose an area of approximately 79.36 square miles. The city's area of impact is approximately 118 square miles. The area of impact is the planned potential size of the city urban service area approved by the Ada County commissioners. The U.S. Census Bureau estimates Boise's population has grown to approximately 218,200 as of July 2015 resulting in a 5.9% increase since the previous census in 2010.¹

The City of Boise provides the following services: public safety (police and fire), parks and recreation, libraries and culture (arts and history), community services (planning and development services), aviation, public works, cemetery, downtown on-street parking services, and general government. Boise's streets and sidewalks are owned and maintained by the Ada County Highway District. The city provides transportation services through a contract with Valley Regional Transit and animal control services through a contract with the Idaho Humane Society.

The financial report also includes a component unit due to its close relationship with the city. The financial statements of the Harris Ranch Community Infrastructure District No. 1 assets, liabilities, fund balance, revenues, and expenditures are blended into the city's financial statements. Additional information about this entity can be found in the notes to the financial statements.

Economic Condition

The information presented in the financial statements is best understood when considered from the broader perspective of the specific environment within which the city operates. Based on the local economic factors and the financial position, we believe the city is poised to continue to transform our community.

Local Economy

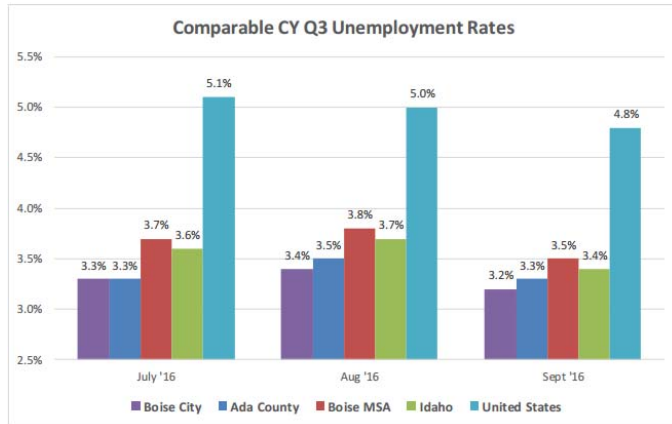
Serving as its economic hub and state capital, Boise is the center of business and government activity within the State of Idaho. It provides financial, medical, and commercial services for southern Idaho and part of eastern Oregon. Corporate headquarters of several major businesses historically have contributed to fiscally balance Boise's economy with a healthy mix of business, technology, education, health care, retail, manufacturing, government, military, and professional sectors.

Housing demand and building activity remains strong, with low interest rates and the inventory of homes for sale has continued to trend upward in fiscal year 2016 in Boise. Construction in Boise continues to be strong while permitting revenue and volume fell compared to the same quarterly analysis in fiscal year 2015. This is offset by

¹ <http://www.census.gov/quickfacts/table/PST045215/1608830>

increased volume of single family permits, number of living units, residential valuation, and trade permits. Given the city's large community initiatives and commercial investment, we expect for commercial construction to continue on the prior years' robust trend.

Figures provided by the Idaho Department of Labor indicate the labor market has continued to improve². Total Boise employment as of September 2016 increased by 1,781 jobs or 1.6% compared to prior year. Boise's



unemployment rate is down from prior year's 3.6% to 3.2% as of September 30, 2016. Boise continues to incur lower unemployment numbers when compared to comparable cities in the western United States, except for Salt Lake City, Utah, and Colorado cities which are experiencing less than 3.0% unemployment rates.

A total of 11.5% of gross sales tax collections is shared with cities across Idaho, based on relative property value and proportionate population. Gross sales tax collected in the quarter ending September 20, 2016 increased by \$30 million or 7.5% compared to the same period in 2015. Boise's portion of the sales tax collection is experiencing the relative increase associated with total State collections.

Air passenger traffic at the Boise Airport is an important economic indicator that highlights growth, access, and destination of choice. During fiscal year 2016, total passenger volume increased by 9% compared to fiscal year 2015. This increase in passenger traffic marks the third fiscal year in a row of consistent and strong passenger growth. During fiscal year 2016, the airport added Dallas as a new major hub. This is adding to the already established paths for businesses "to bring in clients, send out goods, and visit people who buy and sell products in other cities"³. Boise Airport Director continues to pursue establishing a nonstop connection to a major east coast city.



² Sources: Idaho Department of Labor and US Bureau of Labor Statistics – data through September (not seasonally adjusted); US Bureau of Labor Statistics

³ Idaho Statesman, Sven Berg, September 29, 2016.

Long-term Financial Planning

Guidelines of the Government Finance Officers Association formally recommend that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular operating revenues. As of September 30, 2016, the City's General Fund exceeded the minimum recommended standard with an unrestricted fund balance of \$37.8 million.

The city's financial planning process includes a five-year financial forecast, which forecasts revenues, expenditures/expenses, and capital needs according to current and future trends and economic data. Financial modeling is performed on the revenue and expense assumptions to ensure growth in fixed costs are sustainable in the event of worse than expected economic outcomes. The modeling completed in December 2016 showed how the city is strongly positioned to handle a normal economic downturn for 1-2 years. The city's five-year financial forecast, along with the annual Strategic Planning process and bi-annual Citizen Survey are directly tied to the formation of the city's annual budget.



Blueprint Boise serves as Boise's 20-year comprehensive plan for the growth of the city. The comprehensive plan was prepared over a four-year period with extensive citizen input and review and was adopted by the Boise City Council in November 2011. The city reviews the plan each year to determine whether conditions in the community or the desires of the citizens have changed enough to warrant revision of the plan. We continue to focus on environmental stewardship; predictable development planning; a community of stable neighborhoods and vibrant mixed-use activity centers; a connected community; a community that values culture, education, arts and history; a strong, diverse economy; and a safe, healthy and caring community. This plan and leadership's visionary approach has served the city well and will continue to be the basis for additional sustainability and growth.

The city also prepares a five-year capital improvement plan that serves as a tool for efficient, transparent, and proactive mode of planning public improvements throughout the city. The capital improvement plan specifies the capital improvement and construction projects over the upcoming five-year period in order to maintain or enhance the city's capital assets in the Capital Improvement Fund, Airport, Geothermal, and Sewer funds. The Capital Improvement Fund is primarily supported by an annual transfer from the General Fund and allows for improvements to the city's open space, public buildings, and technology infrastructure. The Airport, Geothermal, and Sewer capital plans are funded through dedicated revenue streams and the projects that they support must have a direct nexus to the associated revenue source.

Relevant Financial Policies

Financial policies serve as the framework for the financial operation of the city government as well as the basis for budget development. The city has adopted a broad set of financial policies and regulations that are contained within our Business Operations Manual. These policies and regulations have been reviewed by the city's chief administrative officers and approved by the Boise City Council.

Major Initiatives and Accomplishments

Environmental

- Commissioned the Dixie Drain, a new 49-acre, national-standard setting phosphorus removal facility that will greatly reduce the amount of phosphorus entering the lower Boise and Snake rivers by removing up to 140 pounds of phosphorus per day or approximately 10 tons annually. “The Dixie Drain project is an exemplary model of federal, state, and local cooperation.”⁴
- Constructed and opened Idaho’s first commercial zero net energy building that acts as a hub for the City’s 4,225-acre 20-Mile South biosolids application site. The application site receives biosolids from Boise’s two main wastewater treatment plants which are applied to fields for growing forage crops.



Parks and Recreation

- Celebrated the opening of Boise’s newest park, Esther Simplot Park. This addition is the latest gem added to the city’s “Ribbon on Jewels” park system. It is 55 acres that includes water activities, 1.5 miles of paths, shelters, grassy areas, playgrounds, and restrooms.
- Closed the last gap of the 25-mile Boise River Greenbelt to complete the planned Green Belt park project. This improved the public’s connectivity and commuter opportunities between Garden City and Boise.
- Opened Rhodes Skate Park, a world-class 1.28-acre remaking of a two-decade old skate park that is valued at \$465,000. Local youth helped design the park which features inline skating and skateboarding and was funded mostly through generous donations and private support. The city provided staff, inspection services, and an additional \$50,000.

Public Safety

- Broke ground on two of four new fire stations and a state-of-the-art fire training center made possible by a 2014 public safety bond measure overwhelmingly supported by 76% of our voters.
- Welcomed a new one-of-a-kind member to Boise’s Police Department as the K9 mascot to provide a stronger connection of the department and our citizens. Scout’s role is to help officers build stronger connections while raising awareness of personal and



⁴ Statement by U.S. Congressman Mike Simpson during the Dixie Drain commissioning ceremony on August 24, 2016.

neighborhood safety. He performs similar duties to a “therapy dog” and is available in situations where a dog may aid in easing the distress of a crime victim or witness.

- Staffed Boise Police Department with a mental health coordinator who collaborates with officers and community service providers to assist citizens in need.

Libraries

- Broke ground on the newest branch Library! at Bown Crossing in Boise’s east side that will be a full service library providing a welcoming, light-filled environment, with computers and Internet access, books, movies and music, spaces for study, meetings, and relaxing, and special programs for all ages. The Library! is expected to be open February or March 2017.

Neighborhoods and Housing

- Led the community wide effort to create permanent supportive housing for the community’s chronically homeless through the Housing First model.
- Completed our first Energize Our Neighborhoods initiative that increased economic activity, provided additional services and created more vibrant and connected neighborhood in the Vista neighborhood. We selected the Vista neighborhood using a data based modeling technique to review livability indicators, neighborhood demographics, and several significant local assets.

Transportation and Parking

- The city helped opened the City Center Plaza and Clearwater Building, where civic purpose meets commercial demand through the creation of a 21st century transit hub, the establishment of Boise State University’s computer Science Department and the expansion of the Boise Centre on the Grove.
- We developed the Transportation Action Plan to be a vision for creating real transportation choice that offers safety, optimizes infrastructure, and supports vibrant neighborhoods.
- Installed a modern, integrated parking system for Downtown Boise which improved Boise’s downtown parking choices. In the plan’s first phase completed in 2016, the City of Boise changed on-street parking to a demand based pricing system and increased the time-limit on 81% of the 1,300 metered parking spaces downtown. A slight increase in on-street parking costs in the downtown core encourages better use of on-street, short-term parking in those areas and better customer access to local business in the downtown core.



Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Boise for its CAFR for the fiscal year ended September 30, 2015. This is the 21st consecutive year that the City of Boise has earned this distinction. To be awarded a Certificate of Achievement, the city must publish, in a prescribed format, a thorough and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements. The Certificate of Achievement is valid for one year only. We believe that our most recent CAFR will continue to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The Mayor and the Boise City Council have continued to demonstrate a commitment to allocate the resources needed to ensure its ability to account, audit, report, monitor, and control the financial operations and transactions of the City of Boise in a responsible and progressive manner. The Department of Finance and Administration would like to express appreciation to participating city staff in every department whose dedicated efforts resulted in a timely and successful completion of this year's report.

Sincerely,



Lynda Lowry
CFO & Director of Finance and Administration
City of Boise, Idaho



Jennifer Jenkins, CPA
Controller
City of Boise, Idaho



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

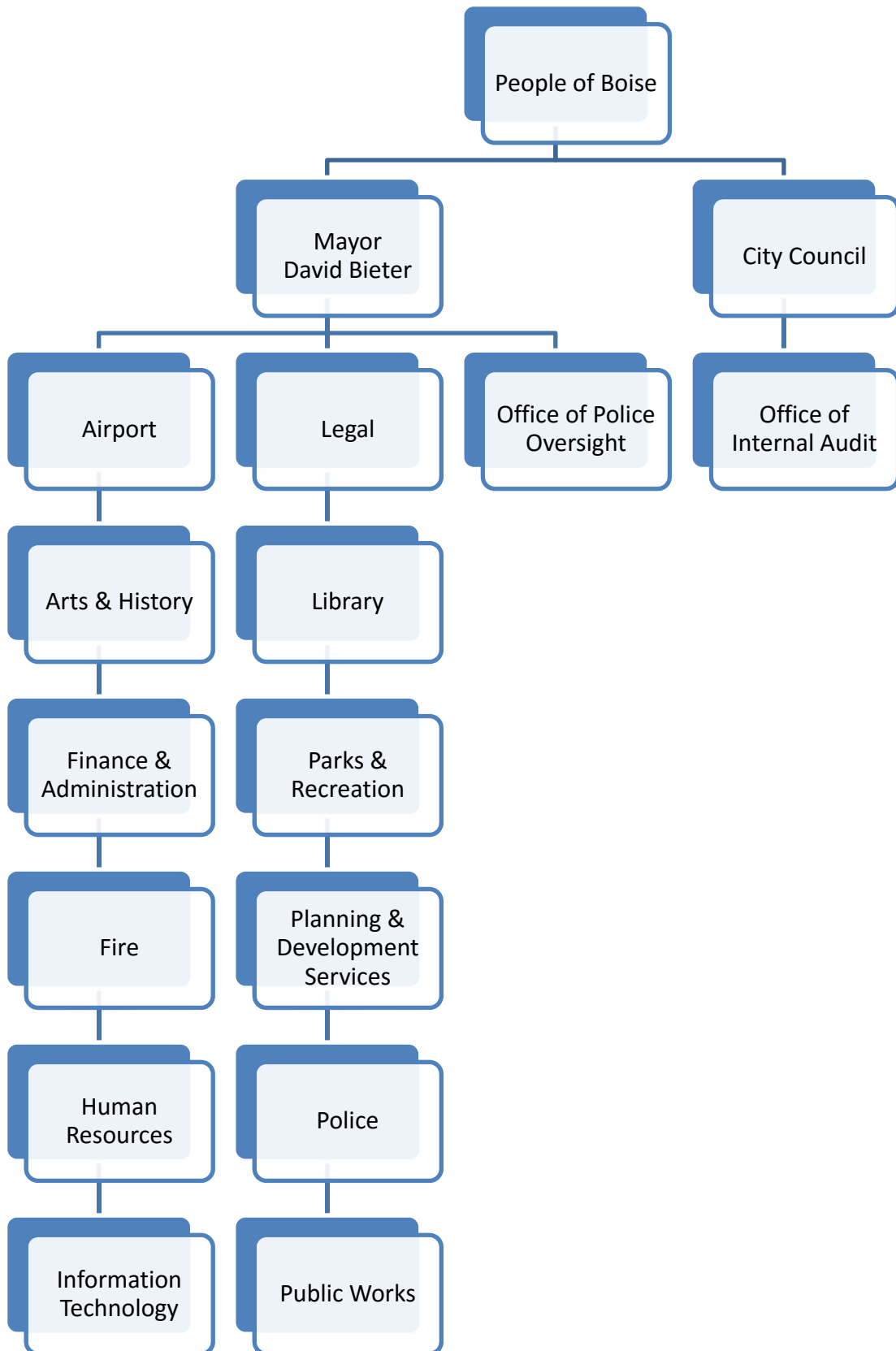
Presented to

**City of Boise
Idaho**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO



ORGANIZATION

Boise City is one of 200 cities in the State of Idaho. Cities are “creatures of the state” authorized for organization by the Idaho Constitution. “The legislature shall provide by general laws for the incorporation, organization and classification of the cities and town in proportion to the population,” (Idaho Constitution Article 12, Section 1). “The legislature by general and uniform laws shall provide for such township, precinct and municipal (city) officers as probable convenience may require,” (Idaho Constitution Article 18, Section 6). Boise City operates under the mayor-council system of government as a city of the first class under the general laws of the State of Idaho with a mayor and six council members. The mayor is elected to a four-year term. Council members are also elected for four-year terms, three being elected every two years to stagger the terms for continuity. The Mayor is the chief executive officer for the City, responsible for carrying out policies set by the council and for enforcing the ordinances existing in the City Code.

The Mayor is assisted in this responsibility by Department Director’s appointed by the Mayor and confirmed with the consent of the council. For CAFR reporting purposes, the City’s General Fund is divided into eight functions/programs:

- 1) General Government
- 2) Fire
- 3) Police
- 4) Parks and Recreation
- 5) Culture
- 6) Community Service
- 7) Community and Economic Development
- 8) Interest and Fiscal Charges

Additionally, the CAFR reports business-type activities of the City’s Airport, Sewer and Solid Waste Funds. Smaller funds are reported in aggregate for both governmental and business-type activities. This required reporting structure does not necessarily equate to the operational structure of the City of Boise which is shown on the preceding page.

City of Boise
Principal City Officials

<u>Name</u>	<u>Position – Title</u>	<u>Department</u>
David Bieter	Mayor	Executive
Elaine Clegg	Council member – Council President	Legislative
Lauren McLean	Council member – Council Pro Tem	Legislative
Scot Ludwig	Council member	Legislative
Ben Quintana	Council member	Legislative
TJ Thomson	Council member	Legislative
Maryanne Jordan	Council member	Legislative
Jade Riley	Chief of Staff to the Mayor and Council	Mayor’s Office
Darrin Harris	Director	Information and Technology
Kevin Booe	Director	Library
Derick O’Neill	Director	Planning and Development Services
Rob Luce	City Attorney	Legal
Dennis Doan	Chief	Fire
Doug Holloway	Director	Parks and Recreation
William Bones	Chief	Police
Rebecca Hupp	Director	Airport
Shawn Miller	Director	Human Resources
Steve Burgos	Director	Public Works
Lynda Lowry	Director	Finance & Administration
Terri Schorzman	Director	Arts and History



Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Boise, Idaho

Report on the Financial Statements

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 the City of Boise, Idaho (the City) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2016, and the respective changes in financial position and, where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balances – budget to actual – general fund, other postemployment benefits – schedule of funding progress, the schedule of employer's share of net pension liability and the schedule of employer's contributions, as stated in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiry of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquiry, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, schedule of revenues and expenses – airport fund, schedule of passenger facility charges, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules, schedule of revenues and expenses – airport fund, schedule of passenger facility charges and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budget to actual statements, schedule of revenues and expenses – airport fund, schedule of passenger facility charges and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued a report dated March 1, 2017 on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City's internal control over financial reporting and compliance.

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

Boise, Idaho
March 1, 2017

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As management of the City of Boise (the "City"), we offer readers this narrative overview and analysis of the financial activities of the City of Boise for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts in this discussion and analysis, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

The assets and deferred outflow of resources of the City exceeded its liabilities and deferred inflow of resources as of September 30, 2016, by \$818,336. Of this amount, an unrestricted net position of \$151,355 may be used to meet the City's on-going obligations to citizens and creditors.

- Total net position increased by \$48,912 by the end of the September 30, 2016. Of this amount, an increase of \$28,697 was associated with governmental activities and an increase of \$20,215 with business-type activities.
- As of the close of the September 30, 2016, the City's governmental funds reported combined ending fund balance of \$116,190; an increase of \$8,226 in comparison with the prior year. Of the former amount, \$8,759 was in nonspendable form, \$30,164 is restricted, \$2,041 is committed, \$33,245 is assigned and \$41,981 is unassigned.
- At the end of the September 30, 2016, unassigned fund balance for the general fund was \$38,390 or 22.00% of total general fund expenditures which were \$174,523. This ratio increased 7% compared to prior year unassigned fund balance of 15%.
- The City's total debt obligations (including bonds, notes, Section 108 Advance, post-employment benefits and compensated absences, net pension liability and premiums) was \$110,665 for the year ended September 30, 2016.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The statement of net position presents information on all of the City's assets, liabilities, deferred inflows and outflows of resources; with the net difference across the four categories being reported as total net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, fire, police, parks and recreation, culture, community services, community development, and other. The business-type activities of the City include the airport, sewer, solid waste and housing activities.

The government-wide financial statements include not only the City itself (known as the primary government), but also a blended component unit, Harris Ranch Community Infrastructure District No. 1. This is a separate legal infrastructure district. Due to the nature of the relationship between this District and the City, the assets, liabilities, deferred inflows and outflows, revenues, and expenditures of this entity are blended into the City's government-wide financial statements.

Fund Financial Statements

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

Governmental funds

Governmental funds are utilized to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the September 30, 2016. Such information is useful in evaluating a government's near-term financing requirements.

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

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Improvement Fund, and the Foothills Levy Fund. These funds are considered major funds. Data from the other six funds, which are the Community and Economic Development Special Revenue Fund, Heritage Special Revenue Fund, Dedicated Permanent Fund, Harris Ranch Community Infrastructure District No. 1 Capital Projects Fund, Impact Fee Capital Projects Fund, and the Debt Service Fund are combined into a single aggregated column for presentation purposes. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements within other supplementary information section of this report.

The City approves an annual budget for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the September 30, 2016 budget.

Proprietary funds

The City maintains two different types of proprietary funds – enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains six individual enterprise funds. Information is presented separately in the proprietary statement of net position and the proprietary statement of revenues, expense and changes in fund net position for the Airport, Sewer and Solid Waste Funds. These funds are considered major enterprise funds. Data from the other three funds, which are the Geothermal, Municipal Irrigation, and Housing Rehabilitation Funds are combined into a single aggregate column for presentation purposes. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements within other supplementary information section of this report.

Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet maintenance, arboretum, and risk management activities. Because these services benefit both governmental and business-type functions, internal balances have been allocated between governmental-type activities and business-type activities in the government-wide financial statements. However, the City's internal service funds are combined into a single, aggregated presentation in the proprietary fund financial

statements due to having economic resources based transaction measurement focus similar to enterprise funds. Individual fund data for the internal service funds is provided in the form of combining statements within other supplementary information section of this report.

Fiduciary funds

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information and other supplementary information. The required supplementary information presents the City's schedules required for disclosure of pension and other post-employment benefits. The combining statements referred to earlier in connection with non-major funds and internal service funds are presented as other supplementary information section. Also included are budget comparisons for governmental funds other than the general fund.

FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At September 30, 2016, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$818,336. By far, the largest portion of the City's net position (77.52%) reflects its net investment in capital assets. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position

A portion of the net position 3.98% represents resources that are subject to external restrictions on how the funds may be utilized. The \$151,355 balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

	City of Boise's Net Position (in thousands)					
	Governmental Activities		Business - type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 312,477	\$ 301,820	\$ 118,958	\$ 120,512	\$ 431,435	\$ 422,332
Capital assets	219,264	204,870	509,353	494,914	728,617	699,784
Total assets	531,741	506,690	628,311	615,426	1,160,052	1,122,116
Deferred Outflow of Resources	44,497	23,229	8,068	4,953	52,565	28,182
Long-term liabilities	121,123	95,385	63,736	62,332	184,859	157,717
Other liabilities	28,060	35,912	14,427	19,008	42,487	54,920
Total liabilities	149,183	131,297	78,163	81,340	227,346	212,637
Deferred Inflow of Resources	162,344	162,608	4,591	5,629	166,935	168,237
Net position:						
Net investment in capital assets	172,253	157,103	462,135	441,429	634,388	598,532
Restricted, nonexpendable	11	3,449	-	-	11	3,449
Restricted, expendable	32,205	16,318	17,339	24,132	49,544	40,450
Unrestricted	60,242	59,144	74,151	67,849	134,393	126,993
Total net position	\$ 264,711	\$ 236,014	\$ 553,625	\$ 533,410	\$ 818,336	\$ 769,424

For the year ended September 30, 2016, the City's net position increased \$48,912 or 6.36% compared to last year due to current year operations. Current year operations improved as a result of increase in property tax revenues and decrease in general expenditures. The City is in an improving financial situation, as assets and deferred outflows of resources are growing faster than liabilities and deferred inflow of resources; leading to an increase in net position.

Summary Changes in Net Position

	City of Boise's Changes in Net Position (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 45,092	\$ 47,234	\$ 103,535	\$ 95,215	\$ 148,627	\$ 142,449
Operating grants and contributions	1,834	2,892	1,551	7,685	3,385	10,577
Capital grants and contributions	8,701	5,700	19,886	11,593	28,587	17,293
General Revenues:						
Property taxes	130,985	125,024	-	-	130,985	125,024
Other taxes	28,927	26,701	-	-	28,927	26,701
Other	1,208	853	1,697	991	2,905	1,844
Total revenues	<u>216,747</u>	<u>208,404</u>	<u>126,669</u>	<u>115,484</u>	<u>343,416</u>	<u>323,888</u>
Expenses:						
General Government	11,100	29,662	-	-	11,100	29,662
Fire	44,126	39,322	-	-	44,126	39,322
Police	57,902	47,108	-	-	57,902	47,108
Parks and Recreation	34,021	26,292	-	-	34,021	26,292
Culture	11,666	10,053	-	-	11,666	10,053
Community Services	25,974	21,076	-	-	25,974	21,076
Community Development	1,367	3,353	-	-	1,367	3,353
Other charges	-	-	-	-	-	-
Interest and fiscal charges	1,763	1,283	-	-	1,763	1,283
Airport	-	-	34,845	34,369	34,845	34,369
Sewer	-	-	39,159	34,796	39,159	34,796
Solid Waste	-	-	27,804	30,852	27,804	30,852
Other	-	-	4,777	3,539	4,777	3,539
Total expenses	<u>187,919</u>	<u>178,149</u>	<u>106,585</u>	<u>103,556</u>	<u>294,504</u>	<u>281,705</u>
Increase in net position before transfers	28,828	30,255	20,084	11,928	48,912	42,183
Net Transfers	(131)	(124)	131	124	-	-
Increase in net position	<u>28,697</u>	<u>30,131</u>	<u>20,215</u>	<u>12,052</u>	<u>48,912</u>	<u>42,183</u>
Net Position - Beginning	<u>236,014</u>	<u>205,883</u>	<u>533,410</u>	<u>521,358</u>	<u>769,424</u>	<u>727,241</u>
Net Position - Ending	<u>\$ 264,711</u>	<u>\$ 236,014</u>	<u>\$ 553,625</u>	<u>\$ 533,410</u>	<u>\$ 818,336</u>	<u>\$ 769,424</u>

Governmental Activities

Governmental activities for the year ended September 30, 2016 increased the City's net position by \$28,697. This increase accounted for 58.7% of the total increase in net position, after transfers were taken into account. The key elements of this increase were as follows:

Total revenues increased by \$8,343 or 4.00% compared to September 30, 2015. This increase is primarily due to the following increases: General Revenues (property and other taxes) of \$8,187, Capital Grants and Contributions of \$3,001, and Other of \$355. A decrease was exhibited in the following categories: Charges for Services of \$2,142, Operating Grants and Contributions of \$1,058 in comparison to the prior year.

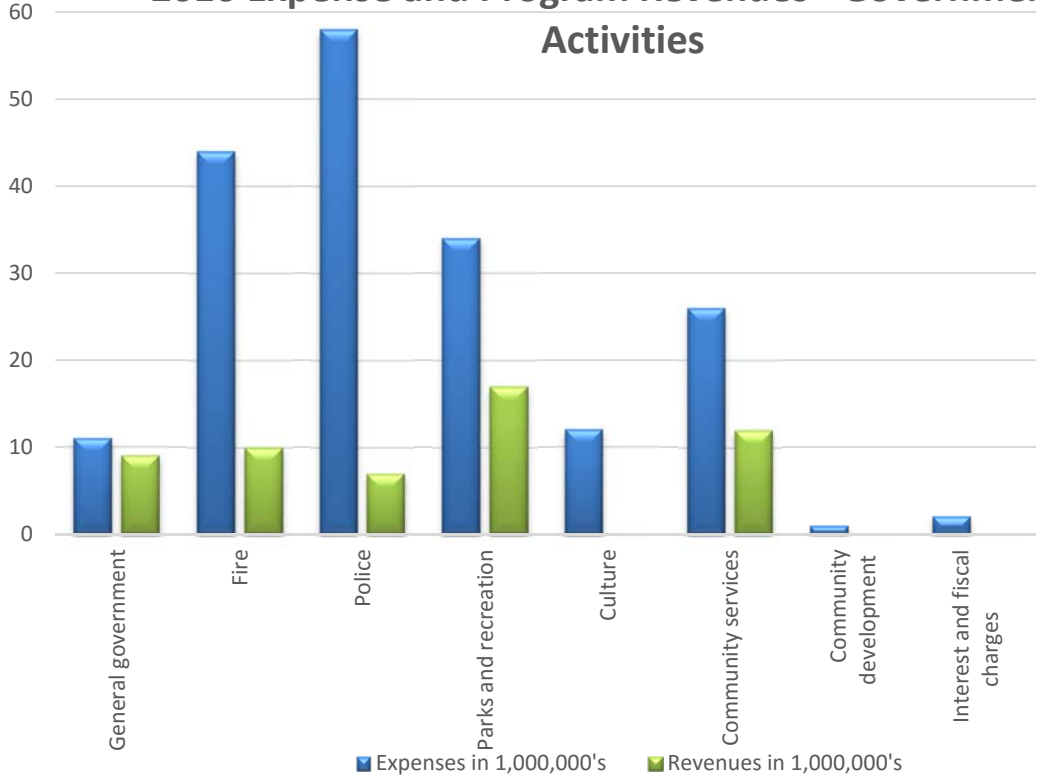
Consistent with prior years, the City took the 3% statutorily allowed property tax increase for fiscal year 2016, while sales tax and development fees contributed to the overall increase in revenues.

Expenses during the fiscal year increased on a net basis by \$9,770 or 5.48% in comparison to the prior fiscal year. General expenditures decreased mainly due to change in allocation of internal charges. Computer services decreased approximately \$3.5 million from general expenditures and was recorded directly through the new cost allocation methodology. Salaries increased approximately 35% in fire administration, 10% fire operations salaries, and police increased \$1.6 million as a result of contractual increases per the labor agreement, including but not limited to base and one-time pay, and health plan contributions. Overtime expenses also increased year-over-year due to vacancies that the department is in the process of hiring, additional requests from outside agencies (reimbursement occurs), and a temporary overtime rate increase resulting from the one-time pay as outlined in the labor contract. Public works expenditure increase resulted from increased personnel costs (\$335k) from filled vacancies, added positions, and employee health plan selections. Maintenance and operations expenditures increased compared to last year due to the indirect cost reimbursement (\$904k).

