

CITY OF IDAHO CITY, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2021

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Independent Auditor’s Report

To the City Council
City of Idaho City, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of City of Idaho City, Idaho (the City), as of and for the year ended September 30, 2021, 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 entity’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 entity’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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-type Activities	Qualified
General Fund	Unmodified
Roads and Streets Fund	Unmodified
Water Fund	Qualified
Sewer Fund	Qualified

Basis for Qualified Opinions on Governmental Activities, Business-type Activities, Water Fund, and Sewer Fund

Management has not performed or contracted to perform the actuarial calculations for other post-employment benefits and, accordingly, has not considered the City's other post-employment benefit liability. Accounting principles general accepted in the United States of America require that a liability be recorded for other post-employment benefits, which would initially decrease net position, increase liabilities, and increase expenses in each of the affected opinion units. The amount by which this departure would affect net position, liabilities, and expenses in the affected opinion units is not reasonably determinable.

Qualified Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinions on Governmental Activities, Business-type Activities, Water Fund, and Sewer Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, water fund, and sewer fund of City of Idaho City, Idaho, as of September 30, 2021, 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.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund and the roads and streets fund of City of Idaho City, Idaho, as of September 30, 2021, and the respective changes in financial position 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 schedule of employer's share of net pension liability (asset), schedule of employer contributions, and budgetary comparison information as listed 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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.

The City has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental schedule of revenues by source – budget and actual and the supplemental schedule of expenditures by object of expenditure – budget and actual are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedule of revenues by source – budget and actual and the supplemental schedule of expenditures by object of expenditure – budget and actual 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 our report dated June 27, 2022, on our consideration of City of Idaho City, Idaho’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City’s 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 the City’s internal control over financial reporting and compliance.

Bailey & Co.

Nampa, Idaho
June 27, 2022

City of Idaho City, Idaho
Statement of Net Position
September 30, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 287,349	\$ 460,692	\$ 748,041
Property Taxes Receivable, Net	152,101	0	152,101
Accounts Receivable, Net	1,445	37,222	38,667
Due from Other Governments	24,520	218,682	243,202
Prepaid Items	2,690	3,089	5,779
Total Current Assets	468,105	719,685	1,187,790
Noncurrent Assets:			
Restricted Cash	0	27,063	27,063
Capital Assets:			
Land and Construction in Progress	95,660	4,123,293	4,218,953
Buildings, Net	134,391	236,797	371,188
Equipment, Net	46,312	86,712	133,024
Improvements, Net	670,004	399,647	1,069,651
Net Pension Asset	1,542	3,298	4,840
Total Noncurrent Assets	947,909	4,876,810	5,824,719
Total Assets	1,416,014	5,596,495	7,012,509
Deferred Outflows			
Pension	25,808	55,202	81,010
Liabilities			
Current Liabilities:			
Accounts Payable	9,697	156,337	166,034
Salaries and Benefits Payable	2,389	3,079	5,468
Accrued Interest	0	1,952	1,952
Long-term Liabilities:			
Due Within One Year:			
Compensated Absences	1,543	5,597	7,140
Bonds and Municipal Leases	10,915	20,455	31,370
Due in More than One Year:			
Compensated Absences	1,145	0	1,145
Bonds and Municipal Leases	2,838	2,458,734	2,461,572
Total Liabilities	28,527	2,646,154	2,674,681
Deferred Inflows			
Property Taxes	139,066	0	139,066
Pension	49,578	106,047	155,625
Total Deferred Inflows	188,644	106,047	294,691
Net Position			
Net Investment in Capital Assets	932,614	2,367,260	3,299,874
Restricted	127,835	27,063	154,898
Unrestricted	164,202	505,173	669,375
Total Net Position	\$ 1,224,651	\$ 2,899,496	\$ 4,124,147

The accompanying notes are an integral
part of the financial statements.

City of Idaho City, Idaho
Statement of Activities
For the Year Ended September 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Administration	\$ 75,364	\$ 38,363	\$ 0	\$ 50,225	\$ 13,224	\$ 0	\$ 13,224
Public Safety	159,840	1,000	15,848	0	(142,992)	0	(142,992)
Roads and Streets	51,930	0	0	0	(51,930)	0	(51,930)
Culture and Recreation	40,972	3,718	0	0	(37,254)	0	(37,254)
Interest on Long-term Debt	2,395	0	0	0	(2,395)	0	(2,395)
Total Governmental Activities	330,501	43,081	15,848	50,225	(221,347)	0	(221,347)
Business-type Activities:							
Water	339,368	305,183	0	285,804	0	251,619	251,619
Sewer	173,867	183,802	0	0	0	9,935	9,935
Total Business-type Activities	513,235	488,985	0	285,804	0	261,554	261,554
Total Primary Government	\$ 843,736	\$ 532,066	\$ 15,848	\$ 336,029	(221,347)	261,554	40,207
General Revenues and Special Items:							
Property Taxes					100,578	0	100,578
Intergovernmental					111,563	0	111,563
Other					4,161	1,169	5,330
Investment Earnings					45	830	875
Total General Revenues and Special Items					216,347	1,999	218,346
Change in Net Position					(5,000)	263,553	258,553
Net Position - Beginning					1,229,651	2,635,943	3,865,594
Net Position - Ending					\$ 1,224,651	\$ 2,899,496	\$ 4,124,147

The accompanying notes are an integral part of the financial statements.

