

CITY OF IDAHO CITY, IDAHO

Report on Audited
Basic
Financial Statements
and
Other Information

For the Year Ended September 30, 2023

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INTERNAL CONTROLS AND COMPLIANCE REPORT

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*

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Independent Auditor’s Report

To the City Council
City of Idaho City, Idaho

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

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

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

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the water fund, and the sewer fund of City of Idaho City, Idaho, as of September 30, 2023, 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 on the General Fund and the Roads and Streets Fund

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, 2023, 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.

Basis for Qualified and Unmodified Opinions

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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Idaho City, Idaho, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on the Governmental Activities, the Business-type Activities, the Water Fund, and the 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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

Management is responsible for the other information included in the annual report. The other information comprises the supplemental schedule of revenues by source – budget and actual and the supplemental schedule of expenditures by object of expenditure – budget and actual but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2024, 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
February 20, 2024

City of Idaho City, Idaho
Statement of Net Position
September 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 161,878	\$ 383,533	\$ 545,411
Property Taxes Receivable, Net	163,167	0	163,167
Accounts Receivable, Net	2,265	37,549	39,814
Due from Other Governments	29,907	0	29,907
Prepaid Items	5,189	5,783	10,972
Noncurrent Assets:			
Restricted Cash	0	32,921	32,921
Capital Assets:			
Land and Construction in Progress	95,660	143,577	239,237
Buildings, Net	111,465	173,574	285,039
Improvements, Net	591,960	0	591,960
Infrastructure, Net	0	4,298,369	4,298,369
Equipment, Net	36,806	120,087	156,893
Right-of-Use Assets, Net	68,919	9,287	78,206
Total Assets	1,267,216	5,204,680	6,471,896
Deferred Outflows			
Pension	53,603	81,489	135,092
Liabilities			
Current Liabilities:			
Accounts Payable	4,333	15,096	19,429
Salaries and Benefits Payable	3,902	5,298	9,200
Accrued Interest	730	1,446	2,176
Long-term Liabilities:			
Due Within One Year:			
Compensated Absences	5,247	3,888	9,135
Leases Payable	12,515	11,642	24,157
Notes Payable	0	140,154	140,154
Due in More than One Year:			
Leases Payable	13,155	0	13,155
Notes Payable	0	2,362,220	2,362,220
Net Pension Liability	116,605	177,264	293,869
Total Liabilities	156,487	2,717,008	2,873,495
Deferred Inflows			
Property Taxes	153,094	0	153,094
Pension	19	28	47
Total Deferred Inflows	153,113	28	153,141
Net Position			
Net Investment in Capital Assets	879,140	2,230,878	3,110,018
Restricted	103,889	32,921	136,810
Unrestricted	28,190	305,334	333,524
Total Net Position	\$ 1,011,219	\$ 2,569,133	\$ 3,580,352

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, 2023

	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	\$ 112,487	\$ 73,682	\$ 0	\$ 0	\$ (38,805)	\$ 0	\$ (38,805)
Public Safety	222,573	1,000	12,533	0	(209,040)	0	(209,040)
Roads and Streets	79,023	0	0	0	(79,023)	0	(79,023)
Culture and Recreation	41,774	2,814	3,000	0	(35,960)	0	(35,960)
Interest on Long-term Debt	1,302	0	0	0	(1,302)	0	(1,302)
Total Governmental Activities	457,159	77,496	15,533	0	(364,130)	0	(364,130)
Business-type Activities:							
Water	586,197	293,612	0	21,738	0	(270,847)	(270,847)
Sewer	239,587	173,478	0	0	0	(66,109)	(66,109)
Total Business-type Activities	825,784	467,090	0	21,738	0	(336,956)	(336,956)
Total Primary Government	\$ 1,282,943	\$ 544,586	\$ 15,533	\$ 21,738	(364,130)	(336,956)	(701,086)
General Revenues:							
Property Taxes					154,190	0	154,190
Intergovernmental					124,159	0	124,159
Other					10,361	3,574	13,935
Investment Earnings					377	18,698	19,075
Total General Revenues					289,087	22,272	311,359
Change in Net Position					(75,043)	(314,684)	(389,727)
Net Position - Beginning					1,086,262	2,883,817	3,970,079
Net Position - Ending					\$ 1,011,219	\$ 2,569,133	\$ 3,580,352