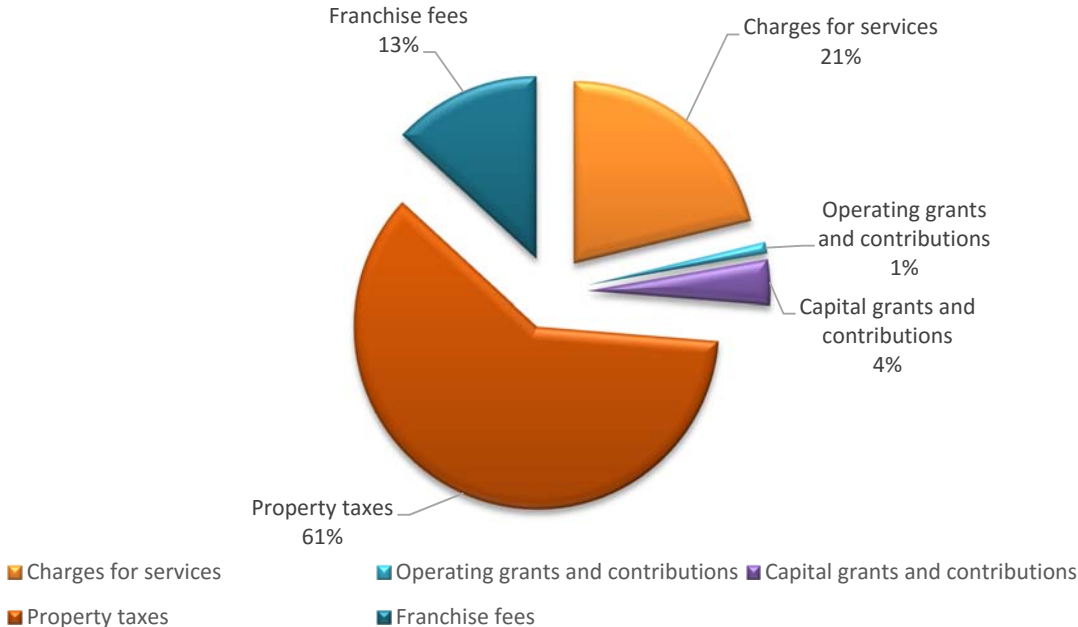
Expenditures on capital projects during fiscal year 2016 totaled \$29.6 million. Below is a summary of the many projects completed and/or in progress during the fiscal year:

- Major Equipment (\$5.3 million)
- Bown Crossing Library (\$3.5 million)
- Major Repair & Maintenance (\$3.2 million)
- Fire Station #8 (\$1.5 million)
- River Recreation Park Phase II (\$1.4 million)
- Fire Station #4 Renovation (\$1.2 million)
- Shooting Range Improvements (\$1.1 million)

2016 Expense and Program Revenues - Governmental Activities



2016 Revenues by Source - Governmental Activities



Business-type Activities

Business-type activities in September 30, 2016 increased the City's net position by \$20,215; accounting for 41.3% of the total net position growth. Key elements of the increase are as follows:

Program revenues increased on a net basis by \$11,185 (9.69%) as compared to September 30, 2015. Increases in program revenues were exhibited in the following categories: \$8,320 in Charges for Services and \$8,293 in Capital Grants and Contributions. Operating Grants and contributions decreased by \$6,134.

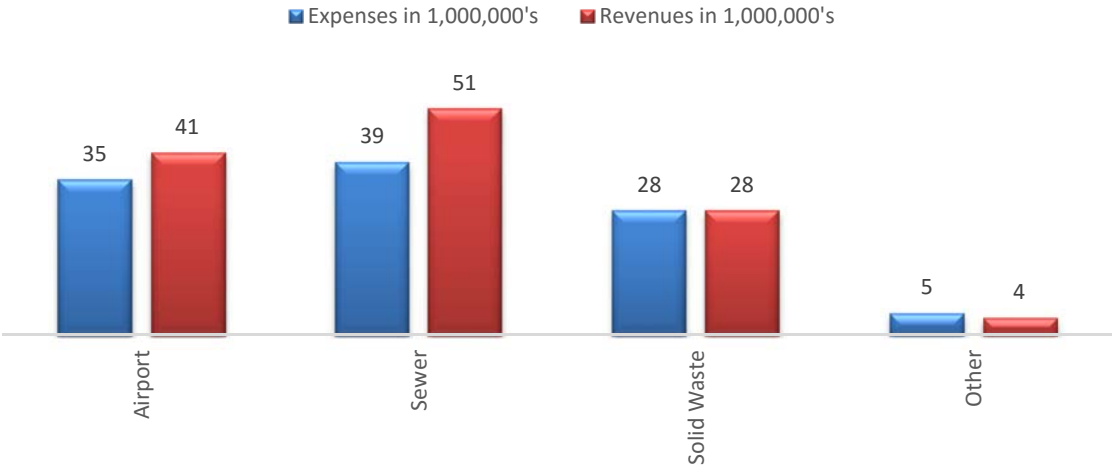
- **Airport** operating revenue increased because of airport fees (\$4.0M), which includes airline fees, parking fees, car rental revenue, rent revenue (land and terminal), and concession revenue. The other accounts that contributed to operating revenue increasing were interest income (\$269k), and facility rental income (\$66k). Airport Capital grant revenue increased significantly, \$5.3 million or 171.7%, due to the progress on the baggage system (a 100% funded TSA grant that is non-recurring), while collection of passenger facility charges (PFC) decreased \$5.6 million as the full amount of eligible costs have been collected and are held in reserve for debt service payment.
- **Geothermal** user fee revenues increased compared to prior year due to the addition of three additional building connections coupled with more heating demand due to winter temperatures. Capital grants and contributions decreased due to the timing of grant revenue related to the expansion of the Central Addition capital project.
- Year-over-year operating revenue gains for **Sewer** were due to increased user fee revenue from customer growth and a 4% rate increase that took place on 10/1/2015. Compared to 2015 capital revenues increased \$2.2 million (32.2%) due to connection fees. A strong development environment is driving the increase in connection fees.
- Compared to FY 2015, total revenue for **Solid Waste** increased \$1.6 million (5.8%) due to growth in user fees, including new customers, and a 2% rate increase that took place effective 10/1/2015.

Total expenses for business-type activities increased by \$3,029 (2.9%), as compared to the prior year. The following funds had increases in expenses: \$4,363 for Sewer, \$476 for Airport, and \$1,238 for other funds. Solid Waste had a decrease of \$3,048.

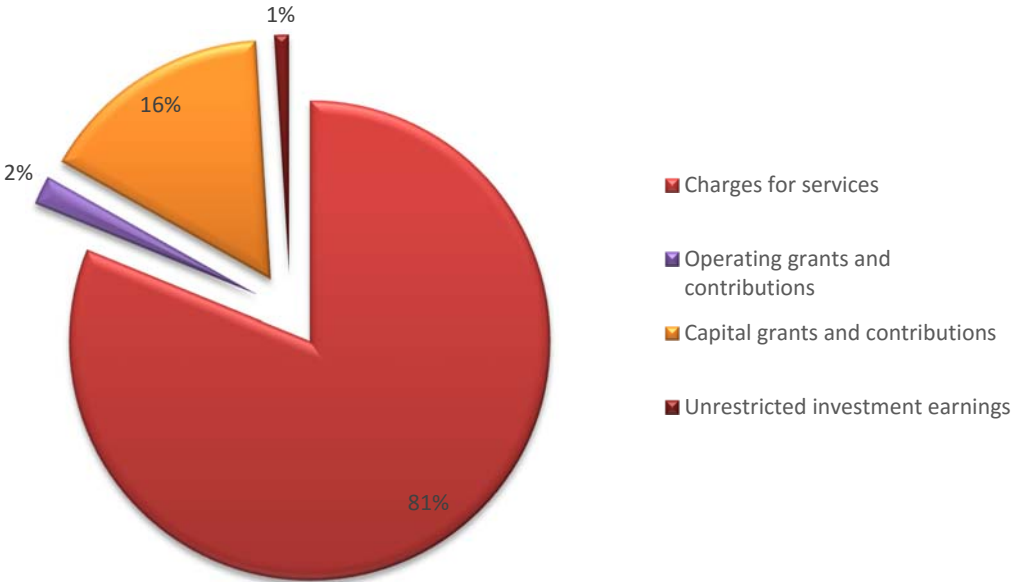
- **Airport** expenses increased \$411k (1.9%) compared to actual operating costs for 2015. The \$2.9 million in budgetary savings was equally shared between asset write-off expense and professional services.
- **Geothermal** operating expenses increased \$77k (28.4%) compared to 2015 due to increased expenses for personnel cost, professional services and internal charges.
- The primary reason for budgetary savings in the **Sewer** fund is within personnel due to capitalized salaries which reduced salary expense for the fiscal year. Fiscal year 2016 maintenance and operations expenses were \$2.1 million (16.6%) more than FY 2015.

- Compared to 2015, **Solid Waste** operating expenses fell \$3.3 million (10.8%) due to a one-time FY 2015 expenditure for professional services (\$3.9 million) related to the environmental clean-up project at Esther Simplot Park.

2016 Expense and Program Revenues - Business-Type Activities



2016 Revenues by Source - Business-Type Activities



Total Fund Balance

	2016	2015
Nonspendable		
Inventory	\$ 635	\$ 607
Prepaid items	1,428	1,126
Advances - long term	2,198	2,715
Property held for resale	4,487	4,487
Restricted, nonexpendable, for		
Permanent fund principal	11	3,449
Restricted, expendable, for		
Drug enforcement	867	885
IOLS consortium	578	653
Library gift funds	230	288
Impact fees project	8,946	8,963
Heritage funds	1,941	1,914
Debt service	16,962	592
Foothills levy	640	1,597
Committed to		
Homelessness prevention	2,041	2,018
Assigned to		
General government	2,483	4,713
Fire	315	695
Police	3,642	2,231
Parks and recreation	5,156	2,707
Culture	6,142	8,710
Community projects	5,233	4,708
Post retirement benefits	9,743	28,433
Community and economic development	531	496
Unassigned	41,981	25,977
 Total fund balance	 \$ 116,190	 \$ 107,964

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

At September 30, 2016, the City's governmental funds reported a combined ending fund balance of \$116,190, which is a \$8,226 increase over the prior year. Governmental funds report fund balance in non-spendable and spendable classifications. Nonspendable and Restricted Nonexpendable fund balances represent resources that cannot be spent due to their existing nature or restrictions imposed by external third parties. Governmental fund balance that is available for spending is disclosed in four reporting categories: Restricted Expendable, Committed, Assigned, and Unassigned. Restricted Expendable Fund Balance represents resources that can only be spent based upon externally imposed restrictions. Committed Fund Balance represents City Council mandated constraints imposed on the use of funds. Assigned Fund Balance represents resources with an intended use and Unassigned Fund Balance represents resources that have not been classified in one of the aforementioned.

- Within the nonspendable fund balance category, \$4,487 is associated with property held for resale. The remaining \$4,261 is composed of inventory, prepaid items, and non-current receivables.
- The nonspendable fund balance category is composed of \$11 of permanent capital that must be preserved for Humane Society.
- Within the restricted fund balance category, \$8,946 is restricted for Impact Fees. Heritage projects and Foothills Conservation account for \$1,941 and \$640, respectively; \$808 is related to Library IOLS/Gift restrictions. Finally, \$867 and \$16,962 are restricted for drug enforcement initiatives and debt service reserves, respectively. Restricted fund balance balances decreased by \$1,017 in comparison to September 30, 2015 principally due to expenditures for Foothills Levy projects.
- The entirety of the committed fund balance of \$2,041 is dedicated to homelessness prevention. The Neighbors In Need initiative was established in 2008 by Mayor Bieter and the Boise City Council members as an ongoing revenue source to support solutions to homelessness.
- At the end of September 30, 2016, the City has made the following assignments of fund balance: \$9,743 for postretirement benefits, \$6,142 for culture, \$5,233 for community services, \$2,483 for general government, \$5,156 for parks and recreation, \$3,642 for police, \$315 for fire and \$531 for community and economic development.
- The remaining \$41,981 of fund balance is contained within the unassigned fund balance category. Changes in fund balance between fiscal years have been explained in the prior governmental revenue and expense discussion.

The General Fund – Revenue & Expenditure Analysis

The general fund is the City's primary operating fund. Fund balance in the City's general fund increased by \$10,953; as compared to the prior fiscal year.

- The City receives outstanding delinquent property taxes, which drives increase in the total property taxes received. The delinquent collections in FY 2016 were more than in years past, due to increased efforts by Ada County to collect delinquent property taxes.
- Sales Tax revenue totaled \$16.3 million. This represents a 7.8% increase (\$1.2M) compared to fiscal year 2015. Sales Tax receipts continue to experience strong year-over-year growth.
- Total development fee revenues amounted to \$11.2 million, approximately \$1.5 million (15.5%) over last year. The increase was driven by residential activity, including higher residential value, and trade permits.
- Internal user fees primarily consist of indirect reimbursement from enterprise funds. Internal user fees totaled \$5.7 million which was a decrease compared to prior year. The revenue received in the form of indirect reimbursement represents the amount from the enterprise/other funds for general overhead costs. The amount charged to the enterprise/other funds depends on several allocation factors, thus what is received will vary from year to year.

- Franchise fees collected decreased approximately \$298 for the year ended September 30, 2016 as a result of 5.7% rate reduction for natural gas, decrease in cable franchise fees two years in a row, and offset by increase of solid waste franchise fees due to customer growth.
- Fines and forfeitures revenue decreased related to a shortfall in parking & towing fines due to the recent change in the parking strategy downtown.
- Total expenditures increased by \$1,314; as compared to the prior fiscal year. Expenditure increases were exhibited in the following functional areas: \$6,641 for police, \$5,858 for fire, \$5,074 for parks and recreation, \$3,662 for community services, \$729 for culture, and \$200 for capital outlay mainly due to net results of indirect cost plan and city-wide performance pay increase. Personnel savings off-set occurred due to vacant positions and unspent personnel contingencies. The fund also experienced savings within maintenance and operational expenditures with the most notable being contingency accounts, professional services, contract services, fuel costs, and minor equipment.

GENERAL FUND BUDGETARY HIGHLIGHTS IN SEPTEMBER 30, 2016

The final general fund revenue budget was increased by \$1,062 versus the originally adopted budget principally due to an upward revenue revision of \$751 for intergovernmental and \$278 for donations, primarily from grants received during the fiscal year.

The final general fund expenditure budget was \$5,847 more than the originally adopted budget. This difference was principally due to rebudgeted and encumbered expenditures carried forward from September 30, 2015 into the current year.

Final budgeted revenues exceeded final budgeted expenditures in the general fund by \$9,710. During the year ended September 30, 2016, actual revenues exceeded actual expenditures by \$28,412. The final net budget to actual variances were \$5,357 (favorable) in revenues and \$13,345 (favorable) in expenditures.

In summary, total general fund departmental operating revenue exceeded the budget by \$2.2 million (5.6%). These figures exclude intergovernmental revenues and expenses, such as property taxes, which were discussed earlier in this report. Expenditure savings were experienced in all three major categories including: personnel savings of \$1.7 million (1.3% below budget), maintenance and operations (M & O) expenditure savings (before encumbrances and rebudgets) of \$8.2 million (11.6%), and major equipment savings (before encumbrances and rebudgets) of \$130k (10.0%). After encumbrances and rebudgets, the operating departments recognized \$8.9 million in net income.

Analysis of Revenue Variances – Budget to Actual

Property Tax revenue totaled \$131.4 million, \$1.0 million (0.8%) above the budgeted amount. The City receives outstanding delinquent property taxes, which drives the total property taxes received above the budgeted amount. The delinquent collections in FY 2016 were more than in years past, due to increased efforts by Ada County to collect delinquent property taxes.

Sales Tax revenue totaled \$16.3 million or \$2.2 million (15.4%) over the budgeted amount. This represents a 7.8% increase (\$1.2M) compared to FY 2015. Sales Tax receipts continue to experience strong year-over-year growth. The FY 2017 budget has been adjusted upward to \$15.6 million, representing a new base level of collection.

Total development fee revenues amounted to \$11.2 million, approximately \$2.9 million (34.9%) over budget and \$1.5 million (15.5%) over last year. The increase was driven by residential activity, including higher residential value, and trade permits. The FY 2017 development fee budget was increased for the third consecutive year, during the budget workshop, to recognize the projected base component of these revenues. According to City Construction Reports, the number of new single-family permits increased by 89 (14.7%) during the fiscal year when compared to FY 2015. Trade permits increased by 500 (3.0%). Commercial and multi-family permits, and commercial valuation, were down year-over-year, but remain at a high level.

External user fees came in at \$22.3 million, \$382k (1.7%) over budget. External user fees include Fire and Police service contracts, Park services utilization fees, Library fees, and other miscellaneous fees. The predominant contributor to the revenue excess was Parks and Recreation user fees as the programs continue to grow participation year-over-year.

Internal user fees (within the Intergovernmental Revenue category) primarily consists of indirect reimbursement from Enterprise Funds. Internal user fees totaled \$5.7 million and were \$465k (7.5%) under budget. One change to note within this category is that computer charges, which previously were direct billed, decreased from \$5.1 million to \$0 in FY 2016. This accounting change is in concert with a focus towards full cost accounting. Computer service charges are now part of the indirect cost plan. The revenue received in the form of indirect reimbursement represents the amount from the Enterprise/Other funds for general overhead costs. The amount charged to the Enterprise/Other funds depends on several allocation factors, thus what is received will vary from the budget. Given FY 2016 was the first year of the change to the indirect cost plan, this item will be reviewed and adjusted if needed.

Liquor Tax revenues (within Intergovernmental Revenue) were budgeted at \$3.4 million. Actual revenues disbursed to the City totaled \$3.8 million or \$357k (10.4%) over budget. The overage is primarily due to increased overall liquor sales combined with higher proportionate sales within city limits. Total franchise fee revenue was \$298k (5.5%) less than the budgeted amount of \$5.5 million and \$136k (2.7%) more than FY 2015. Both Natural Gas and Cable Television revenue fell short of expectations. Both of these budgets were adjusted during the budget development process for FY 2017.

Analysis Expenditure Variances – Budget to Actual

During the fiscal year, all functional categories experienced favorable budgetary variances. Total General Fund actual expenditures were \$13,345 less than the final budgetary amount. The budget to actual variance was due to the combination of savings across each of the expenditure categories. Personnel savings occurred due to vacant positions and unspent personnel contingencies. Budgetary savings within maintenance and operations were from several areas, the most notable being contingency accounts, professional services, contract services, fuel costs, and minor equipment. Also, \$1.5 million of the savings for FY 2016 was planned to increase the City's cash flow reserve, to get the City closer to the goal of 8% of the General Fund budget. Savings within contract services (\$2.0M), professional services (\$1.6M), and minor equipment (\$375k) are dependent on the timing of expenditures.

General government expenditures were lower than budgetary estimates by \$5,548 for the fiscal year. Compared to FY 2015, the contractual services experienced an increase in operating revenue of \$6k (4.0%) and an increase in expenses of \$468k (5.8%), excluding indirect costs, for a net increase in departmental resource use of \$462k. The increase in year-over-year expenses was driven primarily by standard contract increases and strategic enhancements to Valley Regional Transit services via an increased contribution.

Finance and administration department experienced a decrease in operating revenue of \$3.7 million and an increase in expenses of \$560k, for a net increase in departmental resource use of \$4.2 million. Operating revenue fell due to a change in where parking fines and meter revenue are recorded, changes in the indirect cost plan, and revenue associated with the reimbursement for collection services. Community services and culture expenditures were lower than budgetary estimates by \$1,673 and \$1,756, respectively.

Fire, police, and parks and recreation were under their budgetary estimates by \$1,425, \$1,612, and \$1,201, respectively. When compared to FY 2015, the fire department experienced an increase in operating revenue of \$491k (5.7%) and an increase in expenses of \$5.9 million (13.9%) for a net increase in departmental resource use of \$5.4 million funded by the general fund contribution. The vast majority of the increase in expenditures when compared to FY 2015 is due to the Cost Allocation Plan (CAP, \$4.5M) that was enacted in fiscal year 2016. Personnel cost increases (\$1.8 million), as a result of contractual increases per the labor and Union Health Trust agreements, were responsible for the remainder of the expenditure increase from the prior year. Excluding the CAP, maintenance and operations expenditures declined by \$409k, predominantly in minor equipment (\$369k), insurance cost reductions (\$173k), and the net effect of various other maintenance and operation expenditure accounts. The reduction in minor equipment expenses was due to several one-time purchases in fiscal year 2015 that were not duplicated in fiscal year 2016.

Police department experienced an increase in operating revenue of \$111k (1.8%), combined with an increase in expenses of \$6.7 million (13.5%), for a total increase in departmental resource use of \$6.6 million. The revenue increase was attributable to operating grants (\$91k). The vast majority of the increase in expenditures when compared to FY

2015 is due to the CAP (\$5.2 million) that was enacted in FY 2016. Personnel cost increases (\$1.6 million) are the remaining contributor to year over-year increases. Personnel costs are the result of contractual increases per the labor agreement, including but not limited to base and one-time pay, and health plan contributions. Overtime expenses also increased year-over-year due to vacancies that the department is in the process of hiring, additional requests from outside agencies (reimbursement occurs), and a temporary overtime rate increase resulting from the one-time pay as outlined in the labor contract.

Compared to FY 2015, the library department experienced an increase in operating revenue of \$52k (8.5%), coupled with an expenditure increase of \$890k (9.2%), for a net increase in departmental resource use of \$942k funded by the General Fund Contribution. The revenue increase was due to a \$65k increase in donations in FY 2016. Personnel costs increased \$105k, which is consistent with annual increases via the pay for performance model. The rest of the expense increase was attributable to a change in the indirect cost plan, increasing \$1.3 million, slightly offset by lower costs for internal charges (\$519k). Other increases include transfer out expenses primarily associated with donations received in the General Fund designated to the ongoing capital project (\$442k), timing of major equipment purchases (\$232k), purchase of additional books/materials (\$404k) in preparation for the Bown Crossing opening, and building & grounds maintenance (\$109k).

Parks and recreation department experienced an increase in operating revenue of \$178k (2.0%), offset with an increase in expenses of \$4.8 million (20.7%), for a net increase in departmental resource use of \$4.6 million funded by General Fund Contribution. The revenue increase was primarily driven by fee income and staff reimbursement. The large expenditure increase of \$4.6 million was due to increased cost allocation plan allocating indirect cost of \$5.9 million, minor equipment (\$170k), and utilities (\$85k). Offsetting expense savings were in discontinued internal charges for computer services (\$588k), insurance costs (\$132k), professional services (\$118k), and vehicle maintenance (\$108k).

Encumbrances for contractual obligations that could not be completed during the fiscal year were \$449; whereas expenditure amounts to be rebudgeted (net of revenues and existing revenues) into the subsequent year totaled \$2,336.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities at September 30, 2016, amounted to \$728,617 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, service lines, automobiles and equipment, streetlights and public art. Sidewalks, bridges, and roads located within the City of Boise belong to the Ada County Highway District. For September 30, 2016, the City's investment in capital assets increased 3.96% in comparison to the prior year. Of this percentage, governmental-type activities accounted for most of the increase. Additional information on the City's capital assets can be found in Footnote 3.

Major capital asset projects and activities during fiscal year 2016 included the following:

Governmental Activities

- \$7,926 – Park Improvements
- \$4,241 – Vehicle Purchases
- \$3,034 – Land Acquisitions
- \$3,418 – Library at Bown Crossing
- \$3,220 – Fire Station Construction

Business-Type Activities

- \$12,204 – Dixie Drain Phosphorus Offset Project
- \$4,568 – 20 Mile South Farm Maintenance Building
- \$4,126 – Airport Baggage System Upgrade
- \$2,741 – Public Works Sewer Line Replacement
- \$2,407 – West Boise Watershed Landscape
- \$1,274 – Airport Security System Upgrade
- \$1,128 – Public Works EPA NPDES Compliance

Long-term Debt

At September 30, 2016, the City had \$94,891 in outstanding debt consisting of revenue bonds, capital leases, special assessment bonds/notes, and installment loans. This amount does not include compensated absence accruals, or bond premiums. All of the debt was secured by specific revenue or property tax sources.

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenue Bonds	\$ 21,232	\$ 22,262	\$ 47,604	\$ 54,039	\$ 68,836	\$ 76,301
Capital Leases	1,770	888	-	-	1,770	888
Other LT Debt	24,145	24,540	-	-	24,145	24,540
Installment Loans	-	-	140	280	140	280
Total	\$ 47,147	\$ 47,690	\$ 47,744	\$ 54,319	\$ 94,891	\$ 102,009

The City's debt in bonds, capital leases, other debt, and loans decreased \$7,118 by the end of September 30, 2016 on a net basis. Additional information on the City's long-term debt can be found in Footnote 3.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City prepares an economic forecast as a component in the process of developing the annual operating and capital budget. The assumptions in the analysis are reviewed with the Boise City Council as background for decisions on revenue projections and cost allocations. Periodic reports are transmitted to the city council providing actual information relative to these projections. The following were taken into consideration by the city council when it adopted the forecast for use in reviewing and approving the September 30, 2016 budget:

- As of September 2016, total employment for Boise was 115,881 resulting in an unadjusted unemployment rate of 3.2%.
- The City provided for a 3.0% average base compensation increase for general employees for September 30, 2016 in addition to 1.25% that has been budgeted for discretionary goal achievement purposes.
- The City has considered the current economic trends while working with the September 30, 2017 budget. Any revenue collected over budget during fiscal year 2016 will go towards one-time needs via mid-year budget adjustments or the fiscal 2017 end of year allocations. The City anticipated several revenue categories, including Sales Tax and Development Fees, would exceed budget expectations. To maintain a conservative fiscal approach, the City has elected to treat these increases as one-time in nature. This prevents building base expenditure increases on unreliable revenue. This relationship will help ensure that base operations remain sustainable well into the future.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Department of Finance and Administration, City of Boise, Post Office Box 500, Boise, Idaho 83701.

City of Boise, Idaho
Statement of Net Position
September 30, 2016
(In Thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 9,672	\$ 686	\$ 10,358
Investments	105,439	73,583	179,022
Restricted cash and investments	16,288	17,199	33,487
Receivables, net of allowance for uncollectibles			
Taxes receivable	140,875	-	140,875
Accounts and interest	11,755	10,155	21,910
Grants	1,050	3,567	4,617
Assessments	20	1,709	1,729
Intergovernmental receivable	176	363	539
Advances	2,000	-	2,000
Internal balances	(1,335)	1,335	-
Inventory	635	2,695	3,330
Prepaid items	1,476	120	1,596
Long-term accounts receivable, net	-	620	620
Mortgage loans receivable, net	-	6,613	6,613
Property held for resale	4,487	313	4,800
Net pension asset	19,939	-	19,939
Capital assets, not being depreciated			
Land	75,609	36,302	111,911
Intangible assets	810	478	1,288
Construction in progress	13,422	10,141	23,563
Capital assets, net of accumulated depreciation			
Land improvements	-	32,617	32,617
Leasehold improvements	501	-	501
Buildings	54,964	196,947	251,911
Improvements other than buildings	39,657	11,392	51,049
Service lines	-	169,702	169,702
Automobiles and trucks	13,719	9,447	23,166
Machinery and equipment	11,775	41,162	52,937
Intangible assets	3,621	585	4,206
Other capital assets	5,186	580	5,766
	<u>531,741</u>	<u>628,311</u>	<u>1,160,052</u>
Deferred Outflows of Resources			
Unamortized pension costs and subsequent contributions	44,265	7,682	51,947
Deferred charge on debt refunding	232	386	618
	<u>44,497</u>	<u>8,068</u>	<u>52,565</u>

City of Boise, Idaho
Statement of Net Position
September 30, 2016
(In Thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	25,363	8,514	33,877
Accrued liabilities	272	1,058	1,330
Interest payable	96	151	247
Claim liability	1,839	-	1,839
Refundable deposits	1	-	1
Advances	363	2,000	2,363
Interfund payable	7	169	176
Advanced revenue	119	2,535	2,654
Noncurrent liabilities			
Net pension liability	60,617	13,577	74,194
Due within one year	3,220	6,609	9,829
Due in more than one year	57,286	43,550	100,836
Total liabilities	<u>149,183</u>	<u>78,163</u>	<u>227,346</u>
Deferred Inflows of Resources			
Unamortized pension costs	24,055	4,591	28,646
Unavailable property tax	138,289	-	138,289
Total deferred inflows of resources	<u>162,344</u>	<u>4,591</u>	<u>166,935</u>
Net Position			
Net investment in capital assets	172,253	462,135	634,388
Restricted, nonexpendable, for			
Permanent fund principal	11	-	11
Restricted, expendable, for			
Debt service	16,962	1,626	18,588
Loans	-	140	140
Heritage funds	1,941	-	1,941
Capital expansion	12,662	15,573	28,235
Foothills levy	640	-	640
Unrestricted	60,242	74,151	134,393
Total net position	<u>\$ 264,711</u>	<u>\$ 553,625</u>	<u>\$ 818,336</u>

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Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 11,100	\$ 9,334	\$ 9	\$ 29
Fire	44,126	8,975	76	1,056
Police	57,902	5,666	569	307
Parks and recreation	34,021	8,701	692	7,309
Culture	11,666	598	342	-
Community services	25,974	11,659	146	-
Community and economic development	1,367	159	-	-
Interest and fiscal charges	1,763	-	-	-
Total governmental activities	<u>187,919</u>	<u>45,092</u>	<u>1,834</u>	<u>8,701</u>
Business-type activities				
Airport	34,845	30,680	994	8,930
Sewer	39,159	40,428	145	10,778
Solid Waste	27,804	28,144	412	-
Other	4,777	4,283	-	178
Total business-type activities	<u>106,585</u>	<u>103,535</u>	<u>1,551</u>	<u>19,886</u>
Total primary government	<u>\$ 294,504</u>	<u>\$ 148,627</u>	<u>\$ 3,385</u>	<u>\$ 28,587</u>
General revenues				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Franchises, based on receipts				
Liquor, based on receipts				
Sales tax, based on receipts				
Unrestricted investment earnings				
Interfund transfers, net				
Total general revenues and transfers				
Change in Net Position				
Net Position - Beginning of Year				
Net Position - End of Year				

See Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,728)	\$ -	\$ (1,728)
(34,019)	-	(34,019)
(51,360)	-	(51,360)
(17,319)	-	(17,319)
(10,726)	-	(10,726)
(14,169)	-	(14,169)
(1,208)	-	(1,208)
(1,763)	-	(1,763)
<u>(132,292)</u>	<u>-</u>	<u>(132,292)</u>
-	5,759	5,759
-	12,192	12,192
-	752	752
<u>-</u>	<u>(316)</u>	<u>(316)</u>
<u>-</u>	<u>18,387</u>	<u>18,387</u>
<u>(132,292)</u>	<u>18,387</u>	<u>(113,905)</u>
130,985	-	130,985
615	-	615
8,237	-	8,237
3,754	-	3,754
16,321	-	16,321
1,208	1,697	2,905
<u>(131)</u>	<u>131</u>	<u>-</u>
<u>160,989</u>	<u>1,828</u>	<u>162,817</u>
28,697	20,215	48,912
<u>236,014</u>	<u>533,410</u>	<u>769,424</u>
<u>\$ 264,711</u>	<u>\$ 553,625</u>	<u>\$ 818,336</u>