City of Idaho City, Idaho
Balance Sheet -
Governmental Funds
September 30, 2021

	General	Roads and Streets	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 218,455	\$ 68,894	\$ 287,349
Property Taxes Receivable, Net	106,719	45,382	152,101
Accounts Receivable, Net	1,445	0	1,445
Due from Other Governments	18,419	6,101	24,520
Prepaid Items	2,568	122	2,690
Total Assets	<u>347,606</u>	<u>120,499</u>	<u>468,105</u>
Deferred Outflows			
	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 347,606</u>	<u>\$ 120,499</u>	<u>\$ 468,105</u>
Liabilities			
Accounts Payable	\$ 8,785	\$ 912	\$ 9,697
Salaries and Benefits Payable	2,254	135	2,389
Total Liabilities	<u>11,039</u>	<u>1,047</u>	<u>12,086</u>
Deferred Inflows			
Unavailable Property Taxes	<u>105,669</u>	<u>44,994</u>	<u>150,663</u>
Fund Balances			
Nonspendable	2,568	122	2,690
Restricted	50,225	74,336	124,561
Unassigned	178,105	0	178,105
Total Fund Balances	<u>230,898</u>	<u>74,458</u>	<u>305,356</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 347,606</u>	<u>\$ 120,499</u>	<u>\$ 468,105</u>

The accompanying notes are an integral
part of the financial statements.

City of Idaho City, Idaho
 Reconciliation of the Balance Sheet of the Governmental
 Funds to the Statement of Net Position
 September 30, 2021

Total Fund Balances - Governmental Funds	\$	305,356
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Amounts reported for governmental activities in the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Capital assets consist of the following:

Land and Construction in Progress	\$	95,660	
Buildings, Net of \$450,601 Accumulated Depreciation		134,391	
Improvements, Net of \$545,696 Accumulated Depreciation		670,004	
Equipment, Net of \$93,406 Accumulated Depreciation		<u>46,312</u>	
			946,367

Certain property taxes receivable will be collected in the next year, but are not available soon enough to pay for current period expenditures and, therefore, are considered unavailable in the funds.		11,597
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In the government-wide statements, deferred inflows represent acquisitions of net position that are applicable to a future reporting period and deferred outflows represent the consumption of resources that are applicable to a future reporting period. These deferrals consist of:

Deferred Outflows Related to Net Pension Liability (Asset)	25,808		
Deferred Inflows Related to Net Pension Liability (Asset)		<u>(49,578)</u>	
			(23,770)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Municipal Leases	(13,753)		
Compensated Absences		(2,688)	
Net Pension Asset		<u>1,542</u>	
			<u>(14,899)</u>

Net Position of Governmental Activities	\$	<u><u>1,224,651</u></u>
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The accompanying notes are an integral
 part of the financial statements.

City of Idaho City, Idaho
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2021

	General	Roads and Streets	Total Governmental Funds
Revenues			
Property Taxes	\$ 72,566	\$ 35,137	\$ 107,703
Licenses and Permits	27,917	0	27,917
Rents	5,218	0	5,218
Intergovernmental	83,353	28,210	111,563
Grants and Contributions	100,830	0	100,830
Interest	45	0	45
Other	14,086	21	14,107
Total Revenues	304,015	63,368	367,383
Expenditures			
Current:			
General Administration	90,201	0	90,201
Public Safety	126,935	0	126,935
Roads and Streets	0	48,571	48,571
Debt Service:			
Principal	0	7,736	7,736
Interest	0	2,395	2,395
Capital Outlay	7,802	0	7,802
Total Expenditures	224,938	58,702	283,640
 Net Change in Fund Balances	 79,077	 4,666	 83,743
 Fund Balances - Beginning	 151,821	 69,792	 221,613
Fund Balances - Ending	<u>\$ 230,898</u>	<u>\$ 74,458</u>	<u>\$ 305,356</u>

The accompanying notes are an integral
part of the financial statements.

City of Idaho City, Idaho
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of the
 Governmental Funds to the Statement of Activities
 For the Year Ended September 30, 2021

Total Net Change in Fund Balance - Governmental Funds \$ 83,743

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. The amounts in the current year consist of:

Capital Outlay	\$ 0	
Depreciation	<u>(57,874)</u>	(57,874)

Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as unavailable revenues. They are, however, recorded as revenues in the statement of activities. (41,882)

Repayment of municipal leases is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. Accrued interest is also not a current financial use and does not affect fund balance but is reported in the government-wide statements.

Principal Payments	7,736	
Change in Accrued Interest	<u>0</u>	7,736

Some expenses 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.

Compensated Absences Liability Changes	(2,194)	
Net Pension Liability (Asset) and Related Deferral Changes	<u>5,471</u>	<u>3,277</u>

Change in Net Position of Governmental Activities \$ (5,000)

The accompanying notes are an integral
 part of the financial statements.