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

City of Idaho City, Idaho
 Balance Sheet -
 Governmental Funds
 September 30, 2023

	General	Roads and Streets	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 69,609	\$ 92,269	\$ 161,878
Property Taxes Receivable, Net	114,218	48,949	163,167
Accounts Receivable, Net	2,265	0	2,265
Due from Other Governments	20,560	9,347	29,907
Prepaid Items	5,189	0	5,189
Total Assets	<u>211,841</u>	<u>150,565</u>	<u>362,406</u>
Deferred Outflows			
	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Deferred Outflows	<u>\$ 211,841</u>	<u>\$ 150,565</u>	<u>\$ 362,406</u>
Liabilities			
Accounts Payable	\$ 3,890	\$ 443	\$ 4,333
Salaries and Benefits Payable	3,597	305	3,902
Total Liabilities	<u>7,487</u>	<u>748</u>	<u>8,235</u>
Deferred Inflows			
Unavailable Property Taxes	<u>114,006</u>	<u>48,859</u>	<u>162,865</u>
Fund Balances			
Nonspendable	5,189	0	5,189
Restricted	0	100,958	100,958
Committed	30,854	0	30,854
Unassigned	54,305	0	54,305
Total Fund Balances	<u>90,348</u>	<u>100,958</u>	<u>191,306</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 211,841</u>	<u>\$ 150,565</u>	<u>\$ 362,406</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, 2023

Total Fund Balances - Governmental Funds	\$	191,306
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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 \$413,527 Accumulated Depreciation		111,465	
Improvements, Net of \$623,740 Accumulated Depreciation		591,960	
Equipment, Net of \$82,990 Accumulated Depreciation		36,806	
Right-of-Use Assets, Net of \$49,852 Accumulated Amortization		<u>68,919</u>	
			904,810

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.		9,771
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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)		53,603	
Deferred Inflows Related to Net Pension Liability (Asset)		<u>(19)</u>	
			53,584

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:

Accrued Interest		(730)	
Leases		(25,670)	
Compensated Absences		(5,247)	
Net Pension Liability		<u>(116,605)</u>	
			<u>(148,252)</u>

Net Position of Governmental Activities	\$	<u><u>1,011,219</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, 2023

	General	Roads and Streets	Total Governmental Funds
Revenues			
Property Taxes	\$ 103,214	\$ 48,976	\$ 152,190
Licenses and Permits	54,289	0	54,289
Rents	4,314	0	4,314
Intergovernmental	91,585	32,574	124,159
Grants and Contributions	15,533	0	15,533
Interest	377	0	377
Other	28,796	458	29,254
Total Revenues	<u>298,108</u>	<u>82,008</u>	<u>380,116</u>
Expenditures			
Current:			
General Administration	105,480	0	105,480
Public Safety	192,080	0	192,080
Roads and Streets	0	70,667	70,667
Debt Service:			
Principal	10,317	4,203	14,520
Interest	1,354	154	1,508
Capital Outlay	7,623	0	7,623
Total Expenditures	<u>316,854</u>	<u>75,024</u>	<u>391,878</u>
Net Change in Fund Balances	(18,746)	6,984	(11,762)
Fund Balances - Beginning	109,094	93,974	203,068
Fund Balances - Ending	<u>\$ 90,348</u>	<u>\$ 100,958</u>	<u>\$ 191,306</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, 2023

Total Net Change in Fund Balance - Governmental Funds \$ (11,762)

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	\$ 7,543	
Depreciation and Amortization	<u>(72,006)</u>	(64,463)

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. 2,000

Payments on leases is an expenditure in the governmental funds but 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	14,520	
Change in Accrued Interest	<u>206</u>	14,726

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	(552)	
Net Pension Liability (Asset) and Related Deferral Changes	<u>(14,992)</u>	<u>(15,544)</u>

Change in Net Position of Governmental Activities \$ (75,043)

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

City of Idaho City, Idaho
Statement of Net Position -
Proprietary Funds
September 30, 2023