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Fund Financial Statements

September 30, 2016

City of Boise, Idaho

City of Boise, Idaho
Balance Sheet – Governmental Funds
September 30, 2016
(In Thousands)

	General	Capital Improvement	Foothills Levy	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ -	\$ 9,470	\$ -	\$ 2	\$ 9,472
Investments	61,792	7,987	1,308	23,558	94,645
Receivables, net		-			
Taxes receivable	140,184	-	-	691	140,875
Accounts and interest	6,935	4,715	1	60	11,711
Grants	167	883	-	-	1,050
Assessments	20	-	-	-	20
Due from other funds	176	-	-	-	176
Advances	2,000	-	-	-	2,000
Inventory	635	-	-	-	635
Prepaid items	1,317	28	-	83	1,428
Restricted cash and investments	-	-	-	16,288	16,288
Property held for resale	-	4,487	-	-	4,487
Total assets	\$ 213,226	\$ 27,570	\$ 1,309	\$ 40,682	\$ 282,787
Liabilities					
Accounts payable	\$ 22,827	\$ 39	\$ 669	\$ 1,828	\$ 25,363
Due to other funds	-	-	-	7	7
Unavailable revenue	664	327	-	-	991
Deposits	1	-	-	-	1
Total liabilities	23,492	366	669	1,835	26,362
Deferred Inflows of Resources					
Unavailable property taxes	139,550	-	-	685	140,235
Fund Balances					
Nonspendable					
Inventory	635	-	-	-	635
Prepaid items	1,317	28	-	83	1,428
Advances - long-term	2,198	-	-	-	2,198
Property held for resale	-	4,487	-	-	4,487
Permanent fund principal	-	-	-	11	11
Restricted, expendable, for					
Drug enforcement	867	-	-	-	867
IOLS consortium	578	-	-	-	578
Library gift funds	230	-	-	-	230
Impact fees projects	55	-	-	8,891	8,946
Heritage funds	-	-	-	1,941	1,941
Debt service	-	-	-	16,962	16,962
Foothills levy	-	-	640	-	640
Committed to					
Homelessness prevention	2,041	-	-	-	2,041
Assigned to					
General government	1,071	1,412	-	-	2,483
Fire	262	53	-	-	315
Police	265	3,377	-	-	3,642
Parks and recreation	915	4,241	-	-	5,156
Culture	9	6,133	-	-	6,142
Community services	1,351	3,882	-	-	5,233
Debt service and post retirement benefits	-	-	-	9,743	9,743
Community and economic development	-	-	-	531	531
Unassigned	38,390	3,591	-	-	41,981
Total fund balances	50,184	27,204	640	38,162	116,190
Total liabilities, deferred inflow of resources and fund balances	\$ 213,226	\$ 27,570	\$ 1,309	\$ 40,682	\$ 282,787

See Notes to Financial Statements

City of Boise, Idaho
 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
 September 30, 2016
 (In Thousands)

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

Total fund balances - total governmental funds	\$	116,190
Other Post Employment Benefits (OPEB) not recorded in the fund		(7,526)
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.		218,805
<p>Internal service funds are used to charge the costs of certain activities, such as insurance, automotive equipment, and plant material and trees, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.</p>		
Unrestricted internal service funds		7,778
Net investment in capital assets		459
Assets and liabilities associated with business-type activities		<u>(1,335)</u>
		6,902
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.		2,586
Prepaid rent from Whitney Fire District		(119)
Prepaid fiber optic lease		<u>295</u>
		176
<p>Net pension assets, liabilities and associated deferred items not available to pay for current period expenditures and therefore are deferred in the funds:</p>		
Deferred outflow of resources		43,709
Deferred inflow of resources		(23,759)
Net pension asset, fire plan		19,939
Net pension liability, base plan		<u>(59,654)</u>
		(19,765)
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Accrued interest		(96)
Bonds payable		(41,269)
Special assessments		(3,751)
Deferred amount of refunding		232
Bond premium		(357)
Capital lease		(1,770)
Compensated absences		<u>(5,646)</u>
		<u>(52,657)</u>
Net position of governmental activities	\$	<u><u>264,711</u></u>

City of Boise, Idaho
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended September 30, 2016
(In Thousands)

	General	Capital Improvement	Foothills Levy	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes, levied for general purposes	\$ 131,372	\$ -	\$ -	\$ 220	\$ 131,592
Property taxes, levied for debt service	-	-	-	394	394
Franchise fees	5,155	3,082	-	-	8,237
Licenses and permits	8,610	-	-	-	8,610
Impact fees	-	-	-	3,647	3,647
Intergovernmental revenues	20,965	406	-	153	21,524
Charges for services	31,469	-	-	177	31,646
Developer reimbursements	-	34	-	-	34
Fines and forfeitures	2,612	-	-	-	2,612
Donations	250	364	-	303	917
Investment income	728	55	10	414	1,207
Miscellaneous revenues	1,774	123	-	7	1,904
Total revenues	<u>202,935</u>	<u>4,064</u>	<u>10</u>	<u>5,315</u>	<u>212,324</u>
Current expenditures					
General government	6,062	4,558	-	-	10,620
Fire	48,338	165	-	-	48,503
Police	55,873	1,165	-	-	57,038
Parks and recreation	27,875	5,684	-	150	33,709
Culture	10,451	5,201	-	-	15,652
Community services	24,754	1,836	-	2	26,592
Community and economic development	-	-	-	1,364	1,364
Capital outlay	1,170	4,863	297	1,948	8,278
Debt service					
Bond issuance costs	-	-	-	30	30
Principal payments	-	-	-	2,910	2,910
Interest and fiscal charges	-	-	-	1,619	1,619
Total expenditures	<u>174,523</u>	<u>23,472</u>	<u>297</u>	<u>8,023</u>	<u>206,315</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>28,412</u>	<u>(19,408)</u>	<u>(287)</u>	<u>(2,708)</u>	<u>6,009</u>
Other Financing Sources (Uses)					
Interfund transfers in	176	22,256	-	3,809	26,241
Interfund transfers out	(17,919)	-	(670)	(8,076)	(26,665)
Proceeds from sale of assets	284	-	-	-	284
Capital lease	-	1,026	-	-	1,026
Issuance of debt	-	-	-	1,331	1,331
Total other financing sources (uses)	<u>(17,459)</u>	<u>23,282</u>	<u>(670)</u>	<u>(2,936)</u>	<u>2,217</u>
Net Change in Fund Balances	10,953	3,874	(957)	(5,644)	8,226
Fund Balance - Beginning of Year	<u>39,231</u>	<u>23,330</u>	<u>1,597</u>	<u>43,806</u>	<u>107,964</u>
Fund Balance - End of Year	<u>\$ 50,184</u>	<u>\$ 27,204</u>	<u>\$ 640</u>	<u>\$ 38,162</u>	<u>\$ 116,190</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Year Ended September 30, 2016
(In Thousands)

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

Net change in fund balances - total governmental funds	\$	8,226
Other Post Employment Benefits (OPEB) are not recorded in the fund balance but are included in the government-wide change in net position due to governmental activities.		(933)
Net revenues of certain internal service funds is included within governmental activities.		741
Some of the City's taxes will be collected after year end, but, are not available soon enough for the current period's expenditures and therefore are reported as unavailable revenue in the funds. The amount represents the net change in unavailable revenue.		(739)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is the amount by which capital outlay (\$23,213) exceeded depreciation (\$11,986) in the current period.		11,227
The net effect of various transactions involving capital assets (i.e., sales and donations) is to increase net position.		
Donation of capital assets	4,611	
Proceeds from sale of capital assets	284	
Land exchange	(1,004)	
Loss on disposal of capital assets	<u>(1,183)</u>	2,708
The net effect of various transactions involving long-term leases is to decrease net position.		
Whitney unavailable rent	8	
Fiber optic lease	<u>(54)</u>	(46)
Interest expense in the Statement of Activities differ from the amount reported in governmental funds. Additional accrued interest was calculated for bonds and notes payable, and the difference arising from the advance refunding and is being amortized (added to interest expense for the year). This amount represents the net change in accrued interest.		
Prior year interest accrual	960	
CID long-term debt interest	(47)	
Amortization of bond premium	40	
Amortization of deferred charge on refunding	(142)	
Refunding 2011A current interest	<u>(208)</u>	603

City of Boise, Idaho

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Year Ended September 30, 2016
(In Thousands)

Net pension expense 6,258

The proceeds from long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount represents the net effect of these differences in the treatment of long-term debt and related items.

CID long-term debt payments	136	
Revenue refunding 2011 debt payment	990	
GO Bond series 2015 payments	1,590	
Fire Truck Lease	(882)	
CID GO Bond 2016	<u>(1,331)</u>	503

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount represents the net change in compensated absences. 149

Change in net position of governmental activities \$ 28,697

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	Enterprise Funds		
	Airport	Sewer	Solid Waste
Assets			
Current assets			
Cash and cash equivalents	\$ 362	\$ -	\$ -
Investments	35,477	30,075	3,769
Receivables, net			
Accounts and interest	1,502	5,961	2,409
Grants	3,214	-	-
Assessments	-	1,706	-
Inventory	525	1,876	-
Prepaid items	22	92	-
Total current assets	<u>41,102</u>	<u>39,710</u>	<u>6,178</u>
Noncurrent assets			
Restricted cash and investments	17,199	-	-
Interfund receivables	33	-	330
Long-term accounts receivable	-	-	-
Mortgage loans receivable	-	-	-
Property held for resale	-	-	-
Capital assets, not being depreciated			
Land	18,571	14,331	-
Intangible assets	-	469	-
Construction in progress	5,135	4,570	-
Capital assets, being depreciated			
Land improvements	83,747	-	-
Buildings	156,519	154,977	-
Improvements other than buildings	32,170	12,642	-
Service lines	-	220,313	-
Automobiles and trucks	11,357	11,669	252
Machinery and equipment	25,819	69,844	259
Intangible assets	396	1,811	-
Other capital assets	520	302	26
Less accumulated depreciation	<u>(161,559)</u>	<u>(172,502)</u>	<u>(379)</u>
Capital assets, net	<u>172,675</u>	<u>318,426</u>	<u>158</u>
Total noncurrent assets	<u>189,907</u>	<u>318,426</u>	<u>488</u>
Total assets	<u>231,009</u>	<u>358,136</u>	<u>6,666</u>
Deferred Outflows of Resources			
Deferred charge on debt refunding	267	119	-
Pension obligation	2,196	4,971	127
Total deferred outflows of resources	<u>2,463</u>	<u>5,090</u>	<u>127</u>

See Notes to Financial Statements

City of Boise, Idaho
Statement of Net Position – Proprietary Funds
September 30, 2016
(In Thousands)

Enterprise Funds		Governmental
Other Nonmajor Business - type Funds	Totals	Activities Internal Service Funds
\$ 324	\$ 686	\$ 200
4,262	73,583	10,794
283	10,155	44
353	3,567	-
3	1,709	-
294	2,695	-
6	120	104
<u>5,525</u>	<u>92,515</u>	<u>11,142</u>
-	17,199	-
-	363	-
620	620	-
6,613	6,613	-
313	313	-
3,400	36,302	-
9	478	-
436	10,141	-
-	83,747	-
14,254	325,750	1,215
2,334	47,146	84
9,046	229,359	-
142	23,420	662
628	96,550	175
28	2,235	104
-	848	-
(12,183)	(346,623)	(1,781)
<u>18,094</u>	<u>509,353</u>	<u>459</u>
<u>25,640</u>	<u>534,461</u>	<u>459</u>
<u>31,165</u>	<u>626,976</u>	<u>11,601</u>
-	386	-
388	7,682	556
<u>388</u>	<u>8,068</u>	<u>556</u>

(Continued)

	Enterprise Funds		
	Airport	Sewer	Solid Waste
Liabilities			
Current liabilities			
Accounts payable	470	4,067	3,897
Interest payable	138	13	-
Other accrued liabilities	-	259	777
Compensated absences	11	29	1
Unearned revenue	302	974	557
Advance	-	-	2,000
Interfund payables	-	-	-
Current portion of long-term debt	4,395	2,031	-
Total current liabilities	<u>5,316</u>	<u>7,373</u>	<u>7,232</u>
Noncurrent liabilities			
Compensated absences and other post employment benefits	593	1,614	48
Net pension liability	3,965	8,699	227
Bonds payable	34,301	6,877	-
Total noncurrent liabilities	<u>38,859</u>	<u>17,190</u>	<u>275</u>
Total liabilities	<u>44,175</u>	<u>24,563</u>	<u>7,507</u>
Deferred Inflows of Resources			
Pension obligation	1,480	2,801	78
Net Position			
Net investment in capital assets	134,246	309,637	158
Restricted for debt	1,626	-	-
Restricted for loans	-	-	-
Restricted for capital expansion	15,573	-	-
Unrestricted	36,372	26,225	(950)
Total net position	<u>\$ 187,817</u>	<u>\$ 335,862</u>	<u>\$ (792)</u>

See Notes to Financial Statements

City of Boise, Idaho
Statement of Net Position – Proprietary Funds
September 30, 2016
(In Thousands)

Enterprise Funds		Governmental Activities Internal Service Funds
Other Nonmajor Business - type Funds	Totals	
80	8,514	-
-	151	-
22	1,058	272
2	43	3
702	2,535	-
-	2,000	363
169	169	-
140	6,566	-
<u>1,115</u>	<u>21,036</u>	<u>638</u>
117	2,372	184
686	13,577	963
-	41,178	-
<u>803</u>	<u>57,127</u>	<u>1,147</u>
<u>1,918</u>	<u>78,163</u>	<u>1,785</u>
232	4,591	296
18,094	462,135	459
-	1,626	-
140	140	-
-	15,573	-
11,169	72,816	7,778
<u>\$ 29,403</u>	<u>\$ 552,290</u>	<u>\$ 8,237</u>

City of Boise, Idaho
Reconciliation of the Proprietary Funds Statement of Net Position to the Statement of Net Position
September 30, 2016
(In Thousands)

Amounts reported for business-type activities in the statement of net position are different because:

Total net position for proprietary fund statement of net position:	\$ 552,290
The assets and liabilities of certain internal service funds are reported with business-type activities for the current year.	<u>1,335</u>
Net position of business-type activities	<u><u>\$ 553,625</u></u>

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	Enterprise Funds		
	Airport	Sewer	Solid Waste
Operating Revenues			
Charges for services			
Rental income	\$ 8,410	\$ 77	\$ -
Interest income	-	-	-
Intergovernmental revenue	-	-	-
User fees	5,058	40,351	28,144
Parking and concessions	17,212	-	-
Miscellaneous	100	145	412
Donations	-	20	-
Total operating revenues	<u>30,780</u>	<u>40,593</u>	<u>28,556</u>
Operating Expenses			
Personnel services	6,698	14,609	401
Contractual services and utilities	5,191	10,372	27,282
Supplies and materials	7,706	3,558	75
Depreciation	13,358	10,220	46
Total operating expenses	<u>32,953</u>	<u>38,759</u>	<u>27,804</u>
Operating Income (Loss)	<u>(2,173)</u>	<u>1,834</u>	<u>752</u>
Nonoperating Revenues (Expenses)			
Grants	463	-	-
Gain (loss) on property	(218)	(318)	-
Developer contributed refund	-	(142)	-
Interest revenue	596	806	274
Interest expense	(1,703)	(2)	-
Total nonoperating revenues (expenses)	<u>(862)</u>	<u>344</u>	<u>274</u>
Income (Loss) Before Interfund Transfers and contributions	<u>(3,035)</u>	<u>2,178</u>	<u>1,026</u>
Capital contributions	8,319	10,758	-
Passenger facility charges	(33)	-	-
Customer facility charges	1,075	-	-
Interfund transfers in	-	6	-
Interfund transfers out	-	(2)	(103)
Change in Net Position	<u>6,326</u>	<u>12,940</u>	<u>923</u>
Net Position - Beginning of Year	<u>181,491</u>	<u>322,922</u>	<u>(1,715)</u>
Net Position - End of Year	<u>\$ 187,817</u>	<u>\$ 335,862</u>	<u>\$ (792)</u>

See Notes to Financial Statements

City of Boise, Idaho
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended September 30, 2016
(In Thousands)

Enterprise Funds		Governmental Activities Internal Service Funds	
Other Nonmajor Business - type Funds	Totals		
\$ 1,681	\$ 10,168	\$ -	
362	362	-	
1,519	1,519	-	
721	74,274	6,372	
-	17,212	-	
168	825	163	
-	20	7	
<u>4,451</u>	<u>104,380</u>	<u>6,542</u>	
1,219	22,927	1,881	
1,577	44,422	3,317	
54	11,393	856	
672	24,296	60	
<u>3,522</u>	<u>103,038</u>	<u>6,114</u>	
<u>929</u>	<u>1,342</u>	<u>428</u>	
(1,411)	(948)	-	
-	(536)	28	
-	(142)	-	
21	1,697	93	
(15)	(1,720)	(7)	
<u>(1,405)</u>	<u>(1,649)</u>	<u>114</u>	
<u>(476)</u>	<u>(307)</u>	<u>542</u>	
178	19,255	-	
-	(33)	-	
-	1,075	-	
436	442	293	
(206)	(311)	-	
<u>(68)</u>	<u>20,121</u>	<u>835</u>	
<u>29,471</u>	<u>532,169</u>	<u>7,402</u>	
<u>\$ 29,403</u>	<u>\$ 552,290</u>	<u>\$ 8,237</u>	

City of Boise, Idaho

Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Net Position of Proprietary Funds to the
Statement of Activities
Year Ended September 30, 2016
(In Thousands)

Amounts reported for business-type activities in the statement of activities are different because:

Net change in net position - total business-type funds	\$ 20,121
Net revenues (expenses) of certain internal service funds is reported with business-type activities.	<u>94</u>
Change in net position of business-type activities	<u>\$ 20,215</u>

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	Enterprise Funds		
	Airport	Sewer	Solid Waste
Operating Activities			
Receipts from customers and users	\$ 30,876	\$ 39,467	\$ 27,666
Receipts from interfund services provided	-	-	-
Receipts from interfund services used	(2,518)	-	-
Other operating revenue received	100	165	412
Payments to suppliers	(13,071)	(10,895)	(24,781)
Payments to employees	(6,726)	(14,729)	(400)
Payments for interfund services provided	-	-	-
Payments for interfund services used	-	(2,066)	(1,550)
Net Cash from (used for) Operating Activities	8,661	11,942	1,347
Noncapital Financing Activities			
Interfund transfers to other funds	-	(2)	(103)
Receipts from advances to other funds	7	-	58
Grants received (payments)	482	-	-
Interfund transfers from other funds	-	6	-
Payments for advances from other funds	-	-	-
Net Cash from (used for) Noncapital Financing Activities	489	4	(45)
Capital and Related Financing Activities			
Acquisition and construction of capital assets	(11,354)	(27,709)	(11)
Proceeds from sale of capital assets	398	130	-
Principal paid on debt	(4,175)	(2,000)	-
Interest paid on financing	(1,462)	(1)	-
Capital contributions received	-	-	-
Long-term advances	2,049	-	-
Capital grants received	6,795	-	-
Hook-on fees received	-	10,949	-
Developer contributed refunds paid	-	(142)	-
Passenger facility charges (payments)	(196)	-	-
Customer facility charges	1,053	-	-
Net Cash used for Capital and Related Financing Activities	(6,892)	(18,773)	(11)
Investing Activities			
Purchase of investment securities	(17,838)	(5,866)	(1,616)
Proceeds from sale and maturities of investment securities	9,500	11,891	50
Interest on investments and advances	583	802	275
Net Cash from (used for) Investing Activities	(7,755)	6,827	(1,291)
Net Change in Cash and Cash Equivalents	(5,497)	-	-
Cash and Cash Equivalents, Beginning of Year (included \$1,308 for Airport restricted)	7,170	-	-
Cash and Cash Equivalents, End of Year (included \$1,311 for Airport Restricted)	\$ 1,673	\$ -	\$ -

See Notes to Financial Statements

City of Boise, Idaho
Statement of Cash Flows – Proprietary Funds
Year Ended September 30, 2016
(In Thousands)

Enterprise Funds		Governmental Activities Internal Service Funds	
Other Nonmajor Business - type Funds	Totals		
\$ 4,177	\$ 102,186	\$ 6,348	
1,519	1,519	-	
-	(2,518)	-	
(2,065)	(1,388)	170	
(1,215)	(49,962)	(6,288)	
-	(21,855)	(1,813)	
-	-	(243)	
169	(3,447)	-	
<u>2,585</u>	<u>24,535</u>	<u>(1,826)</u>	
(206)	(311)	-	
-	65	-	
(1,315)	(833)	-	
436	442	-	
(126)	(126)	-	
<u>(1,211)</u>	<u>(763)</u>	<u>-</u>	
(725)	(39,799)	(60)	
-	528	28	
(140)	(6,315)	-	
(15)	(1,478)	(7)	
35	35	-	
-	2,049	-	
-	6,795	-	
-	10,949	-	
-	(142)	-	
-	(196)	-	
-	1,053	-	
<u>(845)</u>	<u>(26,521)</u>	<u>(39)</u>	
(1,177)	(26,497)	(1,767)	
365	21,806	1,801	
21	1,681	93	
<u>(791)</u>	<u>(3,010)</u>	<u>127</u>	
(262)	(5,759)	(1,738)	
<u>586</u>	<u>7,756</u>	<u>99</u>	
<u>\$ 324</u>	<u>\$ 1,997</u>	<u>\$ (1,639)</u>	

	Enterprise Funds		
	Airport	Sewer	Solid Waste
Reconciliation of Operating Income (Loss) to Net Cash from operating activities			
Operating income (loss)	\$ (2,173)	\$ 1,834	\$ 752
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities			
Depreciation	13,358	10,220	46
Provision for bad debts	-	-	-
Net pension expense	31	81	1
Changes in			
Accounts receivable	297	(953)	(625)
Assessments	-	-	-
Long-term accounts receivable	-	-	-
Mortgage loans receivable	-	-	-
Inventory	46	(180)	-
Other assets	-	-	-
Prepaid items	(4)	33	-
Accounts payable	(216)	3,182	2,637
Compensated absences	(59)	(202)	-
Other accrued liabilities	(158)	15	134
Interfund payables	(2,518)	(2,066)	(1,550)
Unearned revenue	57	(22)	(48)
Net Cash from (used for) Operating Activities	<u>\$ 8,661</u>	<u>\$ 11,942</u>	<u>\$ 1,347</u>
Noncash investing activities			
Increase in fair value of investments	\$ -	\$ 69	\$ -
Capital assets purchased with accounts payable	\$ -	\$ 316	\$ -

See Notes to Financial Statements

City of Boise, Idaho
Statement of Cash Flows – Proprietary Funds
Year Ended September 30, 2016
(In Thousands)

Enterprise Funds			Governmental Activities Internal Service Funds
Other Nonmajor Business - type Funds	Totals		
\$ 929	\$ 1,342		\$ 428
672	24,296		60
(1,468)	(1,468)		-
7	120		5
-	(1,281)		(24)
48	48		-
(6)	(6)		-
2,902	2,902		-
(22)	(156)		-
(313)	(313)		-
(6)	23		9
(8)	5,595		(10)
(3)	(264)		63
(84)	(93)		(2,114)
-	(6,134)		(243)
(63)	(76)		-
<u>\$ 2,585</u>	<u>\$ 24,535</u>		<u>\$ (1,826)</u>
\$ -	\$ 69		\$ -
\$ -	\$ 316		\$ -

City of Boise, Idaho
Statement of Fiduciary Net Position
September 30, 2016
(In Thousands)

	Health Insurance Self Funding Trust Fund	Boise City Agency Fund
Assets		
Cash and cash equivalents	\$ 447	\$ -
Accounts and interest receivable	790	-
Investments		
Federal governmental agencies	3,728	-
Other investments	2,616	24
Total assets	7,581	24
Liabilities		
Accounts payable	12	23
Other accrued liabilities	922	1
Intergovernmental payable	168	-
Total liabilities	1,102	\$ 24
Net Position		
Held in trust for		
Employees' health insurance benefits	6,479	
Total net position	\$ 6,479	

City of Boise, Idaho
Statement of Changes in Fiduciary Net Position
Year Ended September 30, 2016
(In Thousands)

	Health Insurance Self Funding Trust Fund
Additions	
Contributions	
Employer	\$ 365
Plan members	15,391
Investment earnings	
Net increase in fair value of investments	9
Interest	44
Pharmacy Rebate	201
	16,010
Deductions	
Insurance claim benefits	12,892
Administrative expenses	1,855
	14,747
Change in Net Position	1,263
Net Position - Beginning of the Year	5,216
Net Position - End of the Year	\$ 6,479

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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Boise (the City) was chartered in 1866 under the laws of the Territory of Idaho. Since 1961, the City has been governed through a Mayor-Council form of government. Pursuant to City Code, the Mayor directs the operations of the City, participating with a six-member City Council in developing policy.

The accompanying financial statements present the financial position and results of operations of the entity as a whole, by major fund, and non-major funds in aggregate, that are governed by the Mayor.

The accounting and reporting policies of the City conform to generally accepted accounting principles in the United States (GAAP) as applicable to state and local governments. The City's reporting entity consists of the primary government as well as its component unit, which is a legally separate organization for which the elected officials of the primary government are financially accountable. Financially accountable is defined as appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government or (b) the potential for the component unit to provide a finance benefit or impose financial burden on the primary government. Additionally, a component unit may be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete. Organizations for which the City is accountable because it appoints a voting majority of the board but is not financially accountable are referred to as related organizations. Financial information of related organizations is not included in the City's financial statements. The related organizations of the City are Capital City Development Corporation (CCDC) the Boise City/Ada County Housing Authority (the Authority).

Blended Component Unit

Harris Ranch Community Infrastructure District No. 1 (the District) is a separate legal entity that is duly organized and operated under Chapter 31, Title 50 of the Idaho Code to facilitate the costs of regional community infrastructure in advance of actual development growth needs. The assets, deferred outflows, liabilities, deferred inflows, revenues, and expenditures of this entity are blended within the City's financial statements since three members of the City Council serve as the district's board, this component unit was created solely to provide financing for construction needs to directly benefit within City limits and management of the primary government has operational responsibility for the component unit.

Related Organizations

The Authority enhances the community by providing safe and affordable housing under Title 50, Chapter 15 of the Idaho State Code, as amended, and independent public body, corporate and politic. The City passed Resolution #1180 declaring the need for a housing authority to operate within the City. In 1968, the City and the Authority signed a cooperative agreement through Resolution #1217 to construct low income housing units to serve the needs of the City. The geographic region of service expanded into Ada county in 1975 which led to the creations of the Ada County Housing Authority. While the Authority's commissioners are appointed by the Mayor, the Authority is a separate and distinct legal entity and does not meet the financial benefit or burden relationship or imposition of will requirements in order to be considered a component unit for financial reporting purposes. CCDC is an urban renewal agency created by and existing under the Idaho Urban Renewal Law of 1965, as amended, and is an independent public body, corporate and politic. While CCDC's directors are appointed by the Mayor and approved by City Council, CCDC is a separate and distinct legal entity and does not meet the financial benefit or burden relationship or imposition of will requirements in order to be considered a component unit for financial reporting purposes.

Government Wide and Fund Financial Statements

The government-wide financial statements and the major-fund financial statements along with the notes to the financial statements comprise the City's basic financial statements. The government wide financial statements (the statement of net position and the statement of activities) concentrate on the City as a whole and do not emphasize fund types but rather a governmental and business-type classification. The governmental activities and business-type activities comprise the primary government. Neither fiduciary funds nor component units that are fiduciary in nature are included. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The purpose of the government-wide financial statements is to allow users of the financial statements to be able to determine if the City is in a better or worse financial position than the prior year.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are defined as charges for services, operating grants and contributions, and capital grants and contributions directly associated with a given function. Taxes and other revenues are reported as general revenues.

The City's major funds are presented in separate columns on the governmental fund financial statements and the proprietary fund financial statements. The definition of a major fund is one that meets certain criteria set-forth in Governmental Accounting Standards Board (GASB) Statement Number 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments*. The funds that do not meet the criteria of a major fund are combined into a single column on the fund financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charges between the City's sewer and solid waste functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions presented. Indirect charges have been eliminated in the entity-wide statements.

Internal service fund activity is reported in full on the proprietary fund financial statements. The individual internal service funds are combined and thus reported in a single summary column on the proprietary fund financial statements. However, the internal service fund activity has been eliminated – except for outside activity – and is combined on the government-wide financial statements. The outside activities may be premiums paid from outside entities for auto and equipment repair.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity or net position, revenues, expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are prepared on a full accrual basis using the economic resources measurement focus, 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 the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds record both operating and non-operating revenues and expenses. Operating revenues and expenses generally result from providing services, producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary and internal service funds are charges to customers for sales and services. Operating expenses for proprietary funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental fund financial statements are prepared on the modified accrual basis of accounting using the current financial resources measurement focus. Under modified accrual basis, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available if they are collected within 60 days of the end of the current period. Property taxes, sales and liquor taxes, franchise fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual; and so have been recognized as revenues of the current period. Expenditures generally are recorded when a liability is incurred. An exception to this general rule includes principal and interest on general long-term debt, which is recognized when due, and expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

When both restricted and unrestricted resources are available, restricted resources will be used first for incurred expenses, and then unrestricted as needed. When using the unrestricted resources, committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The City reports the following major funds in the governmental fund financial statements:

General Fund

The General Fund is the government's primary operating fund that is used to account for all financial resources, except those required to be accounted for in another fund.

Foothills Levy

The Foothills Levy fund, a capital projects fund, is used to further preserve and protect the Boise Foothills and Boise River. This fund is used to account for financial resources used for the acquisition, construction, and improvement of major capital assets which were collected through the Foothills levy approved by voters in both 2001 and 2015.

Capital Improvement

Capital Improvement, a capital projects fund, is used to account for expenditures to be used for the acquisition or construction of major capital projects of the City other than those financed by proprietary and fiduciary funds.

The City reports the following major funds in the proprietary fund financial statements:

Airport

The Airport fund is used to account for the activities related to the operation of the City-owned municipal airport.

Sewer

The Boise Sewer System is used to account for the activities related to the operation of the portion of the sewer system owned by the City. Two independent sewer districts collect sewage within the City and contract with the City to process it in one of the two City operated plants.

Solid Waste

The Boise Solid Waste Program is used to account for the City's refuse disposal service. The disposal service is contracted by the city with an independent firm and Ada County landfill facilities.