City of Idaho City, Idaho
Statement of Net Position -
Proprietary Funds
September 30, 2021

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 339,579	\$ 121,113	\$ 460,692
Accounts Receivable, Net	12,166	25,056	37,222
Due From Other Governments	218,682	0	218,682
Prepaid Items	2,454	635	3,089
Total Current Assets	<u>572,881</u>	<u>146,804</u>	<u>719,685</u>
Noncurrent Assets:			
Restricted Cash	27,063	0	27,063
Land and Construction in Progress	4,048,240	75,053	4,123,293
Depreciable Assets, Net	336,722	386,434	723,156
Net Pension Asset	2,358	940	3,298
Total Noncurrent Assets	<u>4,414,383</u>	<u>462,427</u>	<u>4,876,810</u>
Total Assets	<u>4,987,264</u>	<u>609,231</u>	<u>5,596,495</u>
Deferred Outflows			
Pension	<u>39,464</u>	<u>15,738</u>	<u>55,202</u>
Liabilities			
Current Liabilities:			
Accounts Payable	151,032	5,305	156,337
Salaries and Benefits Payable	2,168	911	3,079
Accrued Interest	1,952	0	1,952
Compensated Absences	4,062	1,535	5,597
Bonds Payable	20,455	0	20,455
Total Current Liabilities	<u>179,669</u>	<u>7,751</u>	<u>187,420</u>
Noncurrent Liabilities:			
Bonds Payable	2,458,734	0	2,458,734
Total Liabilities	<u>2,638,403</u>	<u>7,751</u>	<u>2,646,154</u>
Deferred Inflows			
Pension	<u>75,813</u>	<u>30,234</u>	<u>106,047</u>
Net Position			
Net Investment in Capital Assets	1,905,773	461,487	2,367,260
Restricted	27,063	0	27,063
Unrestricted	379,676	125,497	505,173
Total Net Position	<u>\$ 2,312,512</u>	<u>\$ 586,984</u>	<u>\$ 2,899,496</u>

The accompanying notes are an integral
part of the financial statements.

City of Idaho City, Idaho
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
For the Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Operating Revenues			
Charges for Services	\$ 305,183	\$ 183,802	\$ 488,985
Other Revenue	1,169	0	1,169
Total Operating Revenues	<u>306,352</u>	<u>183,802</u>	<u>490,154</u>
Operating Expenses			
Personnel Services	121,201	47,605	168,806
Personnel Benefits	42,416	16,554	58,970
Legal and Professional	30,853	30,123	60,976
Supplies	12,998	6,426	19,424
Utilities	17,876	6,808	24,684
Insurance	5,879	5,716	11,595
Other Services and Charges	20,907	8,868	29,775
Repairs and Maintenance	37,713	11,519	49,232
Depreciation	42,259	37,405	79,664
Total Operating Expenses	<u>332,102</u>	<u>171,024</u>	<u>503,126</u>
Operating Income (Loss)	<u>(25,750)</u>	<u>12,778</u>	<u>(12,972)</u>
Nonoperating Revenues (Expenses)			
Investment Earnings	615	215	830
Interest Expense	(7,266)	(2,843)	(10,109)
Total Nonoperating Revenues (Expenses)	<u>(6,651)</u>	<u>(2,628)</u>	<u>(9,279)</u>
Income (Loss) Before Transfers	<u>(32,401)</u>	<u>10,150</u>	<u>(22,251)</u>
Transfers and Capital Contributions			
Capital Grants	<u>285,804</u>	<u>0</u>	<u>285,804</u>
Change in Net Position	253,403	10,150	263,553
Net Position - Beginning	2,059,109	576,834	2,635,943
Net Position - Ending	<u>\$ 2,312,512</u>	<u>\$ 586,984</u>	<u>\$ 2,899,496</u>

The accompanying notes are an integral part of the financial statements.

City of Idaho City, Idaho
Statement of Cash Flows -
Proprietary Funds
For the Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Cash Flows From Operating Activities			
Cash Receipts From Customers	\$ 296,323	\$ 172,364	\$ 468,687
Other Cash Receipts	1,169	0	1,169
Payments to Employees for Services	(166,269)	(64,930)	(231,199)
Payments to Suppliers for Goods or Services	(117,513)	(66,550)	(184,063)
Net Cash Provided (Used) by Operating Activities	<u>13,710</u>	<u>40,884</u>	<u>54,594</u>
Cash Flows From Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>
Cash Flows From Capital and Related Financing Activities			
Purchases and Construction of Capital Assets	(149,459)	0	(149,459)
Capital Contributions	67,122	0	67,122
Principal Paid on Capital Debt	(19,560)	0	(19,560)
Interest Paid on Capital Debt	(7,508)	(2,845)	(10,353)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(109,405)</u>	<u>(2,845)</u>	<u>(112,250)</u>
Cash Flows From Investing Activities			
Interest and Dividends	<u>615</u>	<u>215</u>	<u>830</u>
Net Change in Cash and Cash Equivalents	(95,080)	38,254	(56,826)
Cash and Cash Equivalents - Beginning	<u>461,722</u>	<u>82,859</u>	<u>544,581</u>
Cash and Cash Equivalents - Ending	<u>\$ 366,642</u>	<u>\$ 121,113</u>	<u>\$ 487,755</u>
Displayed As:			
Cash and Cash Equivalents	\$ 339,579	\$ 121,113	\$ 460,692
Restricted Cash	27,063	0	27,063
	<u>\$ 366,642</u>	<u>\$ 121,113</u>	<u>\$ 487,755</u>

The accompanying notes are an integral part of the financial statements.