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 235,991	\$ 147,542	\$ 383,533
Accounts Receivable, Net	5,541	32,008	37,549
Prepaid Items	4,699	1,084	5,783
Total Current Assets	<u>246,231</u>	<u>180,634</u>	<u>426,865</u>
Noncurrent Assets:			
Restricted Cash	32,921	0	32,921
Land and Construction in Progress	68,524	75,053	143,577
Buildings, Net	52,280	121,294	173,574
Infrastructure, Net	4,171,765	126,604	4,298,369
Equipment, Net	54,973	65,114	120,087
Right-of-Use Assets, Net	6,372	2,915	9,287
Total Noncurrent Assets	<u>4,386,835</u>	<u>390,980</u>	<u>4,777,815</u>
Total Assets	<u>4,633,066</u>	<u>571,614</u>	<u>5,204,680</u>
Deferred Outflows			
Pension	<u>57,603</u>	<u>23,886</u>	<u>81,489</u>
Liabilities			
Current Liabilities:			
Accounts Payable	12,194	2,902	15,096
Salaries and Benefits Payable	3,774	1,524	5,298
Accrued Interest	1,446	0	1,446
Compensated Absences	2,489	1,399	3,888
Leases Payable	7,933	3,709	11,642
Notes Payable	140,154	0	140,154
Total Current Liabilities	<u>167,990</u>	<u>9,534</u>	<u>177,524</u>
Noncurrent Liabilities:			
Notes Payable	2,362,220	0	2,362,220
Net Pension Liability	125,305	51,959	177,264
Total Noncurrent Liabilities	<u>2,487,525</u>	<u>51,959</u>	<u>2,539,484</u>
Total Liabilities	<u>2,655,515</u>	<u>61,493</u>	<u>2,717,008</u>
Deferred Inflows			
Pension	<u>20</u>	<u>8</u>	<u>28</u>
Net Position			
Net Investment in Capital Assets	1,843,607	387,271	2,230,878
Restricted	32,921	0	32,921
Unrestricted	158,606	146,728	305,334
Total Net Position	<u>\$ 2,035,134</u>	<u>\$ 533,999</u>	<u>\$ 2,569,133</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, 2023

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Operating Revenues			
Charges for Services	\$ 293,612	\$ 173,478	\$ 467,090
Other Revenue	2,620	954	3,574
Total Operating Revenues	<u>296,232</u>	<u>174,432</u>	<u>470,664</u>
Operating Expenses			
Personnel Services	147,145	64,655	211,800
Personnel Benefits	78,215	34,072	112,287
Legal and Professional	77,681	42,586	120,267
Supplies	29,479	10,708	40,187
Utilities	23,540	8,495	32,035
Insurance	6,237	6,063	12,300
Other Services and Charges	27,151	9,679	36,830
Repairs and Maintenance	41,865	22,715	64,580
Depreciation	147,447	40,394	187,841
Total Operating Expenses	<u>578,760</u>	<u>239,367</u>	<u>818,127</u>
Operating Income (Loss)	<u>(282,528)</u>	<u>(64,935)</u>	<u>(347,463)</u>
Nonoperating Revenues (Expenses)			
Investment Earnings	13,761	4,937	18,698
Interest Expense	(7,437)	(220)	(7,657)
Total Nonoperating Revenues (Expenses)	<u>6,324</u>	<u>4,717</u>	<u>11,041</u>
Income (Loss) Before Capital Contributions	<u>(276,204)</u>	<u>(60,218)</u>	<u>(336,422)</u>
Capital Contributions			
Capital Grants	<u>21,738</u>	<u>0</u>	<u>21,738</u>
Change in Net Position	<u>(254,466)</u>	<u>(60,218)</u>	<u>(314,684)</u>
Net Position - Beginning	2,289,600	594,217	2,883,817
Net Position - Ending	<u>\$ 2,035,134</u>	<u>\$ 533,999</u>	<u>\$ 2,569,133</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, 2023