The City reports the following other fund types:

Non-major Governmental Funds

The non-major governmental funds are a combination of special revenue, debt service, and capital project funds.

- Special revenue funds are primarily operating funds that account for revenue derived from specific taxes or other revenue sources, which are committed or legally restricted to finance particular functions or activities.
- The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term debt of governmental funds.

Non-major Enterprise Funds

The non-major enterprise funds are a combination of geothermal, municipal irrigation, and housing rehabilitation activities and operations.

Internal Service Funds

Internal service funds account for vehicle maintenance, risk management, and arboretum services provided to other departments of the government or other government entities on a cost reimbursement basis.

Health Trust Fund

The health insurance trust is used to account for the City's self-insured health insurance. Plan assets are dedicated to providing health benefits to current and retired employees.

Agency Fund

The agency fund is used to account for assets collected and held by the City as an agent for other governments and is primarily used to account for Boise Improvement District payments.

Use of Estimates

The preparation of the financial statements requires management to make a number of estimates and assumptions relating to the reported amounts of assets, deferred outflow of resources, liabilities, and deferred inflow of resources and the disclosure of contingent items at the date of the financial statements. Preparation of the financial statements also requires management to make a number of estimates and assumptions related to the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

Budgetary Information

Budgets and Budgetary Accounting

Budgets have been adopted by City Council for all City funds except agency funds. Capital projects costs are budgeted in the year they are anticipated to be obligated. In subsequent years, the unused budget is reappropriated until the project is completed. Proprietary funds are budgeted on a basis consistent with GAAP, except capital and debt related transactions are based upon cash receipts and disbursements. The annual budgets serve as the legal authorization for expenditures. Expenditures cannot legally exceed the total amount budgeted for each fund. The City Council must approve all interim budget changes, which change the legally adopted total appropriation for a fund. Authority to transfer budget is delegated to the Budget Manager. If during the fiscal year, additional revenues become available for appropriation in excess of those estimated in the budget, City Council may make a motion via the interim budget change process to increase spending authority up to the amount of the excess. Appropriations lapse at fiscal yearend.

Assets, Liabilities, Deferred Inflow/Outflow of Resources, and Net Position or Equity

Cash, Cash Equivalents and Investments

The City considers cash to represent demand deposits and cash on hand. Some of the cash resources of the individual funds are combined to form a pool of cash for cash management purposes except those whose cash and investments must be segregated due to legal or other restrictions. In addition, the City considers short-term, highly liquid investments, such as the Idaho Local Government Investment Pool (LGIP), that are both readily convertible to cash and so near their maturity that any changes in interest rates would cause only immaterial risk of change in value, as cash equivalents. The LGIP is invested in accordance with Section 67-1210 and Section 67-1210A Idaho Code. The State Treasurer is a custodian of the LGIP and no other regulatory oversight for the pool is established. The City's monies placed with the LGIP for participant in the State's investment pool represent an interest in the pool rather than ownership of specific securities and are recorded at fair value.

Interest earned on pooled cash is allocated to the various funds based on the average daily balance of pooled cash of each fund. The City reports all investments at fair value except for money market investments with a remaining life to maturity at time of purchase of less than one year which is recorded at amortized cost.

For purposes of the Statements of Cash Flows, the City considers cash and equity in pooled cash and investments (unrestricted and restricted) to be considered cash and cash equivalents. Restricted cash equivalents are defined differently than unrestricted cash equivalents because they are restricted by an outside source.

The City has entered into a custodial agreement with a financial institution for the purpose of providing safekeeping and custody of certain investments owned by the City. Idaho Code provides authorization for the investment of funds as well as specific guidelines as to what constitutes an allowable investment. The City's policy is consistent with these guidelines.

Accounts Receivable

Idaho Code provides taxing entities the ability to levy property taxes for the current or ensuing year. The City levies property taxes, as most entities do, for the ensuing year. This results in the tax collections being received in the fiscal year they are budgeted for and used to pay expenditures of that period.

In proprietary funds, accounts receivable are shown net of an allowance for uncollectible amounts which generally is equivalent to the receivables that are 10% of the receivable balance in each of the Sewer and Solid Waste funds, or specific receivables turned over to collections by the Airport.

Interfund Receivables/Interfund Payables

During the fiscal year, the City has activity between funds for various purposes. Any outstanding balances between funds at yearend are reported as interfund receivables or interfund payables. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

Inventory

Inventories that consist of materials and supplies are stated at cost by using the first-in, first-out method. The cost of inventory items is recognized as expenditures in governmental fund financial statements and as expenses in government-wide and proprietary fund financial statements when used (consumption method). Inventories reported within the governmental funds are classified as non-spendable fund balance.

Property Held for Resale

Property held for resale consists of real-estate holdings which the City intends to sell.

Prepaid Items

Some payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Restricted Assets

Cash and cash equivalents held to meet bond reserve and debt service requirements for the debt service and enterprise funds, deferred compensation amounts held for the benefit of employees, and cash from Passenger Facility Charges are classified as restricted assets since applicable bond indenture provisions, trust agreements, and federal regulations limit their use.

Capital Assets

Capital assets include artwork, property, buildings, major equipment, vehicles, intangible assets, and service lines (infrastructure assets). Service lines are defined as public domain capital assets such as sewer lines, runways, and similar assets that are immovable and of value only to the City. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, as well as the proprietary fund financial statements. The City's capitalization threshold for capitalizing property, plant, and equipment is an individual cost of \$10 (\$5 for assets purchased with federal grant funds) and an estimated useful life of at least three years. Capital assets are recorded at historical cost. Donated capital assets are valued at their acquisition value. When an asset is disposed of, cost and related accumulated depreciation is removed. Any gain or loss arising from the disposal is credited or charged back to operations.

Depreciation is calculated using of the straight-line method over the estimated useful lives of the related assets. The ranges of the useful lives are as follows:

<u>Asset</u>	<u>Years</u>
Buildings	7-50
Improvements other than buildings	7-75
Automobiles and trucks	3-20
Machinery and equipment	3-50
Leasehold improvements	10-45
Service lines	20-100
Intangible assets	3-10
Public art & library collection	10-30

Deferred Outflows / Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources reported represent deferred charges on debt refunding and various items impacting the pension obligation in the City's government-wide statement of net position and the proprietary funds' statement of net position. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A pension obligation results from differences between expected and actual experience, changes in assumptions or other inputs, changes in employer's proportion and differences between the employer's contributions and the City's proportionate contributions and City's contributions subsequent to the measurement date. These amounts will be recognized as increases in pension expense in future years.

Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City's unavailable revenues from property taxes and various items impacting pension obligations are reported as deferred inflows of resources on the governmental funds balance sheet and government-wide statement of net position, respectively. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. A pension obligation results from differences between expected and actual experience, net difference between projected and actual earnings on pension plan investments, and changes in the proportion and differences between the City's proportionate contributions. These amounts will be recognized as reductions in pension expense in future years.

Capital Lease Obligations

For capital lease obligations in the governmental funds, expenditure for the asset and the offsetting other financing source is reflected in the fund financial statements in the year of inception.

Unearned Revenue

Unearned revenues represent revenues collected in advance of services performed and will be recognized when the services are rendered.

Compensated Absences

The City maintains a policy that permits employees to accumulate earned but unused vacation and sick pay benefits that will be paid to employees upon separation from City service if certain criteria are met. These benefits, including their related taxes and retirement costs, are classified as compensated absences.

Vacation and sick leave benefits are provided to non-temporary full-time and part-time employees who regularly work 19 hours/week or more. Accrued vacation is paid to employees when taken or upon separation of employment, other

than retirement. Accrued vacation is paid to the employee's beneficiary(s) upon death. Retiring employees' working 20 hours/week or more have accrued vacation paid into their Voluntary Employees' Beneficiary Association (VEBA) account. Police Lieutenants may elect to be paid each year for one-half of their accrued unused vacation balance at the end of each calendar year. The value of unused vacation accumulated by City employees is accrued as expense when incurred in proprietary funds and the entity-wide financial statements. In the governmental fund statements, only the amount that normally would be liquidated with expendable available financial resources is accrued as current year expenditures and therefore compensated absences are recognized only when they mature. Unless it is anticipated that compensated absences will be used in excess of a normal year's accumulation, no additional expenditures are accrued.

Sick leave is paid to employees when taken and the cost is recognized when payment is made. Retiring employees working 20 hours/week or more have accrued sick leave paid into their VEBA account. Employees that have reached the specified minimum funding standard may not have funds paid to VEBA above that dollar amount. Rather, they receive cash payment for remaining sick leave balances in their final pay. Employees who separate for reasons other than retirement receive no cash payment for accrued, unused sick leave. See the separate discussion of the VEBA on page 61.

Unamortized Bond Premiums

Bonds premiums related to long-term debt are being amortized over the life of the debt, principally by the effective interest method. Notes payable and revenue bonds payable in the government-wide and proprietary fund financial statement are shown net of unamortized premiums. Premiums related to general long-term debt in the governmental fund financial statements are recorded as expenditures or other financing sources when paid or received and, therefore, are not accounted for in subsequent periods.

Deferred Compensation

The City has two deferred compensation plans. The first is available to regular employees other than sworn police officers and the second for regular sworn police officers including Lieutenants, Commanders and the Chief. Employees may make voluntary contributions to the plans within the dollar limits allowed by the Internal Revenue Service Code Section 457. The City makes a non-elective contribution for sworn police officers of 6.2% base salary each plan year; Lieutenants are matched at 3.5 percent; Commanders are matched at 7.5 percent and the Chief is matched at 8 percent. The City also matches the contribution of general employees other than senior managers, up to a maximum of 2 percent. Senior managers are matched up to 4 percent. The City matches contributions made by department heads up to 4.5 percent of salary per plan year. The City makes a non-elective contribution for Fire Fighters in the amount of 6.2% as long as they are contributing a minimum of 1% into the PERSI Choice 401(k) plan. The City contributed \$2,079 during the year ended September 30, 2016.

The City has no liability for losses under the plan but the Administrative Board does have fiduciary responsibility regarding oversight of the plan and the investment options made available to participants. The assets held in the City's deferred compensation accounts are not presented in the City's Comprehensive Annual Financial Report.

Voluntary Employees' Beneficiary Association

The City has a Voluntary Employees' Beneficiary Association Plan (VEBA) for all regular full and part-time employees working 20 hours or more per week. The City makes annual contributions to a medical trust established under IRS code section 501(c)(9) on behalf of the participants utilizing existing funding sources. Individual accounts are established for the benefit of and are the property of each participant. Each participant is responsible for selecting the investment options for his/her account. Upon separation from service, the employee may use the accumulated balance for IRS allowable medical expenses for themselves and qualified dependents. The City has no ongoing responsibility for the trust and is not included in these financial statements. The City contributed \$528 during the year ended September 30, 2016.

Pension

In the government-wide and proprietary funds statement of net position, liabilities are recognized for the City's proportionate share of the Public Employee Retirement System of Idaho (PERSI) net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by PERSI. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms.

Net Position

In the government-wide and proprietary fund financial statements net position is categorized as net investments in capital assets, restricted, and unrestricted. Net investments in capital assets include capital assets, net of related debt and deferred amount on refunding. Restricted net position indicates amounts that have constraints on their use externally imposed by creditors, through debt covenants, by grantors, or by law. Restricted assets are being reported for: capital projects; debt service; land held for resale; and special revenue funds. The government-wide statement of net position reports \$15,243 of governmental activities restricted net position.

Fund Balance

In the governmental fund financial statements, the City reports fund balance as either non-spendable or spendable components. Nonspendable fund balance represents resources that cannot be spent due to their form or legally or contractually required to be maintained intact.

Governmental fund balance that is available for spending is classified as follows:

- Restricted fund balance – amounts that have constraints on their use externally imposed by creditors, through debt covenants, by grantors, or by law.
- Committed fund balance – amounts constrained for a specific purpose imposed by a formal action by City Council, the highest level of decision making authority. A resolution approved by Council is the formal action that is required to establish, modify, or rescind a commitment of fund balance.
- Assigned fund balance – amounts that are intended to be used for specific purposes that are not restricted or committed. City Council vests with the Chief Financial Officer of the Department of Finance and Administration the authorization to assign amounts to specific purposes approved by Council as described in the City's adopted fund balance policy.
- Unassigned fund balance – represents resources that have not been classified in one of the aforementioned categories. The general fund is the only fund that reports a positive unassigned fund balance.

It is the policy of the City that expenditures, for which more than one category of fund balance could be used, will be expended in the following categorical order: restricted, committed, assigned, and unassigned.

A stabilization arrangement is incorporated into the City's adopted fund balance policy that was formally adopted by resolution. This stabilization arrangement consists of two components: cashflow reserve and service maintenance reserve. The cashflow reserve is intended to be a reserve for unexpected events that would have a significant impact on the City's ability to maintain sufficient working capital. The service maintenance reserve may be used to provide funding associated with fluctuations in fiscal cycles and operating requirements that exceed \$500. Policy allows funding for the two reserves to be between 5-8% of the subsequent annual budgeted general fund base revenues. As of September 30, 2016, \$12,048 is recorded as the total stabilization arrangement which is 5.8% of the 2017 adopted budget. Any usage or addition to the reserves must be appropriated/approved by City Council. The reserves are recorded in the governmental funds balance sheet within the unassigned fund balance category.

Recently Issued and Adopted Accounting Pronouncements

During the year ended September 30, 2016, the City implemented GASB Statement No. 72, Fair Value Measurement and Application. The implementation of this standard requires governments to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Governments are required to disclose fair value measurements, the level of fair value hierarchy, and valuation techniques. Additional disclosures are also required regarding investments in certain entities that calculate net asset value per share (or its equivalent). Accordingly, the additional disclosures required by this standard are included in Note 3 – Cash, Cash Equivalents, and Investments.

2) PROPERTY TAXES

The City of Boise is one of several taxing districts receiving revenue in the form of property taxes assessed, levied, collected, and distributed by Ada County. Property taxes are levied for general purposes and debt service of the City. Taxes are remitted to the City in the month following collection.

The property tax calendar is as follows:

- Property tax year runs from January 1st to December 31st
- Taxes are levied on the second Monday in September
- Primary assessments are mailed on or before the 4th Monday of November each year
- Property taxes attach as an enforceable lien on property as of January 1st
- The first half of the taxes are payable to Ada County by December 20th and the second by June 20th of the following year

3) DETAILED NOTES ON ALL FUNDS

CASH, CASH EQUIVALENTS, AND INVESTMENTS

At September 30, 2016, the City had the following cash, cash equivalents, investments, and maturities including restricted investments:

	Fair Value	Rating	Effective Duration	Portfolio Percentage
Cash and cash equivalents				
Cash on hand	\$ 23	liquid daily	n/a	n/a
Demand deposits	6,502	liquid daily	n/a	n/a
Local Government Investment Pool (LGIP)	<u>51,061</u>	not rated	0	23.60%
Total cash and cash equivalents	<u><u>\$ 57,586</u></u>			
Investments				
Commercial Paper	\$ 37,151	A1/P1	0.126	17.17%
U.S. Agency Securities	82,141	AA+	1.836	37.97%
U.S. Treasury Note	37,904	AA+	0.722	17.52%
Money Market Mutual Funds	<u>8,085</u>	AAAm	0	3.74%
Total investments	<u><u>\$ 165,281</u></u>		0.878	<u>100%</u>

The City also held \$6,791 of cash, cash equivalents, and investments in the fiduciary funds at September 30, 2016.

Deposit and Investment Policies

Idaho Code 50-1013 limits the City's legal investments to savings accounts, prime commercial paper, general obligations of the State of Idaho and United States Treasury, notes, bonds, and obligations of Government Sponsored Enterprises (FNMA, FHLMC, FFCB, FHLB), A-rated corporate bonds, and money market and mutual funds whose portfolios consist

of the aforementioned underlying instruments. Any funds not matched to a specific cash flow or other specific purpose allowed by law or City Council resolution shall not be invested in securities longer than 10 years from the date of purchase. The City, except as indicated below, is limited to the following general types of investments:

- Certain revenue bonds, general obligation bonds, local improvement district bonds, tax and revenue anticipation notes, and registered warrants of state and local government entities.
- Time deposit accounts.
- Bonds, treasury bills, interest-bearing notes, debentures or other similar obligations of the United States Government and the Farm Credit System and its agencies and instrumentalities. U.S. Government Securities include U.S. Treasury receipts and U.S. Treasury Stripped Interest Payment series (STRIPS).
- Repurchase agreements.
- Banker's acceptance and prime commercial paper.
- Mutual or Money Market Funds.
- Corporate bonds rated A or better at the time of purchase.

Investments associated with the Health Insurance Trust Fund must be allowable under both Idaho code 50-1013 and 68:401 et. Seq.

The City's investment policy requires that investments within the portfolio to be diversified as to security type, duration, and issuer in order to maintain a balanced portfolio. The policy does not place specific restrictions with regard to credit, concentration, and interest rate risks. The City only conducts investment purchases on a delivery-vs-payment basis with all securities maintained through a third-party custodial safekeeping agreement which requires that they be held in the City's name.

Interest Rate Risk, Credit Risk, Custodial Credit Risk

In accordance with the City's investment policy of diversifying its investments as to type, issuer, and maturity, the City chooses to monitor its interest rate risk exposure utilizing effective duration. Effective duration is the preferred method for callable securities, and measures the price sensitivity of an investment or portfolio, taking into account that expected cash flows will change as interest rates change. The effective duration of the City's investment portfolio was 0.878 on September 30, 2016.

As of September 30, 2016, the City maintained an executed contract with a third-party custodian that holds investments in the City's name in order to mitigate custodial credit risk. The City's demand deposits are insured up to Federal depository insurance limits and collateralized by an irrevocable letter of credit issued by the Federal Home Loan Bank of Cincinnati up to an amount of \$15,000. The LGIP is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Concentration of Credit Risk

On September 30, 2016, the City's investment portfolio exceeded 5% of total portfolio value in the following issuers:

<u>Issuer</u>	<u>Portfolio Percentage</u>
Federal Home Loan Mortgage Association	12.66 %
Federal National Mortgage Association	16.63
Federal Home Loan Bank	5.87

Fair Value Measurements

Fair value accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value guidance also establishes a fair value hierarchy that requires a government to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Based on the inputs used to determine fair value, a three-level hierarchy is used as follows:

- Level 1: fair value is determined using quoted prices (unadjusted) for identical assets or liabilities in active markets that the government can access at the measurement date.
- Level 2: fair value is determined using inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly, such as quotes prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs are derived principally from or corroborated by observable market data.
- Level 3: fair value is determined using unobservable inputs for an asset or liability and requires the government to develop its own assumptions, based on the best information available in the circumstances, about the considerations market participants would use in pricing the asset or liability.

The following table represents the City's investments that are measured or disclosed at fair value on a recurring basis. The City does not have any financial assets that are measured at fair value on a non-recurring basis.

	<u>Fair Value Hierarchy</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Debt Securities				
Federal Agencies Securities	\$ 82,141	\$ -	\$ -	\$ 82,141
U.S. Treasury Securities	37,904	-	-	37,904
	<u>\$ 120,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,045</u>

Investments categorized as Level 1 are valued based on prices quoted in active markets for those securities. The City holds certain short term investments valued at amortized cost in accordance with GAAP which include commercial paper of \$37,151 and money market mutual funds of \$8,085. The City utilizes a market pricing service to update fair value of investment securities.

Receivables

At September 30, 2016, receivables for the City's major funds and all other funds in aggregate were as follows:

	General	Capital Improvement	Foothills Levy	Other Governmental Funds	Total Governmental Funds	Fiduciary
Receivables						
Interest	\$ 17	\$ 12	\$ 1	\$ 60	\$ 90	\$ 14
Taxes	140,184	-	-	691	140,875	-
Accounts	6,918	4,703	-	-	11,621	776
Special Assessments	20	-	-	-	20	-
Grants	167	883	-	-	1,050	-
Loans	-	-	-	-	-	-
Less: Allowance for uncollectibles	-	-	-	-	-	-
	<u>\$ 147,306</u>	<u>\$ 5,598</u>	<u>\$ 1</u>	<u>\$ 751</u>	<u>\$ 153,656</u>	<u>\$ 790</u>

	Airport	Sewer	Solid Waste	Other Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
Receivables						
Interest	\$ 112	\$ 72	\$ 6	\$ 278	\$ 468	\$ 21
Taxes	-	-	-	-	-	-
Accounts	1,397	6,147	2,666	4	10,214	23
Sewer District	-	-	-	-	-	-
Special Assessments	-	1,706	-	3	1,709	-
Grants	3,214	-	-	353	3,567	-
Loans	-	-	-	7,234	7,234	-
Less: Allowance for uncollectibles	7	258	263	-	528	-
	<u>\$ 4,716</u>	<u>\$ 7,667</u>	<u>\$ 2,409</u>	<u>\$ 7,872</u>	<u>\$ 22,664</u>	<u>\$ 44</u>

Other Enterprise Funds includes \$7,233 of long-term receivables, which are recorded as noncurrent assets in the respective statements of net position.

Restricted Assets

Assets that are restricted as to use are classified as restricted assets for payment of governmental and enterprise fund debt service requirements. These monies are limited to use as defined in applicable debt agreements. The total amount of restricted assets and their use at September 30, 2016 is presented below.

	<u>Debt Reserve Funds</u>	<u>Bond/Interest Lease Pmt Fund</u>	<u>Construction Funds</u>	<u>Specific Purposes</u>	<u>Total</u>
<u>Government Fund Type</u>					
Harris Ranch CID #1	\$ 664	\$ 9	\$ -	\$ -	\$ 673
GO Bonds 2015	-	1,980	13,635	-	15,615
Total governmental funds	664	1,989	13,635	-	16,288
<u>Enterprise Fund Type</u>					
Airport Maint Facility 2015	794	1	-	-	795
Airport Garage 2012	830	1	-	-	831
Airport PFC restrictions	-	-	-	15,092	15,092
Airport DEQ Trust	-	-	-	481	481
Total enterprise funds	1,624	2	-	15,573	17,199
Total Restricted Assets	<u>\$ 2,288</u>	<u>\$ 1,991</u>	<u>\$ 13,635</u>	<u>\$ 15,573</u>	<u>\$ 33,487</u>

Capital Assets

Capital asset activity for the fiscal year ended September 30, 2016, was as follows:

Governmental activities

	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Capital assets, not being depreciated					
Land	\$ 74,943	\$ 3,336	\$ 14	\$ (2,684)	\$ 75,609
Intangible assets	661	149	-	-	810
Construction in progress	3,726	14,400	(4,614)	(90)	13,422
Total capital assets, not being depreciated	<u>79,330</u>	<u>17,885</u>	<u>(4,600)</u>	<u>(2,774)</u>	<u>89,841</u>
Capital assets, being depreciated					
Buildings	94,503	1,798	500	(532)	96,269
Improvements other than buildings	80,206	2,417	3,955	(1)	86,577
Automobiles and trucks	30,993	4,273	(68)	(2,691)	32,507
Machinery and equipment	34,252	1,258	(36)	(522)	34,952
Leasehold improvements	1,662	-	143	-	1,805
Intangible assets	7,373	553	(82)	(87)	7,757
Other capital assets	10,645	1,378	33	(14)	12,042
Total capital assets being depreciated	<u>259,634</u>	<u>11,677</u>	<u>4,445</u>	<u>(3,847)</u>	<u>271,909</u>
Less accumulated depreciation for					
Buildings	38,559	3,083	(3)	(334)	41,305
Improvements other than buildings	43,930	2,991	-	(1)	46,920
Automobiles and trucks	18,459	2,972	(68)	(2,575)	18,788
Machinery and equipment	21,832	1,851	(8)	(498)	23,177
Leasehold improvements	1,145	153	6	-	1,304
Intangible assets	3,720	585	(82)	(87)	4,136
Other capital assets	6,449	411	-	(4)	6,856
Total accumulated depreciation	<u>134,094</u>	<u>12,046</u>	<u>(155)</u>	<u>(3,499)</u>	<u>142,486</u>
Total capital assets, being depreciated, net	<u>125,540</u>	<u>(369)</u>	<u>4,600</u>	<u>(348)</u>	<u>129,423</u>
Governmental activities capital assets, net	<u>\$ 204,870</u>	<u>\$ 17,516</u>	<u>\$ -</u>	<u>\$ (3,122)</u>	<u>\$ 219,264</u>

Business-type Activities

	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Capital assets, not being depreciated					
Land	\$ 36,559	\$ 51	\$ -	\$ (308)	\$ 36,302
Intangible assets	478	-	-	-	478
Construction in progress	33,675	30,082	(53,616)	-	10,141
Total capital assets being depreciated	70,712	30,133	(53,616)	(308)	46,921
Capital assets, being depreciated					
Buildings	306,606	693	19,965	(1,514)	325,750
Land improvements/terminal parking	81,844	1,161	747	(5)	83,747
Improvements other than buildings	43,670	487	3,507	(518)	47,146
Service lines	220,544	2,740	6,075	-	229,359
Automobiles and trucks	20,834	3,003	150	(567)	23,420
Machinery and equipment	73,488	1,572	23,266	(1,776)	96,550
Intangible assets	2,316	11	87	(179)	2,235
Other capital assets	927	-	-	(79)	848
Total capital assets being depreciated	750,229	9,667	53,797	(4,638)	809,055
Less accumulated depreciation for					
Buildings	120,950	8,967	-	(1,114)	128,803
Land improvements/terminal parking	46,586	4,549	-	(5)	51,130
Improvements other than buildings	33,698	2,354	-	(298)	35,754
Service lines	57,194	2,463	-	-	59,657
Automobiles and trucks	12,815	1,578	136	(556)	13,973
Machinery and equipment	52,923	4,203	(42)	(1,696)	55,388
Intangible assets	1,589	153	87	(179)	1,650
Other capital assets	272	29	-	(33)	268
Total accumulated depreciation	326,027	24,296	181	(3,881)	346,623
Total capital assets, being depreciated, net	424,202	(14,629)	53,616	(757)	462,432
Business-type activities capital assets, net	\$ 494,914	\$ 15,504	\$ -	\$ (1,065)	\$ 509,353

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value. The total capitalized interest for the fiscal year ended September 30, 2016 was \$13 for Airport projects and \$217 for Sewer projects.

Depreciation expense was charged to functions as follows:

Governmental Activities		Business-type Activities	
General Government	\$ 2,748	Airport	\$ 13,358
Fire	2,009	Sewer	10,220
Police	1,545	Solid Waste	46
Parks and Recreation	4,045	Other	<u>672</u>
Culture and Library	949	Total depreciation for business-	
Community Service	690	type activities	<u>\$ 24,296</u>
Internal Service Funds	<u>60</u>		
Total depreciation for governmental activities	<u>\$ 12,046</u>		

Interfund Transactions

Due To/From Other Funds

The composition of the interfund balances at September 30, 2016 is as:

	Due To		
	Non-major governmental funds	Non-major enterprise funds	Total
Due From:			
General fund	\$ 7	\$ 169	\$ 176

The majority of interfund balances as of September 30, 2016 are due to interfund billings for services.

Interfund Transfers

Interfund transfers for the year ended September 30, 2016 consisted of the following:

	Transfers in						Total
	General	Capital Improvement	Non-major Governmental	Sewer	Non-major Enterprise	Internal Service	
Transfers out							
General	\$ -	\$ 17,392	\$ -	\$ 6	\$ 246	\$ 275	\$ 17,919
Sewer	-	-	-	-	-	2	2
Solid Waste	103	-	-	-	-	-	103
Foothills Levy	-	670	-	-	-	-	670
Non-major governmental funds	73	4,194	3,809	-	-	-	8,076
Non-major enterprise funds	-	-	-	-	190	16	206
	<u>\$ 176</u>	<u>\$ 22,256</u>	<u>\$ 3,809</u>	<u>\$ 6</u>	<u>\$ 436</u>	<u>\$ 293</u>	<u>\$ 26,976</u>

The majority of transfers were recurring annual transfers for capital projects and debt service payments that are made on a routine basis. Significant transfers during the year ended September 30, 2016 were as follows:

- a) net transfer from the General Fund to the Capital Projects Fund for authorized projects \$13,583
- b) transfers from the General Fund to the Debt Service Fund for debt service payments \$3,809
- c) transfers from the Non-major governmental funds to the Capital Projects funds for authorized projects and closure of the Perpetual Care fund (\$8,004)

Advances To / Advances From Other Funds

Interfund advances for the year ended September 30, 2016 consisted of the following:

	Advances From (receivable)			
	General fund	Airport	Solid Waste	Total
Advances To (payable)				
Solid Waste	\$ 2,000	\$ -	\$ -	\$ 2,000
Internal Service Funds	-	33	330	363
	\$ 2,000	\$ 33	\$ 330	\$ 2,363

The advance to Solid Waste was established to fund environmental remediation being performed at Esther Simplot Park. The balance will be repaid at \$500 per year beginning fiscal year 2015. Advances to the internal service funds was established to fund fleet service building improvements. The balance will be repaid based on amortization schedules for a period of 25 years. These advances are not expected to be repaid within one year.

Government Fund Balances

Fund balance assigned for general government within the general fund have been made primarily for the following: ongoing professional service contracts, and various ongoing operational projects, such as LIV marketing, and office space optimization.

- Fund balance assigned for Fire within the general fund have been made primarily for the following: dedicated funding for ongoing agreements and grants, communications plan, and departmental uniforms. Fund balance assigned for Fire in the other governmental funds include major equipment purchases that were in progress at year end.
- Fund balance assigned for Police within the general fund have been made for dedicated funding related to various grants and the purchase of minor equipment that was deferred or in process at year end. Fund balance assigned for Police in the other governmental funds include major equipment purchases that were in progress at year end, appropriation needed for the addition of a micro district, and shooting range improvements.

- Fund balance assigned for Parks and Recreation within the general fund have been made for funding related to various grants and the purchase of minor equipment that was deferred or in process at year end. Fund balance assigned for Parks and Recreation in the other governmental funds include projects that are multi-year in nature including, but not limited to, various major equipment purchases, major repair and maintenance projects, and a large amount associated with the River Recreation Park.
- Fund balance assigned for Culture within the general fund have been made for funding for artist services. Fund balance assigned for Culture in the other governmental funds include projects that are multi-year in nature including, but not limited to, various percent for art projects, major equipment purchases, major repair and maintenance projects, IOLS library system upgrade, and a large amount associated with the addition of Bown Crossing Library.
- Fund balance assigned for Community Services within the general fund have been made for funding related grants, ongoing housing projects, various professional service contracts, citywide initiatives, and funding for Valley Regional Transit operations. Fund balance assigned for Community Services in the other governmental funds include projects that are multi-year in nature including, but not limited to, numerous ongoing neighborhood reinvestment projects, major repair and maintenance projects, funding for permit management system, and second floor space planning.