City of Idaho City, Idaho
Statement of Cash Flows -
Proprietary Funds (continued)
For the Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (25,750)	\$ 12,778	\$ (12,972)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	42,259	37,405	79,664
Pension Income (Expense)	(4,413)	(1,562)	(5,975)
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(8,860)	(11,438)	(20,298)
(Increase) Decrease in Prepaid Items	(369)	53	(316)
Increase (Decrease) in Accounts Payable	9,082	2,857	11,939
Increase (Decrease) in Salaries and Benefits Payable	412	252	664
Increase (Decrease) in Compensated Absences	1,349	539	1,888
Net Cash Provided (Used) by Operating Activities	<u>\$ 13,710</u>	<u>\$ 40,884</u>	<u>\$ 54,594</u>

The accompanying notes are an integral
part of the financial statements.

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements present the activities of City of Idaho City, Idaho (the City), which has responsibility and control over all activities related to public safety; roads, streets, and parks; and water and sewer services within the City. The City receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the City is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Council members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the City's reporting entity does not contain any component units as defined by the Governmental Accounting Standards Board.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the financial activities of the City. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each activity of the business-type activities of the City and for each function of the City's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses of the general government related to the administration and support of the City's programs, such as personnel and accounting (but not interest on long-term debt) are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

The City reports the following major governmental funds:

- *General fund.* This is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.
- *Roads and Streets fund.* This fund accounts for the activities related to the City's roads and streets.

Proprietary fund operating revenues and expenses are related to providing water and sewer services to the residents and businesses of the City and providing services to other parts of the City government.

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and expenses arising from capital and non-capital financing activities and from investing activities are presented as non-operating revenues or expenses.

The City reports the following major enterprise funds:

- *Water fund.* This fund accounts for the activities of the City's water supply system, pumping stations, and collection systems.
- *Sewer fund.* This fund accounts for the operations and collections of the City's sewer system.

Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, intergovernmental revenues, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Intergovernmental revenues are recognized in the period of collection by other agencies.

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

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide statement of net position and in the governmental fund balance sheet.

The City uses the following fund balance categories in the governmental fund balance sheet:

- *Nonspendable.* Prepaid items that are permanently precluded from conversion to cash.
- *Restricted.* Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Unassigned.* Balances available for any purpose.

The remaining fund balance classifications (committed and assigned) were not in use. However, if there had been committed funds, these amounts would have been decided by the City Council, the City's highest level of decision-making authority, through a formal action, such as a resolution. The City Council would also have the authority to assign funds or authorize another official to do so.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

are incurred, there are both restricted and unrestricted net position/fund balance available for use. It is the City's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the City's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

Fund balance/net position in the Roads and Streets fund is restricted to construction, rehabilitation, replacement, or maintenance of roads and bridges within the City and equipment and administration related to same. Fund balance/net position in the General fund is restricted to investing in water, sewer, and broadband infrastructure, which includes support for vital wastewater and storm water infrastructure.

Cash and Investments

The City requires all cash belonging to the City to be placed in custody of the Clerk. A "Pooled Cash" concept is therefore used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the pooled cash and investment accounts are considered to be cash and cash equivalents. Cash and cash equivalents are defined as investments with an original maturity of one year or less, and those funds in the local government investment pool. See Note 2.

Idaho Code authorizes the City to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements. The City is a voluntary participant in the State of Idaho Local Government Investment Pool (LGIP).

Investments are stated at fair value as determined by the fair value hierarchy, except certificates of deposit (which are non-participating contracts and are, therefore, carried at amortized cost).

Property Tax Calendar

The City levies its real property taxes through the county in September of each year based upon the assessed valuation as of the previous July. Property taxes are due in two installments on December 20 and June 20 and are considered delinquent on January 1 and July 1, at which time the property is subject to lien.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are shown below:

	<u>Capitalization Policy</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$ 5,000	Straight-Line	15 - 40 Years
Equipment and Vehicles	\$ 5,000	Straight-Line	5 - 15 Years

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General infrastructure assets acquired prior to October 2003 are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 2003.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Accounts Receivable

Accounts receivable consists of utility billings, reimbursements, and franchise fees. The City estimates all receivables are collectible. Doubtful accounts are determined on a case-by-case basis.

Estimates

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

Pensions

For purposes of measuring the net pension liability (asset) and pension expense (offset), information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from the Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2021, the carrying amount of the City's deposits were \$490,741 and the respective bank balances totaled \$513,030. \$250,000 of the total bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the City.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2021, \$263,030 of the City's deposits were not covered by the federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City, and thus were exposed to custodial credit risk. The City does not have a formal policy limiting its exposure to custodial credit risk for deposits.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The City does not have a formal policy limiting its custodial credit risk for investments.