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Cash Flows From Operating Activities			
Cash Receipts From Customers	\$ 296,942	\$ 177,444	\$ 474,386
Other Cash Receipts	2,620	954	3,574
Payments to Employees for Services	(206,018)	(88,792)	(294,810)
Payments to Suppliers for Goods or Services	(215,800)	(101,164)	(316,964)
Net Cash Provided (Used) by Operating Activities	<u>(122,256)</u>	<u>(11,558)</u>	<u>(133,814)</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	(28,228)	(1,460)	(29,688)
Capital Contributions	22,398	0	22,398
Principal Paid on Capital Debt	(26,131)	(2,890)	(29,021)
Interest Paid on Capital Debt	(7,693)	(217)	(7,910)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(39,654)</u>	<u>(4,567)</u>	<u>(44,221)</u>
Cash Flows From Investing Activities			
Cash Receipts for Interest	<u>13,761</u>	<u>4,937</u>	<u>18,698</u>
Net Change in Cash and Cash Equivalents	(148,149)	(11,188)	(159,337)
Cash and Cash Equivalents - Beginning	<u>417,061</u>	<u>158,730</u>	<u>575,791</u>
Cash and Cash Equivalents - Ending	<u>\$ 268,912</u>	<u>\$ 147,542</u>	<u>\$ 416,454</u>
Displayed As:			
Cash and Cash Equivalents	\$ 235,991	\$ 147,542	\$ 383,533
Restricted Cash	32,921	0	32,921
	<u>\$ 268,912</u>	<u>\$ 147,542</u>	<u>\$ 416,454</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, 2023

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (282,528)	\$ (64,935)	\$ (347,463)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	147,447	40,394	187,841
Pension Offset (Expense)	20,133	9,851	29,984
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	3,330	3,966	7,296
(Increase) Decrease in Prepaid Items	(2,392)	(443)	(2,835)
Increase (Decrease) in Accounts Payable	(7,455)	(475)	(7,930)
Increase (Decrease) in Salaries and Benefits Payable	21	39	60
Increase (Decrease) in Compensated Absences	(812)	45	(767)
Net Cash Provided (Used) by Operating Activities	<u>\$ (122,256)</u>	<u>\$ (11,558)</u>	<u>\$ (133,814)</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, 2023

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, cemeteries, 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the Agency have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. During the current year, the City was required to adopt GASBS No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and GASBS No. 96, *Subscription-Based Information Technology Arrangements*. Neither standard had any effect on the City. The more significant of the City's accounting policies are described below.

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.

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.

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 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.
- *Committed.* Balances obligated to a specific purpose by a formal action of the City Council (the City's highest level of decision-making authority) through a resolution or ordinance. The City established an ordinance in a prior year that requires cemetery revenues are used for maintenance and improvements to the City's cemetery.

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *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 classification (assigned) was not in use. The City Council has 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 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. \$32,921 of fund balance/net position in the Water fund is restricted for debt reserves.

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

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are shown below:

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Buildings, Improvements, and Infrastructure	\$ 5,000	Straight-Line	15 - 40 Years
Equipment and Vehicles	\$ 5,000	Straight-Line	3 - 20 Years

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, 2023, the carrying amount of the City's deposits were \$72,932 and the respective bank balances totaled \$98,551. 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, 2023, all of the City's deposits were covered by the federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

2. CASH AND INVESTMENTS (continued)

agent in the name of the City, and thus were not 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.

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 days' notification.

As of September 30, 2023, the City's investments had the following maturities:

	Fair	<u>Investment Maturities (in Years)</u>	
	<u>Value</u>	<u>Less than 1</u>	<u>1-5</u>
External Investment Pool	\$ 505,277	\$ 505,277	\$ 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>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 144,046	\$ (70,991)	\$ 73,055
Investments categorized as deposits	17,832	487,445	505,277
	<u>\$ 161,878</u>	<u>\$ 416,454</u>	<u>\$ 578,332</u>

3. LEASE REVENUE

All of the City's leases where the City is the lessor, have terms of one year or less. The leases are for real property owned by the City. Lease revenues to the City were \$1,500 for the year ended September 30, 2023.

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

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 \$9,347, liquor apportionment of \$6,207, and state revenue sharing of \$14,353 for a total of \$29,907.

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.

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

6. PENSION PLAN (continued)

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, 2023, it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. Effective July 1, 2023, the employee rates changed to 6.71% for general employees and 9.18% for police and firefighters and the employer rates changed to 11.18% for general employees and 13.26% for police and firefighters. The City's employer contributions were \$39,640 for the year ended September 30, 2023.