Fund balance assigned in the foothills levy fund is related to parks open space acquisition.

Fund balance assigned in the capital improvement fund is related to significant arts and history projects, new constituent relationship management system, information technology upgrades, new library branch projects, neighborhood reinvestment programs, park greenup projects, a new permitting and licensing management system, police shooting range improvements, and fire station renovations/rebuilds.

Below is a summary of significant encumbrances included within assigned fund balance at September 30, 2016:

Function	General	Capital Projects Fund	Total
General Gov	\$ 71	\$ 18	\$ 89
Fire	217	14	231
Police	15	208	223
Parks & Rec	20	2,494	2,514
Culture	9	877	886
Community service	116	7,279	7,395
Subtotal	<u>\$ 448</u>	<u>\$ 10,890</u>	<u>\$ 11,338</u>

Noncurrent Liabilities

Changes in noncurrent liabilities

The following is a summary of changes in noncurrent liabilities of the City at September 30, 2016:

	Beginning Balance	Additons	Deletions	Ending Balance	Amount due in One Year
<i>Governmental Activities</i>					
<i>Bonds:</i>					
Refunding Bonds 2011a	\$ 21,865	\$ -	\$ (990)	\$ 20,875	\$ 1,020
Plus premium	397	-	(40)	357	-
GO Bonds 2015	17,000	-	(1,590)	15,410	1,715
Other long-term debt obligations					
Harris Ranch CID BA Bond	3,795	-	(44)	3,751	49
Harris Ranch CID GO Bond 2015a	158	-	(52)	106	53
Harris Ranch CID GO Bond 2015b	3,587	-	(40)	3,547	26
Harris Ranch CID GO Bond 2016	-	1,331	-	1,331	55
Total, bonded debt	<u>46,802</u>	<u>1,331</u>	<u>(2,756)</u>	<u>45,377</u>	<u>2,918</u>
<i>Other noncurrent liabilities:</i>					
Capital leases	888	1,076	(194)	1,770	198
Compensated Absences (1)	5,985	72	(224)	5,833	104
OPEB	6,593	935	(2)	7,526	-
Total, other noncurrent liabilities	<u>13,466</u>	<u>2,083</u>	<u>(420)</u>	<u>15,129</u>	<u>302</u>
Total noncurrent liabilities, governmental activities	<u>60,268</u>	<u>3,414</u>	<u>(3,176)</u>	<u>60,506</u>	<u>3,220</u>
<i>Business-Type Activities</i>					
<i>Revenue bonds:</i>					
Airport Revenue Refunding 2012	10,365	-	(455)	9,910	470
Plus premium	575	-	(60)	515	-
Airport Revenue Refunding 2011	18,895	-	(3,415)	15,480	3,585
Plus premium	631	-	(200)	431	-
Airport Maintenance Fac, 2015	12,665	-	(305)	12,360	340
WW Facility Refunding 2012	10,908	-	(2,000)	8,908	2,031
Total, bonded debt	<u>54,039</u>	<u>-</u>	<u>(6,435)</u>	<u>47,604</u>	<u>6,426</u>
<i>Other noncurrent liabilities:</i>					
Section 108 Advance	280	-	(140)	140	140
Compensated Absences	961	29	(50)	940	43
OPEB	1,718	-	(243)	1,475	-
Total, other noncurrent liabilities	<u>2,959</u>	<u>29</u>	<u>(433)</u>	<u>2,555</u>	<u>183</u>
Total noncurrent liabilities, governmental activities	<u>56,998</u>	<u>29</u>	<u>(6,868)</u>	<u>50,159</u>	<u>6,609</u>
Total noncurrent liabilities, primary government	<u>\$ 117,266</u>	<u>\$ 3,443</u>	<u>\$ (10,044)</u>	<u>\$ 110,665</u>	<u>\$ 9,829</u>

(1) Compensated absences typically have been liquidated in the general fund and other governmental funds.

Debt Issuance Details

	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Issue Amount</u>	<u>Indebtness September 30, 2016</u>
<i>Governmental Activities</i>					
<i>Bonds:</i>					
Refunding Bonds, Series 2011A plus premium	3.00% - 4.00%	2011	2032	\$ 24,665	\$ 20,875
Harris Ranch CID SA Bond, 2011	9%	2014	2040	\$ 392	\$ 3,751
Harris Ranch CIDBond. Series 2015A	0.92%	2015	2018	\$ 158	\$ 106
Harris Ranch CIDBond. Series 2015B	3.44%	2015	2045	\$ 3,587	\$ 3,547
Harris Ranch CIDBond. Series 2016	2.19%	2016	2036	\$ 1,331	\$ 1,331
GO Bonds, Series 2015	0.62% - 2.44%	2015	2025	\$ 17,000	\$ 15,410
<i>Other noncurrent liabilities:</i>					
Lease Obligation		2015	2021	\$ 1,036	\$ 840
Lease Obligation		2016	2022	\$ 1,026	\$ 930
<i>Business-type Activities</i>					
<i>Revenue bonds:</i>					
Airport Refunding Revenue Bond, Series 2012 plus premium	2.00% - 4.00%	2012	2032	\$ 11,760	\$ 9,910
Airport Refunding Revenue Bond, Series 2011 plus premium	4.00% - 5.75%	2011	2020	\$ 32,480	\$ 15,480
Airport Refunding Revenue Bonds, Series 2015	3.00% - 4.00%	2015	2040	\$ 12,665	\$ 12,360
Wastewater Facility Refunding Revenue Bond, Series 2012	1.74%	2012	2026	\$ 16,699	\$ 8,908
<i>Other noncurrent liabilities:</i>					
Section 108 Advance	3.45% - 5.77%	2002	2017	\$ 2,100	\$ 140

Governmental Activities

- Revenue Refunding Bonds, Series 2011A - \$24,665 of Refunding Bonds were issued to refinance \$23,850 of outstanding principal amounts of the Revenue Refunding Bonds, Series 2001A and to pay for debt issuance costs.
- General Obligation (GO) Bonds, Series 2015 – \$17,000 these bonds were issued for the purpose of constructing and equipping a new firefighter training facility to meet minimum national standards, repairing existing fire stations, as well as constructing and equipping new fire stations to reduce emergency response service gaps and to enhance neighborhood safety.

- Harris Ranch Community Infrastructure District (the District), a blended component unit of the City, issues debt to fund regional community infrastructure. District debt outstanding includes the Series 2011 Special Assessment Bonds in the amount of \$3,920. The Special Assessment bonds are repaid by assessments against individual properties within the District. Series 2015 General Obligation Bonds issued in the amount of \$158 were issued to redeem the Series 2013 General Obligation Bonds. The Series 2015 B General Obligation Bonds - \$3,587, and the 2016 General Obligation bonds - \$1,331. These debt issues are direct obligations of the district and are not obligations of the City.
- Capital Leases – During FY 2015, the City entered into a \$1,036 lease with Houston-Galveston Area Council to utilize fire trucks. The City will have the option and intends to purchase the fire trucks at the end of the lease term. During 2016 the City entered into a \$1,026 lease with PNC Finance to utilize fire trucks. The City will have the option and intends to purchase the fire trucks at the end of the lease term.

Business-type Activities

- Airport Refunding Revenue Bonds, Series 2012 – The City issued Airport Revenue Refunding Bonds, Series 2012 in the amount of \$11,760. The bonds were issued to construct an expansion of the existing parking structure at the Airport. The pledged revenue to cover the bonds includes all Airport operating revenue, interest income, operating grants and excludes revenue from capital grants, customer facility charges and passenger facility charges. Operating and maintenance expenditures excludes interest expense, gain on property sale/exchange, depreciation, expenditures and debt service on any obligations payable from airport revenues. In FY 2016, the net available revenue pledged to the bonds was \$12,244. The debt service was \$455 principal and \$373 interest giving a coverage ratio of 14.79.
- Airport Refunding Revenue Bonds, Series 2011 – The City issued the Airport Revenue Refunding Bonds Series 2011 in the amount of \$32,480. The bonds were used to: a) refinance the outstanding principal amount of the Airport Revenue COPS, Series 2000 originally issued in the aggregate amount of \$52 and (b) to pay the costs of issuing the bonds. The pledged revenue to cover the bonds includes all Airport operating revenue, interest income, operating grants and passenger facility charges. Operating and maintenance expenditures excludes interest expense, gain on property sale/exchange, depreciation, expenditures and debt service on any obligations payable from airport revenues. In FY 2016 the net available revenue pledged to the bonds was \$16. The debt service was \$3,415 principal and \$1,010 interest giving a coverage ratio of 3.55.

- Airport Revenue Bonds, Series 2015 – The City issued Airport Revenue Bonds, Subordinate Series 2015 in the amount of \$12,665. The bonds were issued to acquire aircraft maintenance facilities at the Boise Airport. Subordinate net revenues are pledged to the payment of the bonds which means revenues of the system less operation and maintenance expenses after payment of the senior bonds and any additional senior lien obligations issued hereafter. The pledged revenue to cover the bonds includes all Airport operating revenue, interest income, operating grants and excludes revenue from capital grants, customer facility charges and passenger facility charges. Operating and maintenance expenditures excludes interest expense, gain on property sale/exchange, depreciation, expenditures and debt service on any obligations payable from airport revenues. The debt service coverage requirement in the rate covenant stipulates that net revenues and pledged excluded revenues (which includes passenger facility charges) will equal at least 115% of aggregate debt service on all senior or subordinate issues combined. In FY 2016, the net available revenue pledged to the bonds was \$16. The aggregate debt service was \$4,175 principal and \$1,871 interest giving a coverage ratio of 2.60.
- Wastewater Facility Refunding Bonds –The City issued the Wastewater Facility Refunding Bonds, Series 2012 in the amount of \$16,699. The proceeds from the refunding bonds were used to extinguish two forms of debt: a) refinance \$9,945 of outstanding principal of the 1999 Refunding Bonds originally issued in the aggregate amount of \$22,145; (b) to refund \$7,339 of outstanding DEQ Loans originally issued in the aggregate amount of \$8,912; and (c) to pay the costs of issuing the bonds. In FY 2016, the net available revenue pledged to bonds was \$13. The debt service was \$2,000 principal and \$174 interest giving a coverage ratio of 5.92.
- Section 108 Advance – The City has entered into an advance with the United States Department of Housing and Urban Development to convert facilities for use as affordable housing units.

Conduit Bonds

The City is authorized under Title 50 Chapter 27 of the *Idaho Code* to create an industrial development corporation for the purpose of issuing Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of manufacturing, processing, production, assembly, warehousing, solid waste disposal, ski area and energy facilities (excluding facilities to transmit, distribute or produce electrical energy). Ordinance No. 4700 of the City created the Industrial Development Corporation of the City of Boise, Idaho. From time to time, the City, through the Industrial Development Corporation, has issued Industrial Revenue Bonds. The bonds are payable solely from payments received from the private-sector entity served by the issuance. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity. Pursuant to Title 50 Chapter 2706 of the *Idaho Code*, neither the City, the State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2016, there were no Industrial Revenue Bonds issues or outstanding.

Capital Lease Obligations

Capital lease obligations at September 30, 2016 amounted to \$1,770. These obligations, which are collateralized by vehicles, have total annual installments ranging from \$115 to \$319 including interest of 1.98860% and mature through 2022. As of year end, vehicles currently leased under capital leases in the governmental activities had historical costs of \$2,062 and accumulated depreciation of \$129.

Debt Service Requirements

Debt service requirements on long-term debt, including current maturities, at September 30, 2016 are as follows:

Fiscal Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 2,918	\$ 1,446	\$ 6,566	\$ 1,794	\$ 9,484	\$ 3,240
2018	2,973	1,391	6,655	1,558	9,628	2,949
2019	3,036	1,331	6,931	1,284	9,967	2,615
2020	3,095	1,264	5,545	1,002	8,640	2,266
2021	3,174	1,191	1,408	720	4,582	1,911
2022-2026	14,167	4,675	6,948	3,002	21,115	7,677
2027-2031	9,073	2,834	6,065	2,024	15,138	4,858
2032-2036	3,809	1,261	3,810	975	7,619	2,236
2037-2041	2,047	503	2,870	293	4,917	796
2042-2046	728	63	-	-	728	63
Total	<u>\$ 45,020</u>	<u>\$ 15,959</u>	<u>\$ 46,798</u>	<u>\$ 12,652</u>	<u>\$ 91,818</u>	<u>\$ 28,611</u>

Future minimum capital lease obligations as of September 30, 2016 were as follows:

Fiscal Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 198	\$ 35	\$ -	\$ -	\$ 198	\$ 35
2018	202	31	-	-	202	31
2019	205	27	-	-	205	27
2020	210	23	-	-	210	23
2021	532	19	-	-	532	19
2022-2026	423	9	-	-	423	9
Total	<u>\$ 1,770</u>	<u>\$ 144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,770</u>	<u>\$ 144</u>

In Idaho, a municipality is allowed a debt limit of two percent of the market valuation of the real and personal property in its taxing area. The City's legal debt limit for 2016, based on data available from Ada County, would be approximately \$380,310.

Arbitrage Requirements

Any excess interest earnings on tax-exempt bond proceeds must be remitted to the federal government in five-year intervals. Even though a payment may not be required until several years into the future, the liability is recognized as it is probable and measurable. The liability would be recorded in both governmental and business-type activities, as applicable. During fiscal year September 30, 2016, the City had no earnings on tax-exempt bond proceeds.

4) OPERATING LEASES

Total rental expense of \$739 is recorded in the statement of activities for governmental activities and \$70 for business-type activities for the year ended September 30, 2016.

5) POLLUTION REMEDIATION OBLIGATION

The City has completed its pollution remediation for the Ester Simplot Park (the Park). This site had been identified by the City's engineers as a location where historical uses contributed to various forms of environmental pollution to the Park. During the year ended September 30, 2016, the City had expenses of approximately \$299 and no further obligation is recorded as of September 30, 2016.

6) STATE RETIREMENT PROGRAMS

Defined Benefit - Pensions

Plan Description

All City employees may be covered by the Public Employee Retirement Fund Base Plan (PERSI Base Plan) which is a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employee Retirement System of Idaho (PERSI) that covers substantially all employees of the State of Idaho, its agencies, and various participating political subdivisions. Enrollment into the PERSI Base Plan is automatic. Participants are classified as either "class 1 – general member" or "class 2 – police officer/fire." The cost to administer the plan is financed through contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

The City also contributes to the Firefighter Retirement Fund (FRF) which is a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employee Retirement System of Idaho (PERSI) that covers a closed group of firefighters who were hired before October 1, 1980 and who received benefits in addition to those provided under the PERSI Base Plan. Participants are classified as either:

Fireman Option	Fireman Class	Definition
One	A	Retire under statewide average salary
Two	B	Hired before 07/01/1976 and retired under their individual average salaries
Two	B	Hired 07/01/1976 and later. Prior to 04/01/1990 were Class C
N/A	D	Under PERSI
N/A	E	Under PERSI

The cost to administer the plan is financed through the contributions and investment earnings of the FRF. Additional FRF funding is obtained from receipts from a state fire insurance premium tax. PERSI issues a publicly available financial report that included financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov. Responsibility for administration of the PERSI Base Plan and FRF is assigned to the PERSI Board (the Board) comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active PERSI Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the PERSI Base Plan except by reason of having served on the Board.

Pension Benefits

The PERSI Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on member' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the PERSI Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The PERSI Base Plan is required to provide a 1% minimum cost of living increase per year provided the consumer price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the consumer price index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

The FRF provides retirement, disability, death and survivor benefits of eligible members of beneficiaries. Benefits are based on members' years of service as well as the final average salary. A firefighter must have five years of service to be eligible for a lifetime retirement allowance at age 60. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance is based on Idaho Code Title 72 Chapter 14.

The benefit payments for the FRF are calculated using a benefit formula adopted by the Idaho Legislature. The FRF cost of living increase is based on the increase in the statewide average firefighter's wage.

Member and Employer Contributions

Member and employer contributions paid to the PERSI Base Plan and FRF are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulated sufficient assets to pay benefits when due. For governmental activities, the general fund generally liquidates employer contributions and pension obligations.

The PERSI Base Plan contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. For the period June 30, 2016 to the present it was 6.79% for general employees and 8.36% for police and firefighters. The PERSI Base Plan employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The City contributions was \$12,118 for the year ended September 30, 2016.

The total FRF employer contribution rate for the period January 1, 2015 to the present was 25.31%. This includes the employer excess rate of 13.65% plus the PERSI class 2 firefighters rate of 11.66%. The FRF member rate for the year for class B is 11.45% which is 3.09% above the class 2 rate of 8.36%. The City's contributions to FRF were \$1,268 for the year ended September 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

PERSI Base Plan

At September 30, 2016, the City reported a pension liability of \$74,194 for its proportionate share of the net pension liability of the PERSI Base Plan. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the PERSI Base Plan pension plan related to the total contributions of all participating PERSI Base Plan employers. At July 1, 2016, the

City's proportionate share was 3.66%.

For the year ended September 30, 2016, the City recognized pension expense of \$13,025 related to the PERSI Base Plan. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to PERSI Base Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 7,393
Changes in assumptions or other inputs	1,649	-
Net difference between projected and actual earnings on pension plan investments	36,112	16,873
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	1,363	-
City's contributions subsequent to the measurement date	3,256	-
Total	\$ 42,380	\$ 24,266

Deferred outflows of resources in the amount of \$3,256 resulting from employer contributions to the PERSI Base Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the PERSI Base Plan (active and inactive employees) determined at July 1, 2015 the beginning of the measurement period ended June 30, 2016 is 4.9 and 5.5 for the measurement period June 30, 2015.

Fireman's Retirement Fund

At September 30, 2016, the City reported a pension asset of \$19,939 for its proportionate share of the net pension asset of the FRF. The net pension asset was measured as of June 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on the City's share of contributions in the FRF pension plan relative to the total contributions of all participating FRF employers. At June 30, 2016, the City's proportionate share was 37.0971%.

For the year ended September 30, 2016, the City recognized pension revenue of \$5,473 related to the FRF. At September 30, 2016, the City reported deferred outflows of resources and deferred inflow of resources related to FRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,213	\$ -
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	4,359
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	21
City's contributions subsequent to the measurement date	354	-
Total	\$ 9,567	\$ 4,380

Deferred outflows of resources in the amount of \$354 resulting from employer contributions to FRF subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending September 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the PERSI (active and inactive employees) determined July 1, 2015 the beginning of the measurement period ended June 30, 2016 is 1.0 year and 5.6 years for the measurement period June 30, 2015.

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<u>Year ended September 30</u>	<u>Base Plan</u>	<u>FRF</u>
2017	\$ 443	\$ 408
2018	443	408
2019	8,976	2,588
2020	4,996	1,429
2021	N/A	N/A

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups using the entry age normal cost method. Under the entry age normal cost method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The PERSI Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the PERSI Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The unfunded actuarial accrued liability for FRF is the difference between the actuarial present value of the FRF benefits not provided by the PERSI Base Plan and the FRF assets. Currently FRF assets exceed this actuarial present value; therefore, there is not an unfunded liability to amortize at this time. The maximum amortization period for the FRF permitted under Section 59-1394, Idaho Code, is 50 years.

The total pension liability of the PERSI Base Plan and total pension asset of the FRF in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	PERSI Base Plan	FRF
Inflation	3.25%	3.25%
Salary increases	4.25-10.00%	3.75%
Salary inflation	3.75%	3.75%
Investment rate of return, net of investment expenses	7.10%	7.10%
Cost-of-living adjustments	1%	3.75%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability (Base Plan) and Asset (FRF) as of June 30, 2016 is based on the results of an actuarial valuation date of July 1, 2016.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the PERSI relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the PERSI uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the PERSI's asset allocation. The assumptions and the PERSI's formal policy for asset allocation are show below. The formal asset allocation policy is somewhat more conservative than the current allocation of PERSI's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions as of January 1, 2016 are as follows:

<u>Asset Class</u>	<u>Expected</u>	<u>Expected Risk</u>	<u>Strategic</u>	<u>Strategic</u>
Equities			70.00%	66-77%
Broad Domestic Equity	9.15%	19.00%	55.00%	50-65%
International	9.25%	20.20%	15.00%	10-20%
Fixed Income	3.05%	3.75%	30.00%	23-33%
Cash	2.25%	0.90%	0.00%	0-5%
<u>Total Fund</u>	<u>Expected</u>	<u>Expected Risk</u>	<u>Expected</u>	<u>Expected Real</u>
Actuary	7.00%	n/a	3.25%	3.75%
Portfolio	6.58%	12.67%	2.25%	4.33%

Actuarial Assumptions

Assumed inflation - mean	3.25%
Assumed inflation - standard deviation	2.00%
Portfolio arithmetic mean	8.42%
Portfolio long-term expected geometric rate of return	7.50%
Assumed investment expenses	0.40%
Long-term expected geometric rate of return, net of	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

The following presents the sensitivity of the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.10%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employers's porportionate share of the net pension liability (asset)			
Base Plan	\$ 145,544	\$ 74,194	\$ 14,860
FRF	(8,191)	(19,939)	(29,872)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report that is a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at the www.persi.idaho.gov.

The fiduciary net position has been determined on the same basis used by the pension plan in the PERSI's basic financial statements. Reconciliations were provided to reconcile total employer contributions to employer contributions shown in the PERSI's statement of changes in fiduciary net position.

Payable to the Pension Plan

At September 30, 2016, the City reported payables to the defined benefit pension plan of \$354 for legally required employer contributions and employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Defined Contribution – PERSI Choice 401(k)

Employees of the City participating in the PERSI Base Plan or FRF may enroll in the PERSI Choice 401(k) defined contribution retirement savings plan available to active members and this participation is voluntary. The PERSI choice 401(k) is intended to be a governmental plan within the meaning of Code Section 414(d) and within the meaning of section 3(32) of the Employee Retirement Income Security Act (ERISA) and as such, is exempt from provisions of Title I ERISA. The City will match participants' contributions in either the 457 deferred compensation plan or the PERSI Choice 401(k) up to 2% of base annual salary. A participant shall be 100% vested in their individual account at all times. The authority of the benefit and contribution terms are established and amended by the PERSI Board. The City recognized \$1,901 contributions to the PERSI Choice 401(k) as benefits expense during the year ended September 30, 2016. The City recognized \$62 for the employer's liability outstanding for contributions for the period ended September 30, 2016.

7) POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

By City Council authorization, the City provides all employees eligible to retire under PERSI, a \$10,000 life insurance policy, the premium of which is paid for by the City. Additionally, the City contributes \$100 per month toward a retiree health insurance plan for retirees under the age of 65 and is administered as part of the Boise Municipal Health Care Trust (Health Trust). For post-65 retirees, the City contributes \$50 per month towards a City-offered Medicare Advantage plan which is administered through an agreement with a third-party administrator. These health benefits are provided as a defined benefit postemployment healthcare plan (the Plan). Amounts related to the proprietary fund types are provided for separately in those funds. This is a single employer plan and all changes and/or amendments to the plan require City Council approval. The decision on funding methodology resides with the Mayor and the City Council. The Health Trust issues its own separate report. The separate report can be obtained at 150 N. Capitol Blvd, Boise, Idaho 83702.

Funding Policy

The contribution requirements of plan members are established and may be amended by City Council. The City makes health benefits available for retired employees at a premium cost of no more than applicable active employees. However, the retirees pay 100% of their premium cost less the premium subsidy contributed by the City. There is no separate trust through which benefits for retirees are funded. However, assets are currently earmarked for this purpose. All approved benefits are paid from the City's general assets, when due on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The annual other postretirement costs are determined on an actuarial basis and is calculated based on the annual required contribution (ARC) of the employer using the projected unit credit actuarial cost method. The ARC represents the funding level that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over 30 years. The current ARC rate as a percentage of covered payroll is 1.4%. The ARC for fiscal year 2016 is \$1,280. Since these funds were not placed in a trust, the expense and offsetting liability are reflected in the financial statements. The table below summarizes the components of the City's OPEB costs:

Amortization of Unfunded Actuarial Accrued Liability (UAAL)	\$ 646
Normal Cost	<u>634</u>
Annual required contribution (ARC)	1,280
Interest on net OPEB obligation	244
ARC Adjustment	<u>(403)</u>
Annual OPEB cost	1,121
Contributions made and adjustments	<u>(431)</u>
Increase in net OPEB obligation	690
Net OPEB obligation - beginning of year	<u>8,311</u>
Net OPEB obligation - end of year	<u><u>\$ 9,001</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 1,188	41%	\$ 7,853
2015	1,216	76%	8,143
2016	1,121	38%	9,001

Actuarial Methods and Assumptions

The significant actuarial assumptions used to determine funding requirements are:

- Actuarial valuation date September 30, 2016
- Discount rate 3%
- Expected asset return 3%
- Projected salary increase 3%
- Actuarial cost method Projected Unit Credit Cost
- Amortization method Level Dollar Amount
- Amortization period 30 years
- The percentage of eligible retirees electing spousal health coverage is 30% for general employees and 64% for fire and police employees.
- The termination rates for general employees are based on the July 1, 2016 Public Employees Retirement System of Idaho assumptions. Termination rates for fire and police employees are based on Boise City historical data.
- Employees are assumed to retire based upon the July 1, 2016 Public Employees Retirement System of Idaho assumptions.

As of September 30, 2016, there are 1,655 active plan participants. On that date, the City had 100 retirees and 36 dependent receiving health insurance benefits under the City's Health Trust. The Health Trust is entirely administered by appointed representatives. The City has no management responsibility for the Trust. As of September 30, 2016, there were 672 retirees receiving life insurance coverage paid for by the City. Each retiree's life is insured for \$10,000.

8) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors or omissions, or employee injuries. Workers' compensation, property and general liability are being provided on a self-insured basis up to specified limits and is recorded in the City's risk management fund (an internal service fund to account for and finance these risks of loss).

The self-insured retention is summarized as follows:

Fiscal Year	Liability Coverage		Property Coverage		Workers' Compensation Coverage	
	Per Incident	Aggregate	Per Incident	Aggregate	Per Incident	Aggregate
2016	\$500	unlimited	\$50	unlimited	\$500	unlimited
2015	\$500	unlimited	\$50	unlimited	\$500	unlimited

The City has purchased commercial insurance for claims in excess of these amounts. Settled claims resulting from the risks described above have not exceeded commercial insurance coverage for the past five years. The City insurance program did not have significant reduction in insurance coverages compared to prior years.

All funds of the City participate in the program except for liability coverage for the Airport Fund, which is insured under a separate policy purchased from an outside insurance carrier. Amounts to be provided for funding of the self-insured retention are based on actuarial estimates of the amounts necessary to pay and current year claims and to establish a reserve for catastrophic losses.

A liability in the amount of \$1,839 was actuarially determined using a discount rate of 2% to cover reported and unreported insurance claims payable at September 30, 2016. It is estimated that \$103 and \$1,592 of the liability is current and due within one year for liability and workers compensation, respectively. The remaining amount will be due in future years.

The following schedule represents the changes in claims liability for the past two fiscal years for the City's self-insurance program:

	<u>Beginning Liability</u>	<u>Current Year Claims</u>	<u>Claim Payments and Change in Estimate</u>	<u>Ending Liability</u>
9/30/2016	\$ 2,385	\$ 1,815	\$ (2,361)	\$ 1,839
9/30/2015	3,178	1,520	(2,313)	2,385

9) PERMANENT FUND – CEMETERY PERPETUAL CARE FUND

During the year ended September 30, 2016, City Council read and approved ORD-29-16 which cites Title 9 Chapter 15, Boise City Code that established the fund shall be and hereby repealed in its entirety which permanently closed the cemetery perpetual care fund. The fund's assets, liabilities, and net position were transferred to the capital improvement fund as of September 30, 2016.

10) COMMITMENTS AND CONTINGENCIES

Construction Commitments

Construction-in-progress in the governmental funds as of September 30, 2016 was \$13,422. Capital related commitments of \$30,785 were assigned in the Capital Improvement Fund at fiscal year-end. Of this latter amount, \$19,895 is attributable to budgeting capital projects whereas \$10,890 is associated with encumbrances. See Note 1 for City commitments that are included in fund balance designations. Construction-in-progress in the proprietary funds as of September 30, 2016 was \$10,141. The estimated cost to complete proprietary construction projects was approximately \$17,816. Of the estimated cost to complete proprietary construction projects, approximately \$7,601 will be funded by state and/or federal grants and passenger facility charges.

Grants

All expenditures financed by Federal and State grants are subject to audit by the granting agencies to determine if such expenditures comply with conditions of the grant. Management believes that no material liability will arise from any such audits.

Claims and Lawsuits

The City is involved in several claims and is a defendant in pending and threatened litigation. While it is not feasible to predict or determine the ultimate outcome of all these matters, in management's opinion, they will not have a material adverse effect upon the accompanying financial statements.

Required Supplementary Information
September 30, 2016
City of Boise, Idaho

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund

Year Ended September 30, 2016

(In Thousands)

	Budgeted Amounts		Actual Amounts	Variances with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 130,326	\$ 130,326	\$ 131,372	\$ 1,046
Franchise fees	5,453	5,453	5,155	(298)
License and permits	6,460	6,612	8,610	1,998
Intergovernmental revenue	18,539	19,290	20,965	1,675
Charges for services	30,776	30,680	31,469	789
Rental and lease revenue	440	440	483	43
Self insurance	1	1	4	3
Fines and forfeitures	2,671	2,671	2,612	(59)
Donations	89	367	250	(117)
Investment income	350	350	728	378
Miscellaneous revenue	1,411	1,388	1,287	(101)
Total revenues	196,516	197,578	202,935	5,357
Current expenditures				
General Government	10,657	11,610	6,062	5,548
Fire	48,813	49,763	48,338	1,425
Police	56,708	57,485	55,873	1,612
Parks and recreation	28,962	29,076	27,875	1,201
Culture	13,180	12,207	10,451	1,756
Community services	23,664	26,427	24,754	1,673
Capital outlay	37	1,300	1,170	130
Total expenditures	182,021	187,868	174,523	13,345
Excess of Revenues over expenditures	14,495	9,710	28,412	18,702
Other Financing Sources (Uses)				
Interfund transfer in	130	130	176	46
Interfund transfer out	(14,664)	(15,102)	(17,919)	(2,817)
Proceeds from sale of assets	38	158	284	126
Total other financing sources (uses)	(14,496)	(14,814)	(17,459)	(2,645)
Net Change in Fund Balance	(1)	(5,104)	10,953	16,057
Fund Balance, Beginning of Year	39,231	39,231	39,231	-
Fund Balance, End of Year	\$ 39,230	\$ 34,127	\$ 50,184	\$ 16,057

City of Boise, Idaho
 Other Postemployment Benefits – Schedule of Funding Progress
 Year Ended September 30, 2016
 (In Thousands)

OTHER POSTEMPLOYMENT BENEFIT PLANS (UNAUDITED)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
9/30/2014	\$	-	\$ 12,179	0%	\$ 98,743	12%
9/30/2015		-	12,814	0%	101,646	13%
9/30/2016		-	13,046	0%	93,198	14%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2014	\$ 1,314	37%	\$ 7,854
9/30/2015	1,352	68%	8,143
9/30/2016	1,280	21%	9,001

Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years*

	2015	2016
Employer's portion of net the pension liability	3.6033%	3.6601%
Employer's proportionate share of the net pension liability	\$ 47,358	\$ 74,194
Employer's covered-employee payroll	\$ 94,509	\$ 92,500
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	50.11%	80.21%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	91.38%

Schedule of Employer's Share of Net Pension Liability
FRF
Last 10 - Fiscal Years*

	2015	2016
Employer's portion of net the pension liability	36.9251%	37.0971%
Employer's proportionate share of the net pension asset	\$ 19,943	\$ 19,939
Employer's covered-employee payroll	\$ 23,477	\$ 25,233
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	84.95%	79.02%
Plan fiduciary net position as a percentage of the total pension liability	118.08%	118.08%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Data reported is measured as of July 1, 2015 (measurement date).