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

2. CASH AND INVESTMENTS (continued)

Interest Rate Risk

The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Investments

The State Treasurer must operate and invest the funds of the pool for the benefit of the participants. They make investments in accordance with Idaho Code, Sections 67-1210 and 67-1210A. The pool is not rated and is not registered with the Securities and Exchange Commission or any other regulatory body. The pool is valued using the Net Asset Value (NAV) per share method. Investments using the NAV per share method do not have readily obtainable fair values and are, instead, valued based on the City's pro-rata share of the pool's net position. The City values these investments based on the State of Idaho Treasurer's Office. The State Treasurer does not provide any legally binding guarantees to support the value of the shares to participants. Participants have overnight availability to their funds up to \$10 million. Withdrawals of more than \$10 million require three business day's notification.

As of September 30, 2021, the City's investments had the following maturities:

	Fair	<u>Investment Maturities (in Years)</u>	
	Value	Less than 1	1-5
External Investment Pool	\$ 284,362	\$ 284,362	\$ 0

At year-end, the cash and investments were reported in the basic financial statements in the following categories:

	<u>Governmental</u>	<u>Business-type</u>	
	Activities	Activities	Total
Cash and cash equivalents	\$ 277,516	\$ 213,226	\$ 490,742
Investments categorized as deposits	9,833	274,529	284,362
	<u>\$ 287,349</u>	<u>\$ 487,755</u>	<u>\$ 775,104</u>

3. LEASE REVENUE

The City leases the Fire Station to the Idaho City Fire District for \$1,000 per year. The lease renews automatically unless terminated by the City or the Fire District. The City also leases a storage shed to Idaho Power for \$500 per year and this is a year-to-year lease.

Lease revenues to the City were \$1,500 for the year ended September 30, 2021.

4. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of amounts due from the State of Idaho for highway revenue tax of \$6,101, liquor apportionment of \$6,891, state revenue sharing of \$11,528, and the Assistance for Small and Disadvantaged Communities Drinking Water grant of \$218,682 for a total of \$243,202.

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

5. RISK MANAGEMENT

The City is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, and e) worker's compensation, i.e. employee injuries. Commercial insurance policies are purchased to transfer the risk of loss.

6. PENSION PLAN

Plan Description

The City contributes to the Base Plan, which is a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies, and various participating political subdivisions. The cost to administer the plan is financed through the 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.

Responsibility for administration of the Base Plan is assigned to 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 Base Plan members with at least ten years of service and three members who are Idaho citizens and are not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' 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 Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The 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.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI 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 accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2021, it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The City's employer contributions were \$28,440 for the year ended September 30, 2021.

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

6. PENSION PLAN (continued)

Pension Liabilities (Assets), Pension Expense (Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2021, the City reported an asset for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2021, the City's proportion was .0061295%.

For the year ended September 30, 2021, the City recognized pension expense of \$16,993. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,132	\$ 2,814
Changes in assumptions or other inputs	55,568	0
Net difference between projected and actual earnings on pension plan investments	0	152,050
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	10,938	761
City's contributions subsequent to the measurement date	7,372	0
Total	\$ 81,010	\$ 155,625

\$7,372 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (increase to a net pension asset) in the year ending September 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2020, the beginning of the measurement period ended June 30, 2021 is 4.6 years and 4.7 years for the measurement period ended June 30, 2020.

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

Year Ended September 30,		
2022	\$	(15,773)
2023	\$	(18,078)
2024	\$	(15,337)
2025	\$	(32,799)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined 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

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

6. PENSION PLAN (continued)

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 Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

• Inflation	2.30%
• Salary increases, including inflation	3.05%
• Investment rate of return, net of investment fees	6.35%
• Cost-of-living adjustments	1.00%

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service, and beneficiaries. These rates were adopted for the valuation dated July 1, 2021 using the following tables:

- General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%
- General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%
- Teachers - Males Pub-2010 Teacher Tables, increased 12%
- Teachers - Females Pub-2010 Teacher Tables, increased 21%
- Fire & Police - Males Pub-2010 Safety Tables, increased 21%
- Fire & Police - Females Pub-2010 Safety Tables, increased 26%
- Disabled Members - Males Pub-2010 Disabled Tables, increased 38%
- Disabled Members - Females Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period 2015 through 2020, which reviewed all economic assumptions. Demographic assumptions, including mortality, were studied for the period 2011 through 2017.

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 System relies primarily on an approach which builds upon the latest capital market assumptions. The assumptions and the System's formal policy for asset allocation are shown 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.

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

6. PENSION PLAN (continued)

Capital Market Assumptions from Callan 2021

	Target Allocation	Long-Term Expected Nominal Rate of (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Asset Class:			
Core Fixed Income	30.00%	1.80%	-0.20%
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15%	3.06%

Investment Policy Assumptions from PERSI Board November 2019

Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.14%
Portfolio Standard Deviation	14.16%

Economic/Demographic Assumptions from Milliman 2021

Valuation Assumptions Chosen by PERSI Board

Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.05%
Assumed Inflation	2.30%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	6.35%

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. 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 plan's 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.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.35%, as well as what the City's proportionate share of the net pension liability

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

6. PENSION PLAN (continued)

(asset) would be if it were calculated using a discount rate that is 1% lower (5.35%) or 1% higher (7.35%) than the current rate:

	1% Decrease 5.35%	Current Discount Rate (6.35%)	1% Increase 7.35%
City's proportionate share of the net pension liability (asset)	\$ 168,281	\$ (4,840)	\$ (146,753)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report. 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.