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

At September 30, 2023, 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, 2023, 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, 2023, the City's proportion was .00736391%

For the year ended September 30, 2023, the City recognized pension expense of \$84,619. At September 30, 2023, 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	\$ 50,371	\$ 0
Changes in assumptions or other inputs	29,099	0
Net difference between projected and actual earnings on pension plan investments	27,584	0
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	15,699	48
City's contributions subsequent to the measurement date	12,339	0
Total	\$ 135,092	\$ 48

\$12,339 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, 2024.

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, 2022, the beginning of the measurement period ended June 30, 2023 is 4.4 years and was 4.6 years for the measurement period ended June 30, 2022.

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:

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

6. PENSION PLAN (continued)

Year Ended <u>September 30,</u>	
2024	\$44,191
2025	\$23,346
2026	\$59,008
2027	(\$3,840)

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 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, 2023 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, 2023 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% (5% of Fire and Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2021.
- 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 2015 through 2020.

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.

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

6. PENSION PLAN (continued)

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 (arithmetic) and reflecting expected volatility and correlation. Capital market assumptions are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.00%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

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 (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)	\$ 528,536	\$ 293,869	\$ 102,073

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.

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

7. LONG-TERM OBLIGATIONS

The City has the following leases:

- A copier lease began in October 2019. The lease is for 60 months at \$201 per month but payments can increase up to 15% per year. The City also pays for overages on copies. This expenditure is treated as an ordinary operating cost. It is expected the equipment will be returned at the end of the lease.
- A backhoe loader lease began October 2019. This lease is for five years at \$2,451 per quarter. It is expected the equipment will be returned at the end of the lease.
- A police vehicle lease began January 2022. The lease is for four years at \$8,068 per year. It is expected the equipment will be returned at the end of the lease.
- A taser bundle lease began November 2021. The lease is for five years at \$2,760 per year. It is expected the equipment will be returned at the end of the lease.
- A grader lease began February 2018. The lease was for five years at \$2,887 per quarter. The City exercised the purchase option of \$5 at the end of the lease.

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, 2023, \$3,031,482 had been drawn down with \$631,482 considered forgiven, leaving a net draw down of \$2,400,000. In September 2023, the City was required to start making biannual installments of \$40,000 that will be due over 30 years, at 0% interest. Defaults in payment will cause the entire loan to become due immediately.

A summary of long-term debt activity (all direct borrowings) for the year ended September 30, 2023, are as follows:

Governmental Activities:

Debt Type	Maturity	Rate	Required				09/30/2023	Current Portion
			Reserve	10/1/2022	Increase	Decrease		
Lease - Copier	2024	4.00%	\$ 0	\$ 1,617	\$ 0	\$ (792)	\$ 825	\$ 825
Lease - Backhoe	2024	4.00%	0	3,150	0	(1,365)	1,785	1,785
Lease - Police Vehicle	2025	4.00%	0	22,567	0	(7,166)	15,401	7,452
Lease - Taser	2026	4.00%	0	10,018	0	(2,359)	7,659	2,453
Lease - Grader	2023	6.50%	0	2,838	0	(2,838)	0	0
			<u>\$ 0</u>	<u>\$ 40,190</u>	<u>\$ 0</u>	<u>\$ (14,520)</u>	<u>\$ 25,670</u>	<u>\$ 12,515</u>

Business-type Activities:

Debt Type	Maturity	Rate	Required				09/30/2023	Current Portion
			Reserve	10/1/2022	Increase	Decrease		
N/P Water - RD 06	2026	4.50%	\$17,272	61,910	0	(14,487)	47,423	15,126
N/P Water - RD 08	2023	5.25%	0	516	0	(516)	0	0
N/P Water - RD 09	2032	4.75%	7,649	59,761	0	(4,810)	54,951	5,028
N/P Water Improvement - DEQ	2053	0.00%	8,000	2,400,000	0	0	2,400,000	120,000
Lease - Copier	2024	4.00%	0	3,003	0	(1,472)	1,531	1,531
Lease - Backhoe	2024	4.00%	0	17,846	0	(7,735)	10,111	10,111
			<u>\$32,921</u>	<u>\$2,543,036</u>	<u>\$ 0</u>	<u>\$ (29,020)</u>	<u>\$2,514,016</u>	<u>\$151,796</u>

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

7. LONG-TERM OBLIGATIONS (continued)

Debt service requirements on long-term debt at September 30, 2023, are as follows:

Governmental Activities:

Leases			
Year Ending September 30,	Principal	Interest	Total
2024	\$ 12,515	\$ 994	\$ 13,509
2025	10,501	327	10,828
2026	2,654	106	2,760
	\$ 25,670	\$ 1,427	\$ 27,097

Business-type Activities:

Bonds and Notes				Leases			
Year Ending September 30,	Principal	Interest	Total	Year Ending September 30,	Principal	Interest	Total
2024	\$ 140,154	\$ 4,767	\$ 144,921	2024	\$ 11,642	\$ 339	\$ 11,981
2025	101,087	3,834	104,921				
2026	102,025	2,896	104,921				
2027	85,787	1,862	87,649				
2028	86,057	1,592	87,649				
2029-2033	427,264	3,306	430,570				
2034-2038	400,000	0	400,000				
2039-2043	400,000	0	400,000				
2044-2048	400,000	0	400,000				
2049-2053	360,000	0	360,000				
	\$2,502,374	\$ 18,257	\$2,520,631				

The amount of interest incurred and expensed on long-term obligations for the year ending September 30, 2023, for business-type activities was \$7,657.

8. 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, 2023, are as follows:

	10/1/2022	Increase	Decrease	09/30/2023	Current Portion
Governmental Activities	\$ 4,695	\$ 9,829	\$ (9,277)	\$ 5,247	\$ 5,247
Business-type Activities	4,655	21,053	(21,820)	3,888	3,888
	\$ 9,350	\$ 30,882	\$ (31,097)	\$ 9,135	\$ 9,135

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

9. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

Governmental Activities:

	<u>10/1/2022</u>	Reclass/ <u>Restate</u>	<u>Additions</u>	<u>Disposals</u>	<u>09/30/2023</u>
Capital Assets Not Being Depreciated:					
Land	\$ 95,660	\$ 0	\$ 0	\$ 0	\$ 95,660
Capital Assets Being Depreciated:					
Buildings	524,992	0	0	0	524,992
Improvements	1,215,700	0	0	0	1,215,700
Equipment	<u>112,253</u>	<u>0</u>	<u>7,543</u>	<u>0</u>	<u>119,796</u>
Total Historical Cost	<u>1,852,945</u>	<u>0</u>	<u>7,543</u>	<u>0</u>	<u>1,860,488</u>
Less: Accumulated Depreciation					
Buildings	402,080	0	11,447	0	413,527
Improvements	584,717	0	39,023	0	623,740
Equipment	<u>80,191</u>	<u>0</u>	<u>2,799</u>	<u>0</u>	<u>82,990</u>
Total Acc. Depr.	<u>1,066,988</u>	<u>0</u>	<u>53,269</u>	<u>0</u>	<u>1,120,257</u>
Net Depreciable Assets	<u>785,957</u>	<u>0</u>	<u>(45,726)</u>	<u>0</u>	<u>740,231</u>
Capital Assets - Net	<u>\$ 881,617</u>	<u>\$ 0</u>	<u>\$ (45,726)</u>	<u>\$ 0</u>	<u>\$ 835,891</u>
Right-of-Use Assets	\$ 118,771	\$ 0	\$ 0	\$ 0	\$ 118,771
Less: Accumulated Amortization	<u>31,115</u>	<u>0</u>	<u>18,737</u>	<u>0</u>	<u>49,852</u>
Right-of-Use Assets, Net	<u>\$ 87,656</u>	<u>\$ 0</u>	<u>\$ (18,737)</u>	<u>\$ 0</u>	<u>\$ 68,919</u>

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

General Administration	\$ 4,744
Public Safety	19,615
Roads and Streets	5,873
Culture and Recreation	<u>41,774</u>
	<u>\$ 72,006</u>

City of Idaho City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

9. CAPITAL ASSETS (continued)

Business-type Activities:

	10/1/2022	Reclass/ Restate	Additions	Disposals	09/30/2023
Capital Assets Not Being Depreciated:					
Land	\$ 71,741	\$ 0	\$ 0	\$ 0	\$ 71,741
Construction in Progress	605,916	(534,080)	0	0	71,836
	<u>677,657</u>	<u>(534,080)</u>	<u>0</u>	<u>0</u>	<u>143,577</u>
Capital Assets Being Depreciated:					
Buildings	1,817,673	0	0	0	1,817,673
Infrastructure	4,853,241	534,080	16,050	0	5,403,371
Equipment	217,346	0	13,638	0	230,984
Total Historical Cost	<u>6,888,260</u>	<u>534,080</u>	<u>29,688</u>	<u>0</u>	<u>7,452,028</u>
Less: Accumulated Depreciation					
Buildings	1,612,487	0	31,612	0	1,644,099
Infrastructure	968,699	0	136,303	0	1,105,002
Equipment	100,259	0	10,638	0	110,897
Total Acc. Depr.	<u>2,681,445</u>	<u>0</u>	<u>178,553</u>	<u>0</u>	<u>2,859,998</u>
Net Depreciable Assets	<u>4,206,815</u>	<u>534,080</u>	<u>(148,865)</u>	<u>0</u>	<u>4,592,030</u>
Capital Assets - Net	<u>\$ 4,884,472</u>	<u>\$ 0</u>	<u>\$ (148,865)</u>	<u>\$ 0</u>	<u>\$ 4,735,607</u>
Right-of-Use Assets	\$ 27,864	\$ 0	\$ 0	\$ 0	\$ 27,864
Less: Accumulated Amortization	9,289	0	9,288	0	18,577
Right-of-Use Assets, Net	<u>\$ 18,575</u>	<u>\$ 0</u>	<u>\$ (9,288)</u>	<u>\$ 0</u>	<u>\$ 9,287</u>

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

Water	\$ 147,447
Sewer	<u>40,394</u>
	<u>\$ 187,841</u>

10. SUBSEQUENT EVENT

In January 2024, the City was awarded a Leading Idaho Funding grant from the Idaho Department of Environmental Quality in the amount of \$3,185,000. This grant will be used to repair and improve the City's drinking water system by reconstructing intake systems, improving leak detection, repair of distribution piping, addressing source deficiencies, and replacement of water mains.

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

	2023	2022	2021	2020	2019	2018	2017
Employer's portion of the net pension liability (asset)	0.0073639%	0.0069613%	0.0061295%	0.0056996%	0.0057204%	0.0058245%	0.0040908%
Employer's proportionate share of the net pension liability (asset)	\$ 293,869	\$ 274,188	\$ (4,840)	\$ 132,352	\$ 65,297	\$ 85,912	\$ 64,300
Employer's covered payroll	\$ 310,485	\$ 272,180	\$ 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	94.65%	100.74%	-2.13%	65.51%	33.85%	46.17%	50.93%
Plan fiduciary net position as a percentage of the total pension liability	83.83%	83.09%	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

	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 39,640	\$ 35,488	\$ 28,440	\$ 24,668	\$ 22,966	\$ 21,573	\$ 18,861
Contributions in relation to the statutorily required contribution	(39,640)	(35,488)	(28,440)	(24,668)	(22,966)	(21,573)	(18,861)
Contribution (deficiency) excess	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Employer's covered payroll	\$ 330,683	\$ 294,452	\$ 236,737	\$ 205,254	\$ 199,254	\$ 189,187	\$ 165,549
Contributions as a percentage of covered payroll	11.99%	12.05%	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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 104,235	\$ 104,235	\$ 103,214	\$ (1,021)
Licenses and Permits	32,702	32,702	54,289	21,587
Rents	5,538	5,538	4,314	(1,224)
Intergovernmental	156,760	156,760	91,585	(65,175)
Grants and Contributions	45,500	45,500	15,533	(29,967)
Interest	2,820	2,820	377	(2,443)
Other	39,918	39,918	28,796	(11,122)
Total Revenues	<u>387,473</u>	<u>387,473</u>	<u>298,108</u>	<u>(89,365)</u>
Expenditures				
Current:				
General Administration	175,436	175,436	105,480	69,956
Public Safety	214,141	214,141	192,080	22,061
Debt Service:				
Principal	0	0	10,317	(10,317)
Interest	0	0	1,354	(1,354)
Capital Outlay	48,500	48,500	7,623	40,877
Total Expenditures	<u>438,077</u>	<u>438,077</u>	<u>316,854</u>	<u>121,223</u>
 Net Change in Fund Balances	 (50,604)	 (50,604)	 (18,746)	 31,858
 Fund Balances - Beginning	 50,604	 50,604	 109,094	 58,490
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 90,348</u>	<u>\$ 90,348</u>