**Schedule of Employer Contributions
Base Plan
Last 10 - Fiscal Years***

	2015	2016
Statutorily required contribution	\$ 11,558	\$ 12,118
Contributions in relation to the statutory required contribution	\$ 11,558	\$ 12,118
Contributions (deficiency) excess	\$ -	\$ -
Employer's covered-employee payroll	\$ 100,646	\$ 84,353
Contributions as a percentage of covered-employee payroll	11.48%	14.37%

**Schedule of Employer Contributions
FRF
Last 10 - Fiscal Years***

	2015	2016
Statutorily required contribution	\$ 2,129	\$ 1,268
Contributions in relation to the statutory required contribution	\$ 2,129	\$ 1,268
Contributions (deficiency) excess	\$ -	\$ -
Employer's covered-employee payroll	\$ 24,095	\$ 26,370
Contributions as a percentage of covered-employee payroll	8.84%	4.81%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Data reported is measured as of September 30, 2015

Budgets and Budgetary Accounting

The basis of budgeting refers to the conventions for recognition of costs and revenues in budget development and in establishing and reporting appropriations, which are the legal authority to spend or to collect revenues.

The City used a modified accrual basis for budgeting in governmental funds. Under Idaho State Law, unspent appropriations from prior years must be specifically “rebudgeted,” via resolution of the City Council, or “encumbered,” in order to be carried forward into the next fiscal year. A valid, legal commitment such as a contract or purchase order is required for encumbrances.

Proprietary funds are budgeted using accrual concepts. However, all operating and capital expenses that will be incurred during the year and income to be received and credited to the year are identified in the budgeting process because of the need for appropriation authority.

The budget is fully reconciled to the accounting system at the beginning of the year, and in preparing the Comprehensive Annual Financial Report (CAFR) at year end. A number of adjustments are made to reflect balance sheet needs and their effect on the budget. These include changes in designations and reserves and recognition, via studies and analysis of various sorts, of accrued liabilities. Amounts needed for such long-term liabilities as future payoffs of accumulated employee vacation and sick leave, are budgeted as they are recognized via actuarial projections and subsequently adjusted to actual amounts. The budget does not recognize capital construction expense in enterprise funds in the same manner as in the Comprehensive Annual Financial Report. Reconciliations are completed in quarterly and annual budget to actual reports.

Idaho State Code requires the City to adopt an annual budget each year through formal publishing and hearing requirements and by adopting an annual appropriation ordinance.

The following procedures are used to establish budgetary control:

1. Prior to October 1, the budget for all governmental and proprietary funds is legally enacted (adoption) through passage of an ordinance which includes public process hearings.
2. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Total appropriations represent budget amounts as originally adopted plus current year adjustments for City Council approved prior year encumbrances, uncompleted items (primarily capital and equipment) carried forward to the following year and new projects or expenditures approved by City Council from prior year turn back dollars and appropriation changes approved during the year.
3. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Capital Projects, Enterprise, Internal Service and certain Trust Funds. To provide oversight and control, the Mayor's Executive Management Team reviews all proposed changes to the budget that are exceptions to department director authority.
4. During the fiscal year, all expenditures are authorized by Invoice, Purchase Order, or Journal Entry. These expenditures are reviewed according to procedures outlined in the City Code related to budget authority, funds availability, adherence to City purchasing procedures, and sound business practice.
5. Department directors have defined discretionary authority to transfer budget appropriation amounts within approved budget totals, between line items within funds. Department directors cannot initiate inter-departmental transfers without City Council approval.
6. Transfer of budget appropriations between funds are approved by the City Council. Revisions increasing total expenditure appropriation of any fund or adding permanent employee positions must be approved by the City Council. Any transfers of contingent funds require Mayor and City Council approval. State law does not allow fund expenditures to exceed fund appropriation. Appropriations lapse at year-end unless they are carried forward through the City's budgetary process.

Idaho State Code allows the City to reopen the annual budget if a need for increased appropriations beyond the budgeted total is experienced. The reopened budget must be adopted by following a process similar to that, which was used to adopt the original budget, including public hearings and adoption of a revised annual appropriations ordinance. The legal requirement of budgetary control in the State of Idaho is at the fund level.

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Other Supplementary Information
September 30, 2016
City of Boise, Idaho

	Special Revenue Community and Economic Development	Special Revenue Heritage Fund	Harris Ranch Community Infrastructure District No. 1
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 2
Investments	656	2,040	-
Receivables, net			
Taxes receivable	-	-	691
Accounts and interest	2	6	-
Prepaid items	-	5	-
Restricted cash and investments	-	-	673
Total assets	658	2,051	1,366
Liabilities			
Accounts payable	128	105	-
Due to other funds	-	-	7
Total liabilities	128	105	7
Deferred Inflows of Resources			
Unavailable property taxes	-	-	685
Fund Balances			
Nonspendable			
Prepaid items	-	5	-
Restricted, nonexpendable, for			
Permanent fund principal	-	-	-
Restricted, expendable, for			
Impact fees project	-	-	-
Heritage funds	-	1,941	-
Debt service	-	-	673
Assigned to			
Debt service and post retirement benefits	-	-	-
Community and economic development	530	-	1
Total fund balances	530	1,946	674
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 658	\$ 2,051	\$ 1,366

City of Boise, Idaho
Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2016
(In Thousands)

Permanent Fund Dedicated	Capital Projects Impact Fees Fund	Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 2
11	10,353	10,498	23,558
-	-	-	691
-	17	35	60
-	78	-	83
-	-	15,615	16,288
<u>11</u>	<u>10,448</u>	<u>26,148</u>	<u>40,682</u>
-	1,479	116	1,828
-	-	-	7
<u>-</u>	<u>1,479</u>	<u>116</u>	<u>1,835</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>685</u>
-	78	-	83
11	-	-	11
-	8,891	-	8,891
-	-	-	1,941
-	-	16,289	16,962
-	-	9,743	9,743
-	-	-	531
<u>11</u>	<u>8,969</u>	<u>26,032</u>	<u>38,162</u>
<u>\$ 11</u>	<u>\$ 10,448</u>	<u>\$ 26,148</u>	<u>\$ 40,682</u>

	Special Revenue Community and Economic Development	Special Revenue Heritage Fund	Harris Ranch Community Infrastructure District No. 1
Revenues			
Property taxes, levied for general purposes	\$ -	\$ -	\$ 220
Property taxes, levied for debt service	-	-	394
Impact fees	-	-	-
Intergovernmental revenues	153	-	-
Charges for services	-	-	-
Donations	-	303	-
Investment income	5	27	1
Miscellaneous revenues	1	-	6
	<u>159</u>	<u>330</u>	<u>621</u>
Expenditures			
Parks and recreation	-	150	-
Community and economic development	124	-	1,240
Community services	-	-	-
Major equipment	-	44	-
Debt Service			
Principal payments	-	-	136
Bond issuance costs	-	-	30
Interest and fiscal charges	-	-	465
	<u>124</u>	<u>194</u>	<u>1,871</u>
Excess (Deficiency) of Revenues Over (under) expenditures	<u>35</u>	<u>136</u>	<u>(1,250)</u>
Other Financing Sources (Uses)			
Interfund transfer in	-	-	-
Interfund transfer out	-	(104)	-
Issuance of debt	-	-	1,331
Total other financing sources (uses)	<u>-</u>	<u>(104)</u>	<u>1,331</u>
Net Change in Fund Balance	35	32	81
Fund Balance, Beginning of Year	<u>495</u>	<u>1,914</u>	<u>593</u>
Fund Balance, End of Year	<u>\$ 530</u>	<u>\$ 1,946</u>	<u>\$ 674</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds

Year Ended September 30, 2016

(In Thousands)

Permanent Fund Dedicated	Capital Projects Impact Fees Fund	Debt Service Fund	Total Non-major Governmental Funds
\$ -	\$ -	\$ -	\$ 220
-	-	-	394
-	3,647	-	3,647
-	-	-	153
177	-	-	177
-	-	-	303
48	87	246	414
-	-	-	7
<u>225</u>	<u>3,734</u>	<u>246</u>	<u>5,315</u>
-	-	-	150
-	-	-	1,364
2	-	-	2
-	1,904	-	1,948
-	-	2,774	2,910
-	-	-	30
-	-	1,154	1,619
<u>2</u>	<u>1,904</u>	<u>3,928</u>	<u>8,023</u>
<u>223</u>	<u>1,830</u>	<u>(3,682)</u>	<u>(2,708)</u>
-	-	3,809	3,809
(3,661)	(1,783)	(2,528)	(8,076)
-	-	-	1,331
<u>(3,661)</u>	<u>(1,783)</u>	<u>1,281</u>	<u>(2,936)</u>
(3,438)	47	(2,401)	(5,644)
<u>3,449</u>	<u>8,922</u>	<u>28,433</u>	<u>43,806</u>
<u>\$ 11</u>	<u>\$ 8,969</u>	<u>\$ 26,032</u>	<u>\$ 38,162</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual - Capital Improvement Fund

Year Ended September 30, 2016

(In Thousands)

	Budgeted Amounts		Actual Amounts	Variances with Final Budget
	Original	Final		
Revenues				
Franchise fees	\$ 3,164	\$ 3,164	\$ 3,082	\$ (82)
Intergovernmental revenues	2,119	2,480	406	(2,074)
Donations	-	2,204	364	(1,840)
Developer reimbursement	-	60	34	(26)
Investment income	10	10	55	45
Miscellaneous revenues	-	124	123	(1)
Total revenues	<u>5,293</u>	<u>8,042</u>	<u>4,064</u>	<u>(3,978)</u>
Current expenditures				
General government	-	16,987	4,558	12,429
Fire	-	219	165	54
Police	-	5,245	1,165	4,080
Parks and recreation	-	15,525	5,684	9,841
Culture	-	11,840	5,201	6,639
Community services	-	6,386	1,836	4,550
Capital outlay	<u>18,771</u>	<u>5,838</u>	<u>4,863</u>	<u>975</u>
Total expenditures	<u>18,771</u>	<u>62,040</u>	<u>23,472</u>	<u>38,568</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(13,478)</u>	<u>(53,998)</u>	<u>(19,408)</u>	<u>34,590</u>
Other Financing Sources (Uses)				
Interfund transfer in	13,436	31,898	22,256	(9,642)
Other financing sources	-	-	1,026	1,026
Total other financing sources (uses)	<u>13,436</u>	<u>31,898</u>	<u>23,282</u>	<u>(8,616)</u>
Net Change in Fund Balance	(42)	(22,100)	3,874	25,974
Fund Balance, Beginning of Year	<u>23,330</u>	<u>23,330</u>	<u>23,330</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 23,288</u>	<u>\$ 1,230</u>	<u>\$ 27,204</u>	<u>\$ 25,974</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Foothills Levy

Year Ended September 30, 2016

(In Thousands)

	Budgeted Amounts		Actual Amounts	Variances with Final Budget
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 10	\$ 10
Total revenues	-	-	10	10
Current expenditures				
Community services	50	60	-	60
Major equipment	-	-	297	(297)
Total expenditures	50	60	297	(237)
Deficiency of Revenues Under Expenditures	(50)	(60)	(287)	(227)
Other Financing Sources (Uses)				
Interfund transfer in	-	-	-	-
Interfund transfer out	(1,479)	(1,479)	(670)	809
Total other financing sources (uses)	(1,479)	(1,479)	(670)	809
Net Change in Fund Balance	(1,529)	(1,539)	(957)	582
Fund Balance, Beginning of Year	1,597	1,597	1,597	-
Fund Balance, End of Year	\$ 68	\$ 58	\$ 640	\$ 582

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual - Debt Services Fund

Year Ended September 30, 2016

(In Thousands)

	Budgeted Amounts		Actual Amounts	Variances with Final Budget
	Original	Final		
Revenues				
Investment income	\$ 108	\$ 108	\$ 246	\$ 138
Current expenditures				
Principal	1,040	1,040	2,774	(1,734)
Interest and fiscal charges	3,282	3,282	1,154	2,128
Total expenditures	4,322	4,322	3,928	394
Deficiency of Revenues Under Expenditures	(4,214)	(4,214)	(3,682)	532
Other Financing Sources (Uses)				
Interfund transfer in	4,200	4,200	3,809	(391)
Interfund transfer out	-	(16,124)	(2,528)	13,596
Total other financing sources	4,200	(11,924)	1,281	13,205
Net Change in Fund Balance	(14)	(16,138)	(2,401)	13,737
Fund Balance, Beginning of Year	28,433	28,433	28,433	-
Fund Balance, End of Year	\$ 28,419	\$ 12,295	\$ 26,032	\$ 13,737

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual - Permanent Fund – Dedicated

Year Ended September 30, 2016

(In Thousands)

	Budgeted Amounts		Actual Amounts	Variances with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 115	\$ 115	\$ 177	\$ 62
Investment income	35	35	48	13
Total revenues	<u>150</u>	<u>150</u>	<u>225</u>	<u>75</u>
Current expenditures				
Community services	<u>-</u>	<u>-</u>	<u>2</u>	<u>(2)</u>
Excess of Revenues Over Expenditures	<u>150</u>	<u>150</u>	<u>223</u>	<u>73</u>
Other Financing Sources (Uses)				
Interfund transfer out	<u>(3,617)</u>	<u>(3,617)</u>	<u>(3,661)</u>	<u>(44)</u>
Net Change in Fund Balance	(3,467)	(3,467)	(3,438)	29
Fund Balance, Beginning of Year	<u>3,449</u>	<u>3,449</u>	<u>3,449</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (18)</u>	<u>\$ (18)</u>	<u>\$ 11</u>	<u>\$ 29</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Fund Impact

Fees

Year Ended September 30, 2016

(In Thousands)

	Budgeted Amounts		Actual Amounts	Variances with Final Budget
	Original	Final		
Revenues				
Impact fees	\$ 3,500	\$ 3,500	\$ 3,647	\$ 147
Investment income	29	29	87	58
Total revenues	3,529	3,529	3,734	205
Current expenditures				
Major equipment	-	2,717	1,904	813
Total expenditures	-	2,717	1,904	813
Excess of Revenues Over Expenditures	3,529	812	1,830	1,018
Other Financing Sources (Uses)				
Interfund transfer out	(1,707)	(5,308)	(1,783)	3,525
Total other financing sources (uses)	(1,707)	(5,308)	(1,783)	3,525
Net Change in Fund Balance	1,822	(4,496)	47	4,543
Fund Balance, Beginning of Year	8,922	8,922	8,922	-
Fund Balance, End of Year	\$ 10,744	\$ 4,426	\$ 8,969	\$ 4,543

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City of Boise, Idaho
Combining Statement of Net Position – Nonmajor Proprietary Funds
September 30, 2016
(In Thousands)

	Geothermal	Municipal Irrigation	Housing Rehabilitation	Total Nonmajor Business - type Funds
Assets				
Current assets				
Cash and cash equivalents	\$ 56	\$ -	\$ 268	\$ 324
Investments	353	130	3,779	4,262
Receivables, net				
Accounts and interest	4	-	279	283
Grants	167	-	186	353
Assessments	-	3	-	3
Inventory	294	-	-	294
Prepaid items	-	-	6	6
Total current assets	874	133	4,518	5,525
Noncurrent assets				
Long-term accounts receivable	-	-	620	620
Mortgage loans receivable, net	-	-	6,613	6,613
Property held for resale	-	-	313	313
Capital assets, not being depreciated				
Land	-	-	3,400	3,400
Intangible assets	9	-	-	9
Construction in progress	235	-	201	436
Capital assets, being depreciated				
Buildings	110	-	14,144	14,254
Improvements other than buildings	2,175	-	159	2,334
Service lines	8,897	149	-	9,046
Automobiles and trucks	-	-	142	142
Machinery and equipment	377	121	130	628
Intangible assets	-	-	28	28
Less accumulated depreciation	(4,239)	(103)	(7,841)	(12,183)
Total capital assets, net	7,564	167	10,363	18,094
Total noncurrent assets	7,564	167	17,909	25,640
Total assets	8,438	300	22,427	31,165
Deferred Outflows of Resources				
Pension obligation	29	-	359	388

(Continued)

City of Boise, Idaho
Combining Statement of Net Position – Nonmajor Proprietary Funds
September 30, 2016
(In Thousands)

	<u>Geothermal</u>	<u>Municipal Irrigation</u>	<u>Housing Rehabilitation</u>	<u>Total Nonmajor Business - type Funds</u>
Liabilities				
Current liabilities				
Accounts payable	-	5	75	80
Other accrued liabilities	-	10	12	22
Compensated absences	-	-	2	2
Unearned revenue	702	-	-	702
Interfund payable	-	-	169	169
Current portion of long-term debt	-	-	140	140
Total current liabilities	<u>702</u>	<u>15</u>	<u>398</u>	<u>1,115</u>
Noncurrent liabilities				
Compensated absences and other post employment benefits	10	-	107	117
Net pension liability	50	-	636	686
Total noncurrent liabilities	<u>60</u>	<u>-</u>	<u>743</u>	<u>803</u>
Total liabilities	<u>762</u>	<u>15</u>	<u>1,141</u>	<u>1,918</u>
Deferred Inflows of Resources				
Pension obligation	15	-	217	232
Net Position				
Net investment in capital assets	7,564	167	10,363	18,094
Restricted for debt	-	-	140	140
Unrestricted	126	118	10,925	11,169
Total net position	<u>\$ 7,690</u>	<u>\$ 285</u>	<u>\$ 21,428</u>	<u>\$ 29,403</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Proprietary Funds

Year Ended September 30, 2016

(In Thousands)

	Geothermal	Municipal Irrigation	Housing Rehabilitation	Total Nonmajor Business-type Funds
Operating Revenues				
Charges for services				
Interest income	\$ -	\$ 1	\$ 361	\$ 362
Intergovernmental	-	-	1,519	1,519
Rental income	-	-	1,681	1,681
User fees	677	44	-	721
Miscellaneous revenue	3	-	165	168
Total operating revenues	<u>680</u>	<u>45</u>	<u>3,726</u>	<u>4,451</u>
Operating Expenses				
Personnel services	117	-	1,102	1,219
Contractual services and utilities	190	31	1,356	1,577
Supplies and materials	44	-	10	54
Depreciation	213	7	452	672
Total expenditures	<u>564</u>	<u>38</u>	<u>2,920</u>	<u>3,522</u>
Operating Income	<u>116</u>	<u>7</u>	<u>806</u>	<u>929</u>
Nonoperating Revenues (Expenses)				
Grants	34	-	(1,445)	(1,411)
Interest revenue	4	1	16	21
Interest expense	-	-	(15)	(15)
Total nonoperating revenues (expenses)	<u>38</u>	<u>1</u>	<u>(1,444)</u>	<u>(1,405)</u>
Income (Loss) Before Interfund Transfers and Contributions	<u>154</u>	<u>8</u>	<u>(638)</u>	<u>(476)</u>
Interfund transfers in	-	-	436	436
Interfund transfers out	-	-	(206)	(206)
Capital contribution	162	-	16	178
Change in Net Position	316	8	(392)	(68)
Net Position, Beginning of Year	<u>7,374</u>	<u>277</u>	<u>21,820</u>	<u>29,471</u>
Net Position, End of Year	<u>\$ 7,690</u>	<u>\$ 285</u>	<u>\$ 21,428</u>	<u>\$ 29,403</u>

City of Boise, Idaho
Combining Statement Cash Flows – Nonmajor Proprietary Funds
Year Ended September 30, 2016
(In Thousands)

	Geothermal	Municipal Irrigation	Housing Rehabilitation	Total Nonmajor Business-Type Funds
Operating Activities				
Receipts from customers and users	\$ 621	\$ 40	\$ 3,516	\$ 4,177
Receipts from interfund services provided	-	-	1,519	1,519
Payments to suppliers	(260)	(26)	(1,779)	(2,065)
Payments to employees	(109)	-	(1,106)	(1,215)
Other operating revenue received	3	1	165	169
Net Cash from Operating Activities	255	15	2,315	2,585
Noncapital Financing Activities				
Interfund transfers to other funds	-	-	(206)	(206)
Grants received	34	-	(1,349)	(1,315)
Interfund transfers from other funds	-	-	436	436
Payments for interfund receivables	(76)	-	(50)	(126)
Net Cash used for Noncapital Financing Activities	(42)	-	(1,169)	(1,211)
Capital and Related Financing Activities				
Acquisition and construction of capital assets	(210)	-	(515)	(725)
Principal paid on debt	-	-	(140)	(140)
Interest paid on financing	-	-	(15)	(15)
Capital contributions	35	-	-	35
Net Cash used for Capital and Related Financing Activities	(175)	-	(670)	(845)
Investing Activities				
Purchase of investment securities	(1)	(19)	(1,157)	(1,177)
Proceeds from sale and maturities of investment securities	15	-	350	365
Interest on investments and advances	4	1	16	21
Net Cash from (used for) Investing Activities	18	(18)	(791)	(791)
Net Change in Cash	56	(3)	(315)	(262)
Cash and Cash Equivalents, Beginning of Year	-	3	583	586
Cash and Cash Equivalents, End of Year	\$ 56	\$ -	\$ 268	\$ 324

(Continued)

City of Boise, Idaho
Combining Statement Cash Flows – Nonmajor Proprietary Funds
Year Ended September 30, 2016
(In Thousands)

	Geothermal	Municipal Irrigation	Housing Rehabilitation	Total Nonmajor Business-type Funds
Reconciliation of operating income to net cash from operating activities				
Operating income	\$ 116	\$ 7	\$ 806	\$ 929
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	213	7	452	672
Net pension expense	1	-	6	7
Provision for bad debts	-	-	(1,468)	(1,468)
Change in				
Accounts receivable	1	2	45	48
Long-term accounts receivable	-	-	(6)	(6)
Mortgage loans receivable	-	-	2,902	2,902
Inventory	(22)	-	-	(22)
Other assets	-	-	(313)	(313)
Prepaid items	-	-	(6)	(6)
Accounts payable	(2)	5	(11)	(8)
Compensated absences	7	-	(10)	(3)
Other accrued liabilities	(2)	-	(82)	(84)
Unearned revenues	(57)	(6)	-	(63)
Net Cash from Operating Activities	<u>\$ 255</u>	<u>\$ 15</u>	<u>\$ 2,315</u>	<u>\$ 2,585</u>
Noncash investment, capital and financing activities:				
Increase (decrease) in fair value of investments	\$ -	\$ -	\$ 3	\$ 3

City of Boise, Idaho
Schedule of Revenues and Expenditures – Airport Fund
Year Ended September 30, 2016
(In Thousands)

	Annual Budget Final	2016 Actual Amounts
Operating Revenues		
Airport landing fees	\$ 3,698	\$ 4,271
Airline rent	3,692	3,893
Parking fees	8,477	10,003
Car rental	4,129	4,911
Concessions	1,424	1,917
Rental income	4,181	4,522
Inflight food sales	360	297
Other	770	965
Total operating revenues	<u>26,731</u>	<u>30,779</u>
Operating Expenses		
Personnel services	6,600	6,698
Administration expenses	2,049	1,864
Supplies and materials	3,155	3,292
Professional services	6,162	6,163
Purchased services	248	243
Utilities and communications	1,449	1,333
Total operating expenses	<u>19,663</u>	<u>19,593</u>
Operating Income	<u>7,068</u>	<u>11,186</u>
Nonoperating Revenues (Expenses)		
Passenger facility charges	1,325	(33)
Customer facility charges	909	1,075
Grants	371	463
Transfers in	-	-
Interest revenue	328	595
Interest expense	(1,802)	(1,704)
Asset sales	-	399
Asset write-offs	(2,000)	(616)
Total nonoperating revenues, net	<u>(869)</u>	<u>179</u>
Net Income Before Depreciation and Capital Contributions	<u>6,199</u>	<u>11,365</u>
Depreciation	(11,902)	(13,358)
Capital Contributions	10,000	8,319
Net Income After Depreciation and Capital Grants	<u>\$ 4,297</u>	<u>\$ 6,326</u>

City of Boise, Idaho
 Schedule of Passenger Facility Charges Collected, Held and Used – Airport Fund
 Year Ended September 30, 2016

PFC Quarterly Report - Summary

City of Boise
 Boise Airport

Charge Expiration Date: September 1, 2015
 Quarter ending: 2016 Q4

Authority and Cumulative Expenditures

Authorizing Document	Authority		Cumulative	
	Impose	Use	Collections + Int	Expenditures
94-01-C-02-BOI	\$ 9,650,423	\$ 9,650,423	\$ 9,650,453	\$ 9,650,453
96-02-C-02-BOI	10,540,607	10,540,607	10,540,605	10,540,605
99-03-C-02-BOI	84,362,062	84,362,062	84,362,062	70,016,817
06-04-C-00-BOI	5,377,736	5,377,736	5,377,736	4,910,420
Total	\$ 109,930,828	\$ 109,930,828	\$ 109,930,856	\$ 95,118,295

Collections and Interest

	Previously Reported	Current Quarter	Prior Period Adjustments	Cumulative
	PFC Revenue	\$ 108,432,741	\$ (15,878)	\$ -
Interest Earned	1,766,068	27,129	-	1,793,197
Total	\$ 110,198,809	\$ 11,251	\$ -	\$ 110,210,060

Remaining Authorized Collections	\$ (279,232)
PFC Account Balance	\$ 15,091,793

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City of Boise, Idaho
Combining Statement of Net Position – Internal Service Fund
September 30, 2016
(In Thousands)

	Fleet Services	L.M. Cunningham	Risk Management	Total Internal Service Funds
Assets				
Current Assets				
Cash and cash equivalents	\$ 98	\$ 11	\$ 91	\$ 200
Investments	811	317	9,666	10,794
Receivables, net				
Accounts and interest	3	21	20	44
Prepaid items	28	-	76	104
Total current assets	<u>940</u>	<u>349</u>	<u>9,853</u>	<u>11,142</u>
Noncurrent Assets				
Capital assets, being depreciated				
Buildings	1,215	-	-	1,215
Improvements other than buildings	84	-	-	84
Automobiles and trucks	662	-	-	662
Machinery and equipment	175	-	-	175
Intangible assets	104	-	-	104
Less accumulated depreciation	(1,781)	-	-	(1,781)
Total capital assets, net	<u>459</u>	<u>-</u>	<u>-</u>	<u>459</u>
Total assets	<u>1,399</u>	<u>349</u>	<u>9,853</u>	<u>11,601</u>
Deferred Outflows of Resources				
Pension Obligation	352	-	204	556
Liabilities				
Current Liabilities				
Claim liability	-	-	1,839	1,839
Other accrued liabilities	-	-	272	272
Interfund payable	363	-	-	363
Compensated absences	2	-	1	3
Total current liabilities	<u>365</u>	<u>-</u>	<u>2,112</u>	<u>2,477</u>
Noncurrent Liabilities				
Compensated absences and other post employment benefits	117	-	67	184
Net pension liability	628	-	335	963
Total noncurrent liabilities	<u>745</u>	<u>-</u>	<u>402</u>	<u>1,147</u>
Total liabilities	<u>1,110</u>	<u>-</u>	<u>2,514</u>	<u>3,624</u>
Deferred Inflows of Resources				
Pension Obligation	219	-	77	296
Net Position				
Net investment in capital assets	459	-	-	459
Unrestricted	(37)	349	7,466	7,778
Total net position	<u>\$ 422</u>	<u>\$ 349</u>	<u>\$ 7,466</u>	<u>\$ 8,237</u>

City of Boise, Idaho

Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Fund

Year Ended September 30, 2016

(In Thousands)

	Fleet Services	L.M. Cunningham	Risk Management	Total Internal Service Funds
Operating Revenues				
Charges for services				
User fees	\$ 2,976	\$ 9	\$ 3,387	\$ 6,372
Miscellaneous revenues	104	51	8	163
Donations	-	7	-	7
Total operating revenues	<u>3,080</u>	<u>67</u>	<u>3,395</u>	<u>6,542</u>
Operating Expenses				
Personnel services	1,118	-	763	1,881
Contractual services and utilities	1,093	2	2,222	3,317
Supplies and materials	749	23	84	856
Depreciation	60	-	-	60
Total operating expenses	<u>3,020</u>	<u>25</u>	<u>3,069</u>	<u>6,114</u>
Operating Income	<u>60</u>	<u>42</u>	<u>326</u>	<u>428</u>
Nonoperating Revenues (Expenses)				
Interest revenue	6	4	83	93
Asset sales and other gains	28	-	-	28
Interest expense	(7)	-	-	(7)
Total nonoperating revenues	<u>27</u>	<u>4</u>	<u>83</u>	<u>114</u>
Income Before Interfund Transfers	87	46	409	542
Interfund transfers in	<u>293</u>	<u>-</u>	<u>-</u>	<u>293</u>
Change in Net Position	380	46	409	835
Net Position, Beginning of Year	<u>42</u>	<u>303</u>	<u>7,057</u>	<u>7,402</u>
Net Position, End of Year	<u>\$ 422</u>	<u>\$ 349</u>	<u>\$ 7,466</u>	<u>\$ 8,237</u>