7. COMPENSATED ABSENCES

Vacation leave is granted to all regular City employees. In the event of termination, an employee is reimbursed for accumulated vacation leave. Changes in compensated absences for the year ended September 30, 2021, are as follows:

	10/1/2020	Increase	Decrease	09/30/2021	Current Portion
Governmental Activities	\$ 494	\$ 3,737	\$ (1,543)	\$ 2,688	\$ 1,543
Business-type Activities	3,709	16,714	(14,826)	5,597	5,597
	\$ 4,203	\$ 20,451	\$ (16,369)	\$ 8,285	\$ 7,140

8. LONG-TERM OBLIGATIONS

The City leases buildings and improvements under long term lease agreements. Certain leases have been recorded as municipal leases and others as operating leases. The municipal leases at year-end consist of a grader lease in the Roads and Streets fund. The cost and related depreciation are as follows:

Equipment	\$ 59,238
Less: accumulated amortization (included as depreciation on the accompanying financial statements)	(14,480)
	\$ 44,758

Notes payable have also been issued to provide funds for water projects. A loan was entered into with DEQ during the 2012 fiscal year. As of September 30, 2021, \$2,968,007 had been drawn down with \$631,482 considered forgiven, leaving a net draw down of \$2,336,525. When the City is required to start making payments (when the project is complete), biannual installments will be due over 30 years, at 0% interest.

A summary of long-term debt activity (all direct borrowings) for the year ended September 30, 2021, are as follows:

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

8. LONG-TERM OBLIGATIONS (continued)

Governmental Activities:

Debt Type	Maturity	Rate	Required				09/30/2021	Current Portion
			Reserve	10/1/2020	Increase	Decrease		
Volvo G720B Grader	2022	6.50%	N/A	\$ 21,489	\$ 0	\$ (7,736)	\$ 13,753	\$ 10,915

Business-type Activities:

Debt Type	Maturity	Rate	Required				09/30/2021	Current Portion
			Reserve	10/1/2020	Increase	Decrease		
N/P Water - RD 06	2026	4.50%	\$17,272	89,045	0	(13,265)	75,780	13,857
N/P Water - RD 08	2023	5.25%	2,142	4,436	0	(1,910)	2,526	2,009
N/P Water - RD 09	2032	4.75%	7,649	68,743	0	(4,385)	64,358	4,589
N/P Water Improvement - DEQ	N/A	N/A	N/A	2,336,525	0	0	2,336,525	0
			<u>\$27,063</u>	<u>\$2,498,749</u>	<u>\$ 0</u>	<u>\$ (19,560)</u>	<u>\$2,479,189</u>	<u>\$20,455</u>

Events of default, termination events, and subjective acceleration clauses (if creditor can accelerate the payment schedule for reasons that are not objectively determinable)

The City shall be in default under the agreement for the Volvo G720B Grader if any of the following occurs 1) failure to pay when due any of the obligations, 2) The City or any guarantor dies, ceases to exist, becomes insolvent or subject of bankruptcy, insolvency or liquidation proceedings, attempts to or does remove, sell, transfer, further encumber, part with possession of any equipment, 3) fails to maintain insurance, 4) any other event occurs that causes Assignee, in good faith, to consider that payment or performances of the obligation is impaired or at risk, 5) the equipment is impounded or seized by any federal, state, local government authority or third party, 6) failure to produce collateral for inspection or 7) lessee breaches any of the other terms of the agreement or any other agreement with or assigned to the assignee.

Once the repayment of the DEQ loan commences, defaults in payment will cause the entire loan to become due immediately.

Debt service requirements on long-term debt at September 30, 2021, are as follows:

Governmental Activities:

Year Ending September 30,	<u>Municipal Leases</u>		
	Principal	Interest	Total
2022	\$ 10,915	\$ 631	\$ 11,546
2023	2,838	48	2,886
	<u>\$ 13,753</u>	<u>\$ 679</u>	<u>\$ 14,432</u>

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

8. LONG-TERM OBLIGATIONS (continued)

Business-type Activities:

Year Ending September 30,	Bonds and Notes		
	Principal	Interest	Total
2022	\$ 20,455	\$ 6,608	\$ 27,063
2023	19,809	5,664	25,473
2024	20,154	4,767	24,921
2025	21,087	3,834	24,921
2026	22,025	2,896	24,921
2027-2031	31,812	6,433	38,245
2032	7,322	327	7,649
	\$ 142,664	\$ 30,529	\$ 173,193

The amount of interest incurred and expensed on long-term obligations for the year ending September 30, 2021, for business-type activities was \$10,109.

9. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021, was as follows:

Governmental Activities:

	10/1/2020	Additions	Disposals	09/30/2021
Capital Assets Not Being Depreciated:				
Land	\$ 95,660	\$ 0	\$ 0	\$ 95,660
Capital Assets Being Depreciated:				
Buildings	584,992	0	0	584,992
Improvements	1,215,700	0		1,215,700
Equipment	139,718	0	0	139,718
Total Historical Cost	1,940,410	0	0	1,940,410
Less: Accumulated Depreciation				
Buildings	439,122	11,479	0	450,601
Improvements	506,674	39,022	0	545,696
Equipment	86,033	7,373	0	93,406
Total Acc. Depr.	1,031,829	57,874	0	1,089,703
Net Depreciable Assets	908,581	(57,874)	0	850,707
Governmental Activities				
Capital Assets - Net	\$ 1,004,241	\$ (57,874)	\$ 0	\$ 946,367

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

9. CAPITAL ASSETS (continued)

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

General Administration	\$ 3,195
Public Safety	9,758
Roads and Streets	3,949
Culture and Recreation	40,972
	<u>\$ 57,874</u>

Business-type Activities:

	10/1/2020	Additions	Disposals	09/30/2021
Capital Assets Not Being Depreciated:				
Land	\$ 71,741	\$ 0	\$ 0	\$ 71,741
Construction in Progress	3,774,223	277,329	0	4,051,552
	<u>3,845,964</u>	<u>277,329</u>	<u>0</u>	<u>4,123,293</u>
Capital Assets Being Depreciated:				
Buildings	1,817,673	0	0	1,817,673
Improvements	1,321,012	0	0	1,321,012
Equipment	178,733	0	0	178,733
Total Historical Cost	<u>3,317,418</u>	<u>0</u>	<u>0</u>	<u>3,317,418</u>
Less: Accumulated Depreciation				
Buildings	1,549,263	31,613	0	1,580,876
Improvements	881,390	39,975	0	921,365
Equipment	83,945	8,076	0	92,021
Total Acc. Depr.	<u>2,514,598</u>	<u>79,664</u>	<u>0</u>	<u>2,594,262</u>
Net Depreciable Assets	<u>802,820</u>	<u>(79,664)</u>	<u>0</u>	<u>723,156</u>
Business-type Activities - Net	<u>\$ 4,648,784</u>	<u>\$ 197,665</u>	<u>\$ 0</u>	<u>\$ 4,846,449</u>

Depreciation expense was charged to the business-type activities of the City as follows:

Water	\$ 42,259
Sewer	37,405
	<u>\$ 79,664</u>

10. LEASE COMMITMENTS

The City has the following leases:

- A copier lease began in October 2019. The lease is for 60 months at \$201 per month.
- A backhoe loader lease began October 2019. This lease is for five years at \$2,451 per quarter.
- A police vehicle lease will begin January 2022. The lease is for four years at \$8,068 per year.

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

10. LEASE COMMITMENTS (continued)

Future minimum lease payments are as follows:

Year Ending September 30,	Amount
2022	\$ 20,280
2023	20,280
2024	20,280
2025	<u>8,068</u>
	<u>\$ 68,908</u>

Lease expenditures for the year ended September 30, 2021, totaled \$12,233.

REQUIRED SUPPLEMENTARY INFORMATION

City of Idaho City, Idaho
 Schedule of Employer's Share of Net Pension Liability (Asset)
 PERSI - Base Plan*
 Last 10 - Fiscal Years

	2021	2020	2019	2018	2017
Employer's portion of the net pension liability (asset)	0.0061295%	0.0056996%	0.0057204%	0.0058245%	0.0040908%
Employer's proportionate share of the net pension liability (asset)	\$ (4,840)	\$ 132,352	\$ 65,297	\$ 85,912	\$ 64,300
Employer's covered payroll	\$ 227,358	\$ 202,045	\$ 192,900	\$ 186,064	\$ 126,245
Employer's proportional share of the net pension liability (asset) as a percentage of its covered payroll	-2.13%	65.51%	33.85%	46.17%	50.93%
Plan fiduciary net position as a percentage of the total pension liability	100.36%	88.22%	93.79%	91.69%	90.68%

*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 the years the information is available.

Data reported is measured as of June 30.

City of Idaho City, Idaho
 Schedule of Employer Contributions
 PERSI - Base Plan*
 Last 10 - Fiscal Years

	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 28,440	\$ 24,668	\$ 22,966	\$ 21,573	\$ 18,861
Contributions in relation to the statutorily required contribution	(28,440)	(24,668)	(22,966)	(21,573)	(18,861)
Contribution (deficiency) excess	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Employer's covered payroll	\$ 236,737	\$ 205,254	\$ 199,254	\$ 189,187	\$ 165,549
Contributions as a percentage of covered payroll	12.01%	12.02%	11.53%	11.40%	11.39%

*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 the years the information is available.

Data is reported as of September 30.

City of Idaho City, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 93,851	\$ 93,851	\$ 72,566	\$ (21,285)
Licenses and Permits	20,451	20,451	27,917	7,466
Rents	5,600	5,600	5,218	(382)
Intergovernmental	62,557	62,557	83,353	20,796
Grants and Contributions	18,500	18,500	100,830	82,330
Interest	150	150	45	(105)
Other	31,663	31,663	14,086	(17,577)
Total Revenues	<u>232,772</u>	<u>232,772</u>	<u>304,015</u>	<u>71,243</u>
Expenditures				
Current:				
General Administration	97,137	97,137	90,201	6,936
Public Safety	129,835	129,835	126,935	2,900
Debt Service:				
Principal	300	300	0	300
Interest	0	0	0	0
Capital Outlay	5,500	5,500	7,802	(2,302)
Total Expenditures	<u>232,772</u>	<u>232,772</u>	<u>224,938</u>	<u>7,834</u>
Net Change in Fund Balances	0	0	79,077	79,077
Fund Balances - Beginning	0	0	151,821	151,821
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 230,898</u>	<u>\$ 230,898</u>