City of Boise, Idaho
Combining Statement of Cash Flows – Internal Service Fund
Year Ended September 30, 2016
(In Thousands)

	Fleet Services	L.M. Cunningham	Risk Management	Totals
Operating Activities				
Receipts from customers and users	\$ 2,975	\$ (12)	\$ 3,385	\$ 6,348
Payments to suppliers	(1,856)	(25)	(4,407)	(6,288)
Payments to employees	(1,089)	-	(724)	(1,813)
Payments for interfund services provided	(68)	-	(175)	(243)
Other operating revenue received	104	58	8	170
Net Cash from (used for) Operating Activities	<u>66</u>	<u>21</u>	<u>(1,913)</u>	<u>(1,826)</u>
Capital and Related Financing Activities				
Acquisition and construction of capital assets	(60)	-	-	(60)
Asset sales and other gains	28	-	-	28
Interest paid on financing	(7)	-	-	(7)
Net Cash from (used for) Capital and Related Financing Activities	<u>(39)</u>	<u>-</u>	<u>-</u>	<u>(39)</u>
Investing Activities				
Purchase of investment securities	(29)	(101)	(1,637)	(1,767)
Proceeds from sale and maturities of investment securities	-	82	1,719	1,801
Interest on investments and advances	6	4	83	93
Net Cash from (used for) Investing Activities	<u>(23)</u>	<u>(15)</u>	<u>165</u>	<u>127</u>
Net Change in Cash	4	6	(1,748)	(1,738)
Cash and Cash Equivalents, Beginning of Year	<u>94</u>	<u>5</u>	<u>-</u>	<u>99</u>
Cash and Cash Equivalents, End of Year	<u>\$ 98</u>	<u>\$ 11</u>	<u>\$ (1,748)</u>	<u>\$ (1,639)</u>

(Continued)

City of Boise, Idaho
Combining Statement of Cash Flows – Internal Service Fund
Year Ended September 30, 2016
(In Thousands)

	Fleet Services	L.M. Cunningham	Risk Management	Totals
Reconciliation of Operating Income to Net cash from (used for) operating activities				
Operating income	\$ 60	\$ 42	\$ 326	\$ 428
Adjustments to reconcile operating income to net cash from (used for) operating activities				
Depreciation	60	-	-	60
Net pension expense	3	-	2	5
Change in				
Accounts receivable	(1)	(21)	(2)	(24)
Prepaid items	(5)	-	14	9
Accounts payable	(9)	-	(1)	(10)
Compensated absences	26	-	37	63
Accrued liabilities	-	-	(2,114)	(2,114)
Interfund payables	(68)	-	(175)	(243)
Net Cash from (used for) Operating Activities	<u>\$ 66</u>	<u>\$ 21</u>	<u>\$ (1,913)</u>	<u>\$ (1,826)</u>
Noncash investment, capital and financing activities				

City of Boise, Idaho
Statement of Changes in Assets and Liabilities – Agency Fund
Year Ended September 30, 2016
(In Thousands)

	Balance September 30, 2015	Additions	Deletions	Balance September 30, 2016
<u>Boise City Agency Fund</u>				
Assets				
Cash and cash equivalents	\$ 1	\$ 1,301	\$ 1,302	\$ -
Investments	8	480	464	24
Due from other governmental unit	-	360	360	-
	<u>\$ 9</u>	<u>\$ 2,141</u>	<u>\$ 2,126</u>	<u>\$ 24</u>
Liabilities				
Accounts payable and other accrued liabilities	\$ 9	\$ 438	\$ 423	\$ 24
Due to other governmental unit	-	386	386	-
	<u>\$ 9</u>	<u>\$ 824</u>	<u>\$ 809</u>	<u>\$ 24</u>

Statistical Section
City of Boise, Idaho

City of Boise, Idaho
Net Position by Component
Last Ten Fiscal Years
(In thousands)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Net Investment in capital assets	\$ 172,253	\$ 157,103	\$ 169,659	\$ 164,746	\$ 186,760	\$ 184,211	\$ 180,664	\$ 172,518	\$ 162,609	\$ 158,509
Restricted	32,216	19,767	16,721	14,314	18,072	12,148	19,330	21,030	21,076	22,086
Unrestricted	60,242	59,144	59,718	48,379	18,285	19,946	15,631	16,880	25,584	28,334
Total governmental activities net position	264,711	236,014	246,098	227,439	223,117	216,305	215,625	210,428	209,269	208,929
Business-type Activities										
Net Investment in capital assets	462,135	441,429	413,847	399,960	398,046	386,676	377,079	375,521	374,328	363,607
Restricted	17,339	24,132	21,185	28,675	34,010	33,065	35,585	29,931	24,060	17,873
Unrestricted	74,151	67,849	89,608	79,141	64,402	65,385	63,671	59,879	62,467	64,219
Total business-type activities net position	553,625	533,410	524,640	507,776	496,458	485,126	476,335	465,331	460,855	445,699
Primary Government										
Net Investment in capital assets	634,388	598,532	583,506	564,706	584,806	570,887	557,743	548,039	536,937	522,116
Restricted	49,555	43,899	37,906	42,989	52,082	45,213	54,915	50,961	45,136	39,959
Unrestricted	134,393	126,993	149,326	127,520	82,687	85,331	79,302	76,759	88,051	92,553
Total primary government activities net position	\$ 818,336	\$ 769,424	\$ 770,738	\$ 735,215	\$ 719,575	\$ 701,431	\$ 691,960	\$ 675,759	\$ 670,124	\$ 654,628

City of Boise, Idaho
 Changes in Net Position
 Last Ten Fiscal Years
 (In thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities										
General Government	\$ 11,100	\$ 29,662	\$ 27,964	\$ 29,842	\$ 28,255	\$ 33,915	\$ 28,881	\$ 28,838	\$ 27,997	\$ 22,019
Public Safety:										
Fire	44,126	39,322	46,418	43,900	43,876	41,485	40,486	35,655	35,364	31,644
Police	57,902	47,108	48,666	47,160	47,591	46,051	47,125	47,181	45,958	40,340
Parks and recreation	34,021	26,292	25,600	24,197	22,362	22,634	22,158	22,283	22,624	21,199
Culture	11,666	10,053	10,092	10,537	10,253	10,471	9,477	9,642	9,002	7,333
Community Services	25,974	21,076	21,124	18,607	13,287	13,674	13,803	13,849	14,437	13,758
Community Development	1,367	3,353	228	1,761	842	935	1,663	1,137	1,384	1,437
Interest and fiscal charges	1,763	1,283	1,273	1,245	1,195	1,549	1,528	1,667	1,803	1,872
Total governmental activities expenses	187,919	178,149	181,365	177,249	167,661	170,714	165,121	160,252	158,569	139,602
Business-type activities										
Airport	34,845	34,369	31,597	32,699	30,983	31,934	30,796	31,492	32,829	32,880
Sewer	39,159	34,796	33,872	32,191	31,853	30,468	29,909	30,355	30,297	27,599
Solid Waste	27,804	30,852	25,085	24,501	24,406	24,044	23,712	23,763	23,728	20,203
Other	4,777	3,539	4,015	5,108	4,875	3,977	3,518	3,288	3,125	3,927
Total business-type activities expenses	106,585	103,556	94,569	94,499	92,117	90,423	87,935	88,898	89,979	84,609
Total primary government expenses	\$ 294,504	\$ 281,705	\$ 275,934	\$ 271,748	\$ 259,778	\$ 261,137	\$ 253,056	\$ 249,150	\$ 248,548	\$ 224,211
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 9,334	\$ 11,616	\$ 11,130	\$ 6,571	\$ 6,697	\$ 8,296	\$ 6,599	\$ 6,561	\$ 6,490	\$ 5,324
Public Safety:										
Fire	8,975	8,280	8,143	7,401	7,149	7,366	7,751	4,731	3,519	3,471
Police	5,666	5,666	5,882	4,984	5,171	4,941	5,290	5,361	5,698	3,707
Parks and recreation	8,701	8,422	7,926	6,252	6,203	6,129	6,647	6,529	7,088	7,654
Community services	11,659	12,507	11,134	9,188	8,103	6,661	6,408	6,395	9,122	10,357
Other activities	757	743	1,518	511	639	734	1,187	880	520	484
Operation grants and contributions	1,834	2,892	1,830	22,343	19,221	20,085	22,040	19,715	20,916	22,459
Capital grants and contributions	8,701	5,700	6,581	2,924	4,027	5,069	4,057	2,763	2,406	5,055
Total governmental activities revenues	55,627	55,826	54,144	60,174	57,210	59,281	59,979	52,935	55,759	58,511

City of Boise, Idaho
Changes in Net Position
Last Ten Fiscal Years
(In thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Business-type activities										
Charges for services:										
Airport	30,680	27,092	24,363	23,380	22,824	22,980	22,221	21,125	23,683	23,624
Sewer	40,428	37,281	36,258	32,291	28,625	28,019	26,908	25,174	25,781	25,570
Solid Waste	28,144	26,675	25,933	24,430	23,976	23,386	23,563	24,157	23,508	19,707
Other	4,283	4,167	2,465	2,418	2,473	2,470	2,361	2,717	2,712	2,604
Operation grants and contributions	1,551	1,094	350	1,037	5,610	6,512	5,899	4,927	5,600	4,389
Capital grants and contributions	19,886	18,184	20,562	18,939	18,715	15,844	15,976	12,228	20,571	27,845
Total business-type activities and program revenues	124,972	114,493	109,931	102,495	102,223	99,211	96,928	90,328	101,855	103,739
Total primary government program revenues	\$ 180,599	\$ 170,319	\$ 164,075	\$ 162,669	\$ 159,433	\$ 158,492	\$ 156,907	\$ 143,263	\$ 157,614	\$ 162,250
Net (Expense)/Revenue										
Governmental activities	\$ (132,292)	\$ (122,323)	\$ (127,221)	\$ (117,075)	\$ (110,451)	\$ (111,433)	\$ (105,142)	\$ (107,317)	\$ (102,810)	\$ (81,091)
Business-type activities	18,387	10,937	15,362	7,996	10,106	8,788	8,993	1,430	11,876	19,130
Total primary government net expense	\$ (113,905)	\$ (111,386)	\$ (111,859)	\$ (109,079)	\$ (100,345)	\$ (102,645)	\$ (96,149)	\$ (105,887)	\$ (90,934)	\$ (61,961)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes	\$ 131,600	\$ 125,024	\$ 119,740	\$ 114,201	\$ 109,314	\$ 105,534	\$ 102,097	\$ 98,807	\$ 92,769	\$ 88,121
Franchise fees	8,237	8,107	8,476	8,047	7,189	6,849	6,998	7,527	7,343	6,940
Liquor & Sales tax <i>(Note 1)</i>	20,075	18,594	17,260							
Investment earnings	1,208	840	385	356	941	854	1,085	1,705	2,975	4,572
Special items		13	129							
Miscellaneous										
Transfers	(131)	(124)	(110)	(27)	108	(56)	159	437	63	24
Total governmental activities	160,989	152,454	145,880	122,577	117,552	113,181	110,339	108,476	103,150	99,657
Business-type activities										
Investment earnings	1,697	1,689	1,386	456	1,334	1,367	2,170	3,483	3,343	4,380
Gain on sale of capital assets										
Special items		(698)	6							
Transfers	131	124	110	27	(108)	56	(159)	(437)	(63)	(24)
Total business-type activities	1,828	1,115	1,502	483	1,226	1,423	2,011	3,046	3,280	4,356
Total primary government	\$ 162,817	\$ 153,569	\$ 147,382	\$ 123,060	\$ 118,778	\$ 114,604	\$ 112,350	\$ 111,522	\$ 106,430	\$ 104,013
Changes in Net Position										
Governmental activities	\$ 28,697	\$ 30,131	\$ 18,659	\$ 5,502	\$ 7,101	\$ 1,748	\$ 5,197	\$ 1,159	\$ 340	\$ 18,566
Business-type activities	20,215	12,052	16,864	8,479	11,332	10,211	11,004	4,476	15,156	23,486
Total primary government	\$ 48,912	\$ 42,183	\$ 35,523	\$ 13,981	\$ 18,433	\$ 11,959	\$ 16,201	\$ 5,635	\$ 15,496	\$ 42,052

Note 1: Reported within Operating Grants & Contributions prior to FY 2014.

City of Boise, Idaho
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(In thousands)

	2016	2015	2014	2013	2012	2011(1)	2010	2009	2008	2007
General Fund										
Nonspendable	\$ 4,150	\$ 4,448	\$ 1,824	\$ 2,559	\$ 1,935	\$ 1,259	\$ -	\$ -	\$ -	\$ -
Restricted	1,730	1,867	1,777	1,608	1,361	3,120	-	-	-	-
Committed	2,041	2,018	2,000	2,082	2,323	556	-	-	-	-
Assigned	3,873	4,921	8,485	4,692	6,536	1,561	-	-	-	-
Unassigned	38,390	25,977	21,274	20,856	16,317	16,800	-	-	-	-
Reserved	-	-	-	-	-	-	5,816	6,283	6,331	4,723
Unreserved	-	-	-	-	-	-	24,192	15,529	16,709	24,603
Total general fund	50,184	39,231	35,360	31,797	28,472	23,296	30,008	21,812	23,040	29,326
All Other Governmental Funds										
Nonspendable	4,609	7,936	7,774	7,666	7,544	7,544	-	-	-	-
Restricted	28,434	13,026	10,108	7,912	10,085	6,720	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	29,372	47,771	29,835	20,543	17,787	21,182	-	-	-	-
Unassigned	3,591	-	(3,526)	-	-	-	-	-	-	-
Reserved	-	-	-	-	-	-	33,687	28,293	35,301	31,458
Unreserved	-	-	-	-	-	-	-	-	-	-
Capital projects fund							(2,151)	9,121	10,403	12,641
Debt service fund							1,168	6,042	1,492	1,632
Total all other governmental funds	66,006	68,733	44,191	36,121	35,416	35,446	32,704	43,456	47,196	45,731
Total all governmental funds	\$ 116,190	\$ 107,964	\$ 79,551	\$ 67,918	\$ 63,888	\$ 58,742	\$ 62,712	\$ 65,268	\$ 70,236	\$ 75,057

(1) For FY 2011 forward, Fund Balance is required to be segregated into nonspendable / spendable components per GASB 54.

City of Boise, Idaho
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (In thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Property taxes	\$ 131,986	\$ 124,521	\$ 119,818	\$ 114,095	\$ 108,733	\$ 105,925	\$ 101,822	\$ 97,573	\$ 92,500	\$ 88,087
Franchise fees	8,237	8,107	8,476	8,047	7,189	6,849	6,998	7,527	7,343	6,940
Licenses, permits and impact fees	12,257	10,766	9,267	7,276	6,548	4,928	4,469	4,720	6,687	8,183
Intergovernmental revenues	21,524	20,483	19,207	19,626	18,441	17,875	19,696	18,644	20,553	20,107
Program income	-	-	59	-	144	67	637	370	12	-
Charges for services	31,646	34,958	33,903	30,563	29,632	28,889	28,542	25,535	25,406	22,346
Fines and forfeitures	2,612	2,921	437	3,041	3,348	3,422	3,793	3,329	3,717	4,019
Donations	917	2,065	390	875	539	868	1,591	723	906	844
Dev. Reimb. & Sp. Asses.	34	486	3,216	-	-	-	-	-	-	-
Investment income	1,207	756	541	358	858	736	893	1,324	2,549	4,022
Miscellaneous revenue	1,904	1,819	2,906	1,991	1,183	2,918	3,649	921	1,072	4,894
Total Revenue	212,324	206,882	198,220	185,872	176,615	172,477	172,090	160,666	160,745	159,442
Expenditures										
General government	10,620	29,148	28,137	26,256	29,039	32,078	26,838	26,737	27,919	23,108
Public safety	-	-	-	-	-	-	-	-	-	-
Fire	48,503	42,480	44,784	42,856	41,755	40,265	38,489	34,153	32,296	29,931
Police	57,038	49,321	47,305	46,485	46,421	45,150	46,249	46,326	45,053	39,289
Parks and recreation	33,709	23,405	25,558	20,595	18,731	18,816	18,198	17,968	17,999	18,576
Culture	15,652	9,791	10,691	9,530	9,234	9,294	8,969	8,563	7,923	6,650
Community services	26,592	21,224	20,641	19,499	13,330	12,854	13,035	13,346	13,884	13,223
Community development	1,364	3,554	966	368	811	925	1,656	1,125	1,368	1,442
Capital outlay	8,278	18,681	6,321	14,960	16,205	17,561	18,874	19,361	14,519	20,389
Debt service:										
Principal	2,910	1,318	1,624	1,548	539	1,136	1,084	1,033	2,968	1,038
Interest	1,619	1,173	1,165	1,253	1,462	1,497	1,418	1,465	1,568	1,645
Issuance costs	30	206	-	-	732	333	-	-	-	-
Total expenditures	206,315	200,301	187,192	183,350	178,259	179,909	174,810	170,077	165,497	155,291
Excess of revenues over (under) expenditures	6,009	6,581	11,028	2,522	(1,644)	(7,432)	(2,720)	(9,411)	(4,752)	4,151
Other financing sources uses										
Bonds issuance & costs	2,357	21,780	52	319	25,223	3,995	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	(23,850)	-	-	-	-	-
Capital asset sale proceeds	284	177	650	1,277	4,447	-	-	-	-	-
Transfers in	26,241	24,129	17,088	16,888	10,505	19,905	2,929	9,438	15,270	20,714
Transfers out	(26,665)	(24,253)	(17,185)	(16,976)	(9,662)	(18,954)	(2,765)	(7,857)	(15,339)	(20,696)
Total other financing sources (uses)	2,217	21,833	605	1,508	6,663	4,946	164	1,581	(69)	18
Net change in fund balance	\$ 8,226	\$ 28,414	\$ 11,633	\$ 4,030	\$ 5,019	\$ (2,486)	\$ (2,556)	\$ (7,830)	\$ (4,821)	\$ 4,169
Debt service as a percentage of noncapital expenditures	2.29%	1.37%	1.54%	1.66%	1.23%	1.62%	1.60%	1.66%	3.00%	1.99%

City of Boise, Idaho
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years
 (In thousands)

Fiscal Year Ended 9/30	Residential Property	Commercial Property	Farm Property	Personal Property	Manufacturing Property	Operating Property	Other Property	Less Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2007	15,432,901	6,341,805	15,593	692,252	248,836	274,627	35,140	4,693,702	18,347,452	0.050
2008	16,020,033	6,051,550	16,367	678,936	900,041	285,427	43,187	4,761,985	19,233,556	0.051
2009	16,019,195	4,989,741	15,843	673,147	900,041	1,048,484	65,097	5,042,294	18,669,254	0.059
2010	12,559,179	4,278,179	16,222	635,060	976,569	905,890	25,098	4,118,269	15,277,928	0.070
2011	11,251,079	4,052,540	17,974	1,377,247	895,673	295,102	22,847	4,058,033	13,854,429	0.078
2012	10,936,859	3,932,257	16,430	1,525,207	886,238	298,951	21,726	3,985,975	13,631,693	0.083
2013	12,105,733	4,011,930	16,684	1,079,019	931,802	295,138	21,090	3,910,996	14,550,400	0.080
2014	13,869,969	4,268,104	10,483	1,179,510	969,759	303,642	32,357	4,308,829	16,324,994	0.075
2015	15,077,728	4,627,336	11,151	1,093,458	1,026,033	299,570	36,163	4,634,294	17,537,145	0.073
2016	16,407,719	5,056,092	9,832	1,583,404	1,064,709	327,283	42,935	5,506,416	18,985,559	0.071

Source: Ada County Auditor's Office

City of Boise, Idaho
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Rate per \$1,000 of assessed value)

City Direct Rates			Overlapping Rates ¹										Overlapping Rates ¹					
Fiscal Year	Basic Rate	Total Direct	Ada County	Ada Highway District	Boise Independent School District	Meridian School District	Whitney Fire	Flood Control	Search & Rescue	Dry Creek Cemetery	Joplin Cemetery	Meridian Cemetery	Water & Sewer	NW Sewer	Ada Cty. Ambulance	Mosquito Abatement	West Ada Recreation	Harris Ranch 1
2007	5.03	5.03	2.28	0.87	4.43	3.66	1.69	0.08	0.10	0.01	0.01	0.04	-	0.12	-	0.03	0.06	
2008	5.14	5.14	2.30	0.91	4.56	3.58	1.91	0.09	0.11	0.01	0.01	0.04	-	0.12	-	0.03	0.07	
2009	5.87	5.87	2.63	1.02	4.92	3.51	2.10	0.10	0.13	0.03	0.01	0.04	-	0.14	-	0.01	0.08	
2010	6.98	6.98	3.06	1.19	5.58	3.49	2.40	0.12	2.29	0.04	0.01	0.03		0.17	-	0.03	0.10	
2011	7.78	7.78	3.32	1.29	5.50	3.40	2.40	0.13	2.41	0.05	0.01	0.03		0.19	-	0.04	0.11	0.09
2012	8.32	8.32	3.36	1.29	6.11	4.60	2.40	0.14	2.41	0.05	0.01	0.05		0.19	0.18	0.04	0.11	3.08
2013	8.04	8.04	3.20	1.19	5.71	4.64	2.40	0.15	2.40	0.04	0.01	0.04		0.18	0.17	0.03	0.10	2.93
2014	7.48	7.48	3.02	1.08	5.23	4.09	2.08	0.13	2.40	0.04	0.01	0.14		-	0.16	0.03	0.09	3.01
2015	7.35	7.35	3.11	1.01	5.05	4.22	2.09	0.13	2.41	0.04	0.01	0.06		-	0.15	0.03	0.09	2.93
2016	7.13	7.13	3.02	0.96	4.93	4.02	1.87	0.13	2.40	0.04	0.01	0.06			0.15	0.03	0.09	2.90

Source: Certification of Ada County Tax Levies provided by Ada County - Form L1.
Note 1: Overlapping rates are those of local and county governments that apply to property owners within the City of Boise. Not all overlapping rates apply to all Boise Property owners; for example, although the county property tax rate apply to all the city property owners, the Joplin Cemetery rate applies only to the city property owners whose property is located within the district's geographical boundaries.

City of Boise, Idaho
Principal Property Tax Payers
(In thousands)

	2016			2007		
	Market Valuation	Rank	Percentage of Total Market Valuation	Market Valuation	Rank	Percentage of Total Market Valuation
Micron Technology	\$ 325,173	1	1.71%	\$ 703,633	1	3.84%
Boise Mall LLC	135,031	2	0.71%	136,157	3	0.74%
Idaho Power	119,646	3	0.63%	85,192	5	0.46%
Suez Water Idaho Inc	97,526	4	0.51%			
Hewlett Packard	97,066	5	0.51%	183,997	2	1.00%
MP Mask Technology Center	64,443	6	0.34%	52,504	10	0.29%
Boise Retirement Community	59,258	7	0.31%			
Winco Foods LLC	58,470	8	0.31%			
CenturyLink (Qwest)	52,813	9	0.28%	91,258	4	0.50%
Bank of America Leasing & Cap	52,376	10	0.28%			
United Water				59,339	7	0.32%
New Albertson's Inc				55,732	8	0.30%
SCCP Boise LP						
Albertsons (Supervalu)				64,541	6	0.35%
Sundance Investments				55,465	9	0.30%
MK Plaza Trust						
S-16 Limited Partnership					-	
	<u>\$ 1,061,801</u>		<u>5.59%</u>	<u>\$ 1,487,818</u>		<u>8.10%</u>
Total Market Valuation	18,985,559			18,347,452		

Source: 2016 Ada County Report of Highest 25 Taxpayers / Idaho Department of Commerce & 2007 City CAFR & Abstract of property Roll Ada County

City of Boise, Idaho
Property Tax Levies and Collections
Last Ten Fiscal Years
(In thousands)

Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (<i>Note 1</i>)	Total Collection to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	87,442	87,269	99.8%	173	87,442	100.00%
2008	92,364	91,523	99.1%	841	92,364	100.00%
2009	97,703	96,076	98.3%	1,675	97,751	100.00%
2010	101,639	99,904	98.3%	1,782	101,686	100.00%
2011	105,839	103,832	98.1%	2,143	105,975	100.10%
2012	108,073	107,027	99.0%	1,474	108,501	100.40%
2013	113,608	112,852	99.3%	1,757	114,609	100.90%
2014	118,699	118,432	99.8%	1,252	119,684	100.80%
2015	124,052	123,329	99.4%	874	124,203	100.10%
2016	130,735	130,500	99.8%			

Sources: Ada County Tax Auditor's Office and Boise City Treasury and Accounting Departments

Note 1: Collections in subsequent years includes interest and penalties.

City of Boise, Idaho
Ratio of Outstanding Debt By Type
Last Ten Fiscal Years
(In thousands)

Fiscal Year	Governmental Activities					Total Debt ¹	Debt to		Personal Income
	Revenue Bonds	General Obligation Bonds	Capital Leases	Special Assessment Bonds	Debt per Capita		Personal Income	Population	
2007	28,115		3,641		31,756	0.150	0.0036	212,188	8,751,111
2008	25,605		3,183		28,788	0.142	0.0034	202,412	8,347,926
2009	25,050		2,705		27,755	0.135	0.0032	206,258	8,563,239
2010	24,465		2,206		26,671	0.127	0.0030	210,177	8,754,831
2011	23,850		1,685		25,535	0.124	0.0036	206,470	7,048,060
2012	24,665		1,147		25,812	0.124	0.0036	207,730	7,119,738
2013	23,760		585		24,345	0.116	0.0033	209,700	7,413,734
2014	22,825	370		3,835	27,030	0.124	0.0034	217,730	8,008,109
2015	21,865	20,744	1,023	3,795	47,427	0.219	0.0058	216,282	8,216,769
2016	20,875	20,394	1,771	3,751	46,791	0.214	0.0054	218,281	8,721,636

(1) Includes Harris Ranch CID Debt for beginning FY2014

Fiscal Year	Business-type Activities					Total Debt	Debt to		Personal Income
	Revenue Bonds	Certificates of Participation	Installment Loans	Other Long- Term Obligations	Debt per Capita		Personal Income	Population	
2007	20,534	45,975	9,302	1,400	77,211	0.364	0.0088	212,188	8,751,111
2008	18,341	44,950	8,894	1,260	73,445	0.363	0.0088	202,412	8,347,926
2009	16,069	43,865	8,470	1,120	69,524	0.337	0.0081	206,258	8,563,239
2010	13,649	42,705	8,062	980	65,396	0.311	0.0075	210,177	8,754,831
2011	43,051	-	7,574	840	51,465	0.249	0.0073	206,470	7,048,060
2012	44,919	-	700		45,619	0.220	0.0064	207,730	7,119,738
2013	51,284	-	560		51,844	0.247	0.0070	209,700	7,413,734
2014	45,827	-	420		46,247	0.212	0.0058	217,730	8,008,109
2015	52,832	-	280		53,112	0.246	0.0065	216,282	8,216,769
2016	46,657	-	140		46,797	0.214	0.0054	218,281	8,721,636

Ratio of Net General Bonded Debt Outstanding

Fiscal Year	Net General				Debt Per Capita	Debt to		Personal Income
	General Obligation Bonds	Available Restricted Resources	Bonded Debt Outstanding	Percentage of Taxable Value of Property		Personal Income	Population	
2015	20,744	2,183	18,561	0.11%	0.086	0.0023	216,282	8,216,769
2016	20,394	2,265	18,129	0.10%	0.083	0.0021	218,281	8,721,636

City of Boise, Idaho
 Direct and Overlapping Governmental Activities Debt
 (In thousands)

Direct Governmental Indebtedness:

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt	Debt per Capita	Debt to Personal Income	Population	Personal Income
Revenue Refunding Bonds 2011	\$ 20,875	100%	\$ 20,875	0.0956	0.0024	218,281	8,721,636
General Obligation Bonds 2015	15,410	100%	\$ 15,410	0.0706	0.0018		
Total Direct Governmental Indebtedness	36,285		36,285	0.1662	0.0042		

Overlapping Bonded Indebtedness:

Harris Ranch Comm. Inf. District	8,735	100%	8,735	0.0400	0.0010		
Capital City Development Corporation	20,760	100%	20,760	0.0951	0.0024		
Meridian School District	182,616	22%	41,044	0.1880	0.0047		
Boise School Dist. #1	54,219	100%	54,219	0.2484	0.0062		
Total Overlapping Bonded Indebtedness	266,330		124,758	0.5715	0.0143		
Total Direct and Overlapping Debt	\$ 302,615		\$ 161,043	0.7377	0.0185		

Sources: Net taxable value of real and personal property (provided by Ada County) was used to determine the percentage applicable for the Ada County overlapping debt.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business of Boise City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of the overlapping government.

City of Boise, Idaho
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (In thousands)

Fiscal Year	Debt Limit	Total Net Debt		Legal Debt Margin	Total net debt applicable to the limit as a percentage of the debt limit
		Applicable to the limit			
2007	367,050	107,890		259,160	29.39%
2008	379,619	101,372		278,247	26.70%
2009	346,403	96,437		249,966	27.84%
2010	303,232	91,238		211,994	30.09%
2011	277,693	77,000		200,693	27.73%
2012	273,229	71,256		201,973	26.08%
2013	294,200	69,786		224,414	23.72%
2014	327,112	68,243		258,869	20.86%
2015	351,147	89,314		261,833	25.43%
2016	380,310	80,766		299,544	21.24%

Note: A municipality in Idaho is allowed a debt limit of two percent of the market valuation of real and personal property.

City of Boise, Idaho
Pledged Revenue Coverage
(In thousands)

Revenue Refunding Bonds, Series 2011A

Fiscal Year	Operating Revenue	15% of General Fund		Debt Service for All Outstanding		Available for Future	
		Revenue	Revenue	General Fund Obligations (1)	Debt Service		
2012	170,632	25,595		523		25,072	
2013	178,366	26,755		1,820		24,935	
2014	188,723	28,308		1,714		26,594	
2015	196,130	29,420		1,711		27,709	
2016	202,935	30,440		3,690		26,750	

(1) Parity debt is allowed so long as the maximum annual principal and interest requirements on all outstanding obligations constituting a lien upon General Fund Revenues, and on the obligations proposed to be issued does not exceed 15% of the General Fund Revenues and any other revenues available to pay such obligations as set forth on the most recent audited financial statement. (Trust indenture section 2.11)

Airport Revenue Refunding Bonds, Series 2011--Air Terminal Project

Fiscal Year	Pledged Revenue (1)	Operating Expenses		Net Available Revenue	Principal	Debt Service		Coverage
		(2)				Interest		
2011	29,587	17,369		12,218	1,400	815		5.52
2012	27,293	17,731		9,562	2,860	1,560		2.16
2013	27,399	17,804		9,595	2,975	1,446		2.17
2014	28,792	18,361		10,431	3,095	1,327		2.36
2015	32,251	19,078		13,173	3,255	1,172		2.98
2016	35,320	19,595		15,725	3,415	1,010		3.55

(1) Includes Operating Revenue, Interest Income, and Passenger Facilities Charges.

(2) Excludes Interest Expense, Depreciation, Gain or Loss on Property Sale/Exchange/Disposal.

Airport Revenue Bonds, Series 2012

Fiscal Year	Pledged Revenue (1)	Operating Expenses		Net Available Revenue	Principal	Debt Service		Coverage
		(2)				Interest		
2013	23,921	17,804		6,117	525	301		7.41
2014	25,314	18,361		6,953	430	399		8.39
2015	28,769	19,078		9,691	440	386		11.73
2016	31,839	19,595		12,244	455	373		14.79

(1) Includes Operating Revenue and Interest Income

(2) Excludes Interest Expense, Depreciation, Gain or Loss on Property Sale/Exchange/Disposal.

Airport Revenue Bonds, Series 2015

Fiscal Year	Pledged Revenue (1)	Operating Expenses		Net Available Revenue	Principal	Aggregate Debt Service (3)		Coverage
		(2)				Interest		
2015	32,251	19,078		13,173	3,695	1,558		2.51
2016	35,320	19,595		15,725	4,175	1,871		2.60

(1) Includes Operating Revenue and Interest Income and Passenger Facility Charges

(2) Excludes Interest Expense, Depreciation, Gain or Loss on Property Sale/Exchange/Disposal

(3) Includes Principal and interest on the Airport 2015 Bonds and the Senior 2011 and 2012 Bonds

For FY 2015 there is no principal or interest for the Airport 2015 Bonds

Wastewater Facility Refunding Bonds, Series 2012

Fiscal Year	Pledged Revenue (1)	Operating Expenses		Net Available Revenue	Principal *	Debt Service		Coverage
		(2)				Interest *		
2012	32,455	22,379		10,076	-	-		N/A
2013	32,629	22,855		9,774	1,895	283		4.49
2014	37,102	24,519		12,583	1,932	243		5.79
2015	38,113	25,104		13,009	1,965	209		5.98
2016	41,399	28,539		12,860	2,000	174		5.92

(1) Includes Operating Revenue, and Interest Income.

(2) Excludes Interest Expense, Depreciation, Gain or Loss on Property Sale/Exchange/Disposal.

City of Boise, Idaho
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ¹	K-12 School Enrollment ²	Percent High School Graduate or Higher ³	Total Personal Income (in thousands)	Per Capita Personal Income ⁴	Unemployment Rate ⁵	Median Age ⁶
2006	198,638	31,395	92.1%	\$6,387,006	\$32,154	3.7%	35.2
2007	202,412	34,077	93.8%	\$7,024,101	\$34,702	3.1%	35.1
2008	206,258	34,609	93.0%	\$7,256,363	\$35,181	3.0%	35.3
2009	210,177	36,223	93.1%	\$7,320,045	\$34,828	5.4%	34.8
2010	205,671	29,017	93.8%	\$6,823,958	\$33,179	9.6%	34.6
2011	206,470	30,384	92.8%	\$6,870,083	\$33,274	9.2%	36.3
2012	207,730	32,573	93.1%	\$7,164,815	\$34,491	8.3%	35.7
2013	209,700	34,064	94.7%	\$7,524,665	\$35,883	7.1%	36.4
2014	217,730	35,423	93.9%	\$8,048,389	\$36,965	6.0%	35.3
2015	216,282	38,377	93.6%	\$8,355,190	\$38,631	4.7%	35.5
2016	218,281	37,074	94.6%	\$8,721,636	\$39,956	4.0%	34.9

Sources

- 1 US Census Bureau (as of July 1)
- 2 US Census Bureau, American Community Survey 1-Year Estimate (ID S1401)
- 3 US Census Bureau, American Community Survey 1-Year Estimate (ID S1501), Population 25 and older
- 4 US Department of Commerce Bureau of Economic Analysis, Per Capita Personal Income by Metropolitan Area (CA1 Personal Income Summary)
- 5 Idaho Department of Labor, December 2016 Boise Metro Area Report
- 6 US Census Bureau, American Community Survey 1-Year Estimate (ID S0101)

Rank	Business	July 2014 - June 2015 Average ¹		FY 2006 ²		
		Employment Range	Percentage of Total	Employees	Percentage of Total	
			Boise MSA Employment		Boise MSA Employment	
1	St Luke's Health Systems (Total Ada County)	8,400-8,499	2.6%	6,400	3	2.40%
2	Micron Technology Inc.	6,700-6,799	2.1%	10,600	2	3.97%
3	Boise State University	4,700-4,799	1.5%			
4	West Ada School District #2	4,300-4,399	1.3%	2,875	9	1.08%
5	Boise Independent School District #1	3,800-3,899	1.2%	4,000	6	1.50%
6	St Alphonsus Regional Medical Center	3,400-3,499	1.1%	3,143	8	1.18%
7	Wal-Mart Associates Inc.	2,500-2,599	0.8%			
8	Hewlett Packard	2,000-2,099	0.6%	4,000	5	1.50%
9	J R Simplot Company	2,000-2,099	0.6%	3,500	7	1.31%
10	Albertsons Inc.	2,000-2,099	0.6%	2,730	10	1.02%
11	City of Boise	1,900-1,999	0.6%			
12	Idaho Power Co.	1,700-1,799	0.5%			
13	Ada County	1,600-1,699	0.5%			
14	Nampa School District #131	1,500-1,599	0.5%			
15	State of Idaho Dept. of Health & Welfare	1,400-1,499	0.4%			
Total Employment in Boise MSA³			320,444	266,808		

* Includes Ada, Boise, Canyon, Gem and Owyhee Counties

Note 1: Only employers that have given the Department permission to release employment range data

Sources:

1 - Boise Valley Economic Partnership Top Employers (Idaho Dept. of Labor, Communications and Research) with July 2014 and June 2015 being the most current period available

2 - FY 2006 City of Boise Audit CAFR

3 - Idaho Dept. of Labor, *Workforce Trends* December 2016

City of Boise, Idaho
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Department/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
Mayor's Office	14.4	13.0	12.4	22.0	22.0	22.0	22.0	22.0	19.0	19.0
City Council (1)	10.5	10.0	9.0							
Office of Community										
Engagement (2)	2.0									
Legal Department	52.4	50.0	50.9	50.3	50.3	50.0	50.0	50.0	47.5	48.0
Customer and Support										
Finance and Administration	69.2	62.0	61.0	60.0	61.0	60.0	60.0	61.2	59.2	59.0
Human Resources	18.8	16.0	14.4	12.8	12.8	13.0	13.0	12.0	11.0	11.0
Information Technology	57.0	56.0	53.0	53.0	53.0	53.0	53.0	57.0	57.0	57.0
Public Safety (3)										
Fire Department	288.8	285.0	284.3	283.0	282.3	294.0	295.0	266.3	258.3	258.0
Police Department	396.4	398.0	395.4	400.0	405.1	387.0	396.0	408.9	401.9	402.0
Parks and Recreation										
	150.4	152.0	151.6	145.6	145.6	149.0	151.0	155.1	153.5	154.0
Culture										
Arts and History	8.0	7.0	6.0	5.0	5.0	5.0	5.0	5.0	4.5	4.0
Library	109.2	110.0	110.1	110.0	113.3	113.0	113.0	122.6	107.7	108.0
Community Services										
Planning & Development	95.9	91.0	90.9	90.0	93.0	98.0	98.0	102.0	99.8	100.0
Public Works	27.6	28.0	25.6	26.4	26.4	27.0	29.0	28.9	25.5	26.0
Airport										
	109.0	109.0	109.0	109.0	109.0	108.0	108.0	114.9	112.9	113.0
Sewer										
	215.3	210.0	195.3	184.0	179.8	179.0	180.0	193.2	188.2	188.0
Geothermal										
	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.6	1.0
Solid Waste										
	5.0	5.0	4.0	4.8	4.8	5.0	5.0	4.8	4.8	5.0
Risk Management										
	5.7	5.0	4.1	5.2	5.2	5.0	5.0	5.3	4.3	4.0
Workers Comp										
	3.5	3.0	2.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Fleet Services										
	18.3	18.0	18.3	18.3	18.3	18.0	19.0	20.0	17.0	10.0
Housing Services										
	14.6	17.0	16.6	17.0	16.5	17.0	17.0	18.5	18.8	19.0
Total	1,672.8	1,646.0	1,615.3	1,598.2	1,605.2	1,605.0	1,621.0	1,649.6	1,592.2	1,587.0

Source: City of Boise annually published budget documents

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
Mayor and City Council										
Number of Neighborhood Reinvestment project grants awarded	20	23	23	26	28	18	17	10	19	29
Number of active Neighborhood Reinvestment project grants	27	35	62	43	27	24	49	59	60	58
Ordinances and resolutions adopted	707	713	696	531	482	468	526	420	560	681
General Government Administration										
Number of Licenses (animal/business) issued:	14,725	20,200	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Number of children in licensed daycare facilities (Note 7)	n/a	n/a	n/a	9,382	9,400	9,255	9,234	9,728	9,500	19,500
Number of square feet of facilities maintained (Facilities Maintenance)	530,528	530,528	530,528	530,528	537,317	504,979	473,379	457,868	396,797	405,671
Legal										
Criminal matters processed (Boise only)	14,126	15,796	15,419	16,234	17,296	17,972	19,637	21,451	7,970	58,211
Criminal matters processed (other than Boise)	8,318	6,676	5,390	5,632	6,655	5,372	4,689	4,064		
Information and Technology										
Number of supported PCs (Note 6)	3,170	2,874	2,694	2,399	2,100	2,060	1,942	1,915	1,900	1,843
Number of help desk incidents/work requests	26,760	25,573	25,923	25,408	25,410	20,436	18,968	18,824	20,532	6,483
Average number of mapping requests per month (internet)	n/a	n/a	n/a	n/a	n/a	15,037	14,631	29,379	15,150	31,400
Monthly avg. # of GIS Map Image, ArcGIS Server and Geocode requests	n/a	n/a	220,565	217,714	181,297	n/a	n/a	n/a	n/a	n/a
Financial Services										
Number of purchase orders issued	856	740	1,005	740	1,123	1,130	1,173	1,099	1,377	1,785
Number of dollars recovered by Collections (thousands)	\$ 3,988	\$ 3,950	\$ 3,896	\$ 3,240	\$ 3,166	\$ 2,982	\$ 2,969	\$ 2,732	\$ 2,395	\$ 2,141
Ratio of interest earned vs. interest expense	0.95	0.54	0.40	0.31	0.36	0.39	0.53	0.71	1.21	1.54
Ratio of Portfolio Yield vs. Fed Funds	1.656	2.440	2.172	2.256	2.860	3.796	5.716	7.348	1.569	1.087
Number of loans internally serviced (sewer & housing)	557	635	717	762	803	849	824	806	765	726
Public Safety										
Fire										
90th Percentile Response Time (Note 2)	6:18	6:42	6:47	6:38	6:18	6:10	6:12	6:09	6:01	6:14
Number of fires investigated	120	118	91	132	119	85	108	97	114	127
Number of plans reviewed	492	174	357	388	276	313	362	376	659	912
Police										
Number of police reports taken (Note 4)	25,372	24,027	22,235	22,519	29,912	30,615	32,207	34,536	37,487	41,737
Number of crime scenes processed	564	546	440	405	316	339	326	334	309	359
Number of citations for hazardous moving violations	11,660	11,308	13,787	16,284	n/a	n/a	n/a	n/a	n/a	23,373
Number of DUI arrests (Note 4)	1,025	1,079	1,007	1,065	1,123	1,355	1,537	1,824	2,098	2,031
Parks and Recreation										
Miles of trails maintained	192	180	145	145	148	148	137	129	129	125
Open Space acres maintained (Note 1)	4,332	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Number of adaptive programs offered	392	354	358	300	282	286	256	224	188	216
Number of acres maintained	2,119	2,094	2,069	1,894	1,739	1,739	1,892	1,386	1,386	15,200
Zoo attendance	353,495	344,078	329,972	336,558	322,771	323,741	332,230	362,925	279,687	295,543
Idaho Ice World attendance	300,884	324,741	318,334	306,486	373,541	365,729	525,202	574,247	629,773	550,442
Number of rounds at Warm Springs/Quail Hollow Golf courses (Note 3)	71,783	78,050	74,016	49,191	46,828	49,242	48,344	51,353	46,685	48,745
Total scholarship amount (Note 8)	159,320	146,684	155,263	151,542	134,465	135,051	99,315	n/a	n/a	n/a
Average youth scholarship amount (Note 8)	n/a	\$13.39	\$22.65	\$37.45	\$40.72	\$50.00	\$42.37	\$ 40.97	\$ 40.25	\$ 34.02
Number of youth scholarships awarded	11,455	10,949	6,915	4,046	3,302	3,006	2,344	1,668	1,051	771
Number of youth served	568,322	562,562	561,598	544,083	511,724	655,492	702,911	732,557	670,618	650,447
Number of school-based youth visits (Note 1)	128,469	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

City of Boise, Idaho
Operating Indicators by Function/Program
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Culture										
Arts										
Number of public art pieces owned by City	590	464	329	329	225	180	180			
Estimated # of citizens participating/exposed to programs and publications	1,095,000	1,090,000	1,092,674	2,100,000	1,310,000	1,218,365	487,700	49,700	55,000	60,000
Number of print and electronic publications	635	625	531	525	325	10	10			
Number of public program series (Note 3)	110	125	105	45	25	18	16			
Number of projects completed	232	225	95	95	52	n/a	n/a	46	18	8
Number of A&H cultural/facility plans completed	3	3	1	1	n/a	5				
Number of A&H studies completed	1	5	1	1	n/a	2				
Number of A&H presentations, facilitations, and consultations	110	132	98	6	11	7				
Number of citizens who received public art walking tours	315	2,500	950	1,800	850	n/a	n/a	5,500	2,168	1,679
Library										
Annual circulation	2,388,649	2,343,101	2,219,680	2,144,471	2,297,905	2,340,898	2,313,307	1,998,057	1,694,089	1,571,639
Reference questions per capita	1.08	1.00	1.00	0.99	1.31	1.30	1.27	1.23	1.05	0.65
Number of special programs	3,721	3,484	3,214	3,110	2,719	2,711	2,843	1,988	1,513	1,282
Community Service										
Planning and Development Services										
Total construction permit value (millions)	\$ 761	\$ 604	\$ 433	\$ 361	\$ 399	\$ 297	\$ 160	\$ 259	\$ 369	\$ 657
Total number of permits	20,917	20,233	18,268	16,493	15,328	14,378	13,734	11,601	15,044	16,292
Percent of commercial plans reviewed <30 days	93%	90%	92%	92%	83%	87%	88%	85%	82%	50%
Number of affordable housing units available	306	299	284	284	281	274	274	274	274	273
Parking Control										
Parking tickets issued	59,557	71,708	65,618	63,082	62,474	68,458	74,632	69,233	67,364	63,318
Cemetery										
Number of burials	156	155	150	157	159	161	152	173	192	157
Airport										
Airline cost per enplaned passenger	4.45	4.55	4.60	4.59	4.36	\$ 4.81	\$ 4.81	\$ 3.87	\$ 3.49	\$ 3.34
Number of enplanements	1,593,745	1,456,633	1,347,989	1,306,548	1,328,767	1,393,611	1,394,670	1,404,321	1,649,491	1,668,834

City of Boise, Idaho
 Operating Indicators by Function/Program
 Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Works										
Total number of street lights	11,890	11,778	11,137	11,021	10,885	10,693	10,933	10,853	10,762	10,193
Number of Geothermal customers	82	76	76	81	73	66	59	58	57	55
Sewer										
Dollars per foot of constructed 8" sewer pipe	\$125.00	\$128.10	\$122.00	\$114.85	\$111.88	\$110.25	\$109.93	\$ 104.63	\$ 101.69	\$ 100.48
Number of sewer backups per 100 miles of pipe	1.09	2.76	4.40	2.25	4.71	4.42	2.58	4.33	4.00	3.73
Miles of sewer pipe	914	905	799	711	704	702	697	694	685	675
Million gallons (MG) treated per day	27	27	27	26	27	27	25	25	26	27
Residential Tons recycled per fiscal year (Note 5)	12,345	12,422	13,396	12,878	12,602	12,496	12,802	7,715	8,390	7,643
Percentage of solid waste recycled	13%	13%	15%	15%	15%	14%	14%	11%	13%	8%
Percentage of City customers recycling	97.5%	97.4%	97%	96%						

Note 1: New operating indicator in 2016.
 Note 2: 90th percentile of 3 fire and 3 EMS codes reported for FY2012.
 Note 3: Quail Hollow added in 2014.
 Note 4: Revised Police statistical numbers based upon more accurate reporting methodologies.
 Note 5: Sewer-Tons of solid waste per capita changed to Tons recycled per fiscal year.
 Note 6: Changed to PC's only for 2014 - printers are no longer owned by the City of Boise.
 Note 7: Data no longer available for 2014 forward.
 Note 8: Total scholarship amount will replace average youth scholarship amount. In addition to youth scholarships, senior and adventure scholarships are now offered.

City of Boise, Idaho
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Primary Government										
Governmental activities:										
Fire										
Fire trucks	4	4	4	4	4	4	4	4	4	4
Fire engines	25	23	23	22	19	17	17	17	16	16
Rescue/utility vehicles	10	12	12	15	14	14	13	13	13	13
Fire facilities	18	18	17	18	19	17	17	16	16	16
Fire hydrants	6,570	6,654	6,590	6,450	6,490	6,491	6,987	6,747	7,209	7,183
Police										
Vehicles	284	289	294	273	268	278	275	279	253	242
Motorcycles	14	14	14	14	14	14	10	14	13	12
Police station (non city owned)	2	2	1	1	1	1	1	1	1	1
Police mobile substation	1	1	1	1	1	1	1	1	1	1
Parks and recreation										
Park sites	90	89	88	98	129	129	137	111	111	111
Picnic areas	77	75	75	67	67	67	67	66	64	62
Recreation/community centers	6	6	6	6	6	6	7	8	6	4
Ice skating facilities	1	1	1	1	1	1	1	1	1	1
Playgrounds	80	79	79	78	77	73	73	74	73	72
Basketball courts	28	27	27	25	25	25	25	26	26	26
Cultural/historical sites	5	4	4	4	4	4	4	4	4	4
Golf courses	2	2	2	1	1	1	1	1	1	1
Tennis courts	86	85	85	85	85	81	81	77	77	77
Youth baseball fields	32	32	32	32	35	35	35	35	35	35
Soccer fields	48	48	48	48	48	49	48	54	49	44
Skate parks	3	3	3	3	3	3	3	3	3	3
Pools	7	7	7	7	7	7	7	7	7	7
Zoo	1	1	1	1	1	1	1	1	1	1
Bike, walking or hiking trails	190	180	150	145	148	148	148	130	129	125
Foothills-special levy (acres)	3,538	3,882	3,842	3,842	3,582	3,428	3,428	1,529	1,519	1,199

City of Boise, Idaho
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
Culture										
Public art investments	587	359	359	222	200	172	170	147	143	116
Library Locations	4	4	4	4	4	4	4	4	3	2
Items in library collection (thousands)	371	385	427	420	424	418	413	408	372	356
Community Services										
Cemeteries	3	3	3	3	3	3	3	3	3	3
Streetlights	9,233	9,103	8,811	7,850	7,754	7,874	7,804	7,705	7,593	7,425
Business-type activities:										
Airport										
Runways (commercial)	2	2	2	2	2	2	2	2	2	2
Total parking spaces	4,545	4,350	4,350	4,350	3,600	3,600	3,600	3,600	2,882	2,831
Sewer										
Wastewater treatment plants	3	2	2	2	2	2	2	2	2	2
Other										
Single family home rental units	32	29	28	18	14	12	12	12	12	14
Apartment rental units	270	270	268	268	267	260	260	260	260	260

Single Audit

September 30, 2016

City of Boise, Idaho

City of Boise, Idaho
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2016
(In thousands)

Federal Grantor/Program Title	Federal CFDA Number	Identifying Number	Current Year Disbursements	Disbursements to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
Direct Programs:				
Cooperative Forestry Assistance	10.664	13-CS-1104201-010	\$ 4	\$ -
Passed Through Idaho Department of Education:				
Child and Adult Care Food Program	10.558	4026	43	-
Passed Through Watershed Research & Training Center				
USDA Forest Service FAC, 767	10.664	194_2015_138	19	-
Passed Through Idaho Department of Lands Forestry Assistance Bureau				
Ada Interagency Wildlife Risk	10.664	15LSR-ACM	14	-
Passed Through University of Idaho:				
Cooperative Extension Service	10.500	USDA-NIFA-FLBCD-004701	13	-
<i>Total Passed Through Programs</i>			89	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>93</u>	<u>-</u>
U.S. DEPARTMENT OF HUD				
Direct Programs:				
Community Development Block Grant-Entitlement Grants	14.218	B-13-MC-16-0001	216	-
Community Development Block Grant-Entitlement Grants	14.218	B-14-MC-16-0001	170	-
Community Development Block Grant-Entitlement Grants	14.218	B-15-MC-16-0001	721	243
Community Development Block Grant-Program Income	14.218	Program Income	4	-
Total CDBG Cluster			1,111	243
HOME Investment Partnerships Programs	14.239	M-09-MC-16-0200	82	911
HOME Investment Partnerships Programs	14.239	M-11-MC-16-0200	114	-
HOME Investment Partnerships Programs	14.239	M-12-MC-16-0200	83	-
HOME Investment Partnerships Programs	14.239	M-13-MC-16-0200	12	-
HOME Investment Partnerships Programs	14.239	M-14-MC-16-0200	14	-
HOME Investment Partnerships Programs	14.239	M-15-MC-16-0200	52	-
HOME Investment Partnerships Programs-Program Income	14.239	Program Income	1,193	-
Continuum of Care Program	14.267	ID0053LOE001301	15	-
Continuum of Care Program	14.267	ID0053LOE001402	14	-
Continuum of Care Program	14.267	ID0054LOE001402	14	-
Continuum of Care Program	14.267	ID0062LOE001400	12	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>2,716</u>	<u>1,397</u>

City of Boise, Idaho
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2016
(In thousands)

Federal Grantor/Program Title	Federal CFDA Number	Identifying Number	Current Year Disbursements	Disbursements to Subrecipients
U.S. DEPARTMENT OF INTERIOR				
Direct Programs:				
Recreation Resource Management	15.225	L12AC20398	42	-
Challenge Cost Share	15.238	L15AC00155	30	-
TOTAL U.S. DEPARTMENT OF INTERIOR			<u>72</u>	<u>-</u>
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
Edward Byrne Memorial Justice Assistance Program (2013)	16.738	2013-DJ-BX-0886	76	-
2014 DOJ Community Oriented Policing Services (COPS)	16.710	2014ULWX0003	199	-
Edward Byrne Memorial Justice Assistance Program (2015)	16.738	2015-DJ-BX-0982	12	-
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>287</u>	<u>-</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
Airport Improvement Program	20.106	3-16-0003-059	523	-
Airport Improvement Program	20.106	3-16-0003-060	50	-
Airport Improvement Program	20.106	3-16-0003-061	3,042	-
Airport Improvement Program	20.106	3-16-0003-062	561	-
Airport Improvement Program	20.106	3-16-0003-063	86	-
Airport Improvement Program	20.106	3-16-0003-064	66	-
Total Direct Programs			4,328	-
Passed Through Idaho Department of Transportation:				
Highway Planning and Construction	20.205	A013(514)	2,796	-
Passed Through Idaho Department of Parks & Recreation				
Recreational Trail Program	20.219	RT16-3-01-1	11	-
Total Highway Planning, Research and Construction Cluster			<u>2,807</u>	<u>-</u>
State and Community Highway Safety (2016-LEL)				
State and Community Highway Safety (2016-LEL)	20.600	CP-2016-00-00-00	16	-
State and Community Highway Safety (2016-OHS)				
State and Community Highway Safety (2016-OHS)	20.600	PT-2016-00-00-00	2	-
State and Community Highway Safety (2016 MOB)				
State and Community Highway Safety (2016 MOB)	20.600	DD-2016-00-00-00	22	-
State and Community Highway Safety (2016 MOB)	20.600	PT-2016-00-00-00	86	-
National Priority Safety Programs (2016)				
National Priority Safety Programs (2016)	20.616	M2HVE-2016-00-00-00	54	-
National Priority Safety Programs (2016)	20.616	M5HVE-2016-00-00-00	30	-
National Priority Safety Programs (2016)	20.616	PT-2016-00-00-00	46	-
National Priority Safety Programs (2016)	20.616	M5TR-2016-00-00-00	4	-
Total Highway Safety Cluster			<u>260</u>	<u>-</u>
Passed Through State of Idaho Bureau of Homeland Security				
Interagency Hazardous Materials Public Sector Training & Planning C	20.703	HM-HMP00511-15-01-00	13	-
<i>Total Passed Through Programs</i>			5,887	-

City of Boise, Idaho
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2016
(In thousands)

Federal Grantor/Program Title	Federal CFDA Number	Identifying Number	Current Year Disbursements	Disbursements to Subrecipients
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			7,409	-
<u>NATIONAL ENDOWMENT FOR THE ARTS</u>				
Passed Through Idaho Commission on the Arts: Idaho Commission on the Arts	45.025	14-6100-2011	7	-
<i>Total Passed Through Programs</i>			7	
TOTAL NATIONAL ENDOWMENT FOR THE ARTS			7	-
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>				
Passed Through Idaho Humanities Council: National Endowment for the Humanities	45.129	2015013	1	-
<i>Total Passed Through Programs</i>			1	-
TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES			1	-
<u>CORPORATION FOR NATIONAL & COMMUNITY SERVICES CNCS</u>				
Passed Through University of Utah Social Innovation Fund Pay for Success	94.024	14PSHUT001	83	-
<i>Total Passed Through Programs</i>			83	-
TOTAL CORPORATION FOR NATIONAL & COMMUNITY SERVICES CNCS			83	-
<u>U.S. DEPARTMENT OF ENERGY</u>				
Direct Programs: Renewable Energy Research and Development	81.087	DE-EE0000318	162	-
TOTAL DEPARTMENT OF ENERGY			162	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Direct Programs: Discretionary Checked Baggage Recapitalization	97.108	HSTS04-13-H-CT1137	4,126	-
Total Direct Programs			4,126	-
Passed Through the State of Idaho Bureau of Homeland Security: 2014 Homeland Security	97.067	EMW-2014-SS-00084-S01	17	
2015 Homeland Security	97.067	EMW-2015-SS-00091	20	-
Total Passed Through Programs			37	
TOTAL DEPARTMENT OF HOMELAND SECURITY			4,163	-
TOTAL FEDERAL AWARDS			\$ 14,993	\$ 1,397

1) BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Boise, Idaho (the City) under programs of the federal government for the year ended September 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City and is presented as supplemental information within the City's comprehensive financial annual report for the year ended September 30, 2016.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on modified accrual basis of accounting where expenditures are generally recorded when a liability is incurred. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The City has chosen not to use the 10% de-minimus indirect cost rate as allowed under the Uniform Guidance. Federal non-cash assistance included in the Schedule, such as donated property or donated equipment, is valued at acquisition value at the time of receipt or the assessed value provided by the federal agency.

3) SUBRECIPIENTS

The City passed through certain federal awards to other non-Federal entities, as subrecipients, to carry out part of a federal program. Expenditures are recorded when awards are disbursed to subrecipients. The City is responsible for monitoring its subrecipients to ensure these subawards are used to fulfill the program requirements in accordance with contracts, laws, regulations and that the subrecipients meet program goals. Expenditures made to subrecipients are separately disclosed on the Schedule.

4) LOANS WITHOUT CONTINUING COMPLIANCE REQUIREMENTS

The City has revolving loan fund programs to provide eligible persons loans to rehabilitate homes and affordable homeownership loans in the form of a low-interest loan with a 2nd Deed of Trust. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans. The loan balances outstanding at September 30, 2016 consists of:

Community Development Block Grants	\$2,671,569
HOME	\$5,807,956

5) MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor
and Members of the City Council
City of Boise, Idaho

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Boise, Idaho, (the City) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 1, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Boise, Idaho
March 1, 2017



Independent Auditor's Report on Compliance for each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Honorable Mayor
And Members of the City Council
City of Boise, Idaho

Report on Compliance for Each Major Federal Program

We have audited City of Boise, Idaho's (the City) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2016. Each of the City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on each Major Federal Program

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2016.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied to the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Boise, Idaho
March 1, 2017

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516?	Yes

Identification of major programs:

Name of Federal Program	CFDA Number
Home Investment Partnership Program	14.239
Community Development Block Grant program for Entitlement Communities	14.218
Public Safety Partnership and Community Policing Grants	16.710
Discretionary Checked Baggage Recapitalization	97.108

Dollar threshold used to distinguish between Type A and Type B programs:	(in thousands) \$750
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement Findings

None reported in the current year.

Section III - Federal Award Findings and Questioned Costs

2016-001 Allowable Costs

2014 DOJ Community Oriented Policing Services (COPS) CFDA # 16.710
Significant Deficiency

Criteria: Non-federal entities are required to have an internal control process designed to provide reasonable assurance regarding the achievement of effectiveness and efficiency of operations, reliability of reporting for internal and external use, and compliance with applicable laws and regulations as defined by the grant award.

Condition: Although management has internal controls in place to ensure the grant program was not over billing the federal agency, we identified weaknesses in design and implementation of the review. Management's review tool included actual salary rates that were higher than the allowed "entry-level" rates as defined by the grant award. While management billed less than 100% of the actual rates and therefore, did not actually over bill the grant, the implementation of the control provided an opportunity to bill in excess of the allowed cost.

Cause: Management used actual salary rates and an arbitrary percentage to bill the grant and was not able to evaluate the excess portion of the salary as the required match. Therefore, the level of understanding by the preparer was not sufficient to mitigate the risk.

Effect: Noncompliance with federal grant requirements could jeopardize the City's ability to obtain future federal awards.

Recommendation: Management should bolster the design and implementation of controls to ensure compliance with federal compliance requirements, laws, and regulations.

Views of Responsible Officials: Management has considered the finding and has revised the billing worksheet to ensure effective controls are in place prevent or detect amounts that are not allowed to be billed to the federal award.

None reported in the prior year.

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