City of Idaho City, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Roads and Streets
 For the Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 45,068	\$ 45,068	\$ 35,137	\$ (9,931)
Intergovernmental	13,835	13,835	28,210	14,375
Grants and Contributions	4,831	4,831	0	(4,831)
Other	0	0	21	21
Total Revenues	63,734	63,734	63,368	(366)
Expenditures				
Current:				
Personnel Services	17,457	17,457	11,982	5,475
Supplies and Other Charges	33,229	33,229	36,589	(3,360)
Debt Service:				
Principal	10,344	10,344	7,736	2,608
Interest	2,190	2,190	2,395	(205)
Contingency	514	514	0	514
Total Expenditures	63,734	63,734	58,702	5,032
 Net Change in Fund Balances	 0	 0	 4,666	 4,666
 Fund Balances - Beginning	 0	 0	 69,792	 69,792
Fund Balances - Ending	\$ 0	\$ 0	\$ 74,458	\$ 74,458

City of Idaho City, Idaho
Notes to Required Supplementary Information
For the Year Ended September 30, 2021

1. BUDGETS AND BUDGETARY ACCOUNTING

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

- A. Prior to September 1, the City Clerk, Mayor, and City Council prepare a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted at the City Hall to obtain taxpayer comments.
- C. Prior to October 1, the budget is legally enacted through passage of an ordinance.
- D. The City is authorized to transfer budgeted amounts between departments within any fund; however, no revision can be made to increase the overall tax supported funds except when federal or state grants are approved. The City, however, must follow the same budgetary procedures as they followed when the original budget was approved. The budget for Enterprise funds may also be revised in the same manner as those situations involving federal and state grants.
- E. Formal budgetary integration is employed as a management control device during the year for the General fund and Special Revenue funds.

SUPPLEMENTAL INFORMATION

City of Idaho City, Idaho
Supplemental Schedule of Revenues by Source -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2021

	Budget	Actual	Variance
Taxes			
Property Taxes	\$ 92,415	\$ 70,327	\$ (22,088)
Penalties and Interest	1,436	2,239	803
Total Taxes	93,851	72,566	(21,285)
Licenses and Permits			
Beer Licenses	1,050	1,425	375
Liquor Licenses	1,200	1,200	0
Wine Licenses	975	1,350	375
Business Licenses	2,794	4,006	1,212
Building Permits	12,000	17,359	5,359
Vendor Permits	1,760	1,908	148
Catering Permits	140	240	100
Animal Licenses	532	429	(103)
Total Licenses and Permits	20,451	27,917	7,466
Rents			
	5,600	5,218	(382)
Intergovernmental			
State Liquor Apportionment	23,755	34,424	10,669
Court Revenue	5,000	636	(4,364)
State Sales Tax	12,072	0	(12,072)
State Revenue Sharing	21,730	48,293	26,563
Total Intergovernmental	62,557	83,353	20,796
Interest Earned			
	150	45	(105)
Other			
Cemetery Lots	2,063	2,980	917
Copy Fees	25	0	(25)
Franchise Fees	7,325	6,966	(359)
Grants	18,500	100,830	82,330
Law Contract	3,000	0	(3,000)
Other	19,250	4,140	(15,110)
Total Other	50,163	114,916	64,753
Total Revenue	\$ 232,772	\$ 304,015	\$ 71,243

City of Idaho City, Idaho
Supplemental Schedule of Expenditures by Object of Expenditure -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2021

	Budget	Actual	Variance
General Administration			
Personnel Services	\$ 12,066	\$ 23,673	\$ (11,607)
Personnel Benefits	4,933	10,234	(5,301)
Legal and Professional	7,800	10,764	(2,964)
Supplies	10,661	2,999	7,662
Utilities	9,600	8,621	979
Insurance	1,300	1,306	(6)
Other Services and Charges	40,277	25,038	15,239
Repairs and Maintenance	10,500	7,566	2,934
Total General Administration	<u>97,137</u>	<u>90,201</u>	<u>6,936</u>
Public Safety			
Personnel Services	90,911	93,831	(2,920)
Personnel Benefits	22,298	22,305	(7)
Supplies	2,525	526	1,999
Insurance	3,051	3,103	(52)
Other Services and Charges	10,850	7,170	3,680
Repairs and Maintenance	200	0	200
Capital Outlay	5,500	7,802	(2,302)
Total Public Safety	<u>135,335</u>	<u>134,737</u>	<u>598</u>
Debt Service			
Principal	300	0	300
Interest	0	0	0
Total Debt Service	<u>300</u>	<u>0</u>	<u>300</u>
Total Expenditures	<u>\$ 232,772</u>	<u>\$ 224,938</u>	<u>\$ 7,834</u>

INTERNAL CONTROLS AND COMPLIANCE REPORT



Certified Public Accountants

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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 City Council
City of Idaho City, Idaho

We have audited, in accordance with the 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, and each major fund of City of Idaho City, Idaho (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statement and have issued our report thereon dated June 27, 2022.

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) as a basis for designing 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 entity’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 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. 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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bailey & Co.

Nampa, Idaho
June 27, 2022