City of Idaho City, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Roads and Streets
 For the Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 49,309	\$ 49,309	\$ 48,976	\$ (333)
Intergovernmental	22,868	22,868	32,574	9,706
Other	0	0	458	458
Total Revenues	<u>72,177</u>	<u>72,177</u>	<u>82,008</u>	<u>9,831</u>
Expenditures				
Current:				
Personnel Services	14,693	14,693	17,487	(2,794)
Supplies and Other Charges	44,539	44,539	53,180	(8,641)
Debt Service:				
Principal	4,203	4,203	4,203	0
Interest	8,480	8,480	154	8,326
Contingency	262	262	0	262
Total Expenditures	<u>72,177</u>	<u>72,177</u>	<u>75,024</u>	<u>(2,847)</u>
Net Change in Fund Balances	0	0	6,984	6,984
Fund Balances - Beginning	0	0	93,974	93,974
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 100,958</u>	<u>\$ 100,958</u>

City of Idaho City, Idaho
Notes to Required Supplementary Information
For the Year Ended September 30, 2023

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.

2. EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures were in excess of appropriations in the Roads and Streets fund in the amount of \$2,847.

OTHER 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, 2023

	Budget	Actual	Variance
Taxes			
Property Taxes	\$ 101,929	\$ 101,072	\$ (857)
Penalties and Interest	2,306	2,142	(164)
Total Taxes	104,235	103,214	(1,021)
Licenses and Permits			
Beer Licenses	1,050	1,200	150
Liquor Licenses	1,200	1,350	150
Wine Licenses	975	1,200	225
Business Licenses	4,225	3,975	(250)
Building Permits	22,000	43,124	21,124
Vendor Permits	2,560	2,966	406
Catering Permits	160	260	100
Animal Licenses	532	214	(318)
Total Licenses and Permits	32,702	54,289	21,587
Rents	5,538	4,314	(1,224)
Intergovernmental			
State Liquor Apportionment	34,455	31,769	(2,686)
Court Revenue	51,804	4,988	(46,816)
State Revenue Sharing	70,501	54,828	(15,673)
Total Intergovernmental	156,760	91,585	(65,175)
Interest Earned	2,820	377	(2,443)
Other			
Cemetery Lots	5,775	10,525	4,750
Copy Fees	2,500	0	(2,500)
Franchise Fees	7,325	8,368	1,043
Donations	0	1,195	1,195
Grants	45,500	14,338	(31,162)
Law Contract	9,000	0	(9,000)
Other	15,318	9,903	(5,415)
Total Other	85,418	44,329	(41,089)
Total Revenue	\$ 387,473	\$ 298,108	\$ (89,365)

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, 2023

	Budget	Actual	Variance
General Administration			
Personnel Services	\$ 38,264	\$ 21,183	\$ 17,081
Personnel Benefits	10,081	8,012	2,069
Legal and Professional	28,150	25,167	2,983
Supplies	5,600	4,861	739
Utilities	10,149	9,378	771
Insurance	1,500	1,500	0
Other Services and Charges	62,680	20,162	42,518
Repairs and Maintenance	19,012	15,217	3,795
Total General Administration	<u>175,436</u>	<u>105,480</u>	<u>69,956</u>
Public Safety			
Personnel Services	145,860	130,357	15,503
Personnel Benefits	37,131	34,114	3,017
Supplies	2,600	424	2,176
Insurance	3,500	3,500	0
Other Services and Charges	24,550	22,895	1,655
Repairs and Maintenance	500	790	(290)
Capital Outlay	48,500	7,623	40,877
Total Public Safety	<u>262,641</u>	<u>199,703</u>	<u>62,938</u>
Debt Service			
Principal	0	10,317	(10,317)
Interest	0	1,354	(1,354)
Total Debt Service	<u>0</u>	<u>11,671</u>	<u>(11,671)</u>
Total Expenditures	<u>\$ 438,077</u>	<u>\$ 316,854</u>	<u>\$ 121,223</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, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated February 20, 2024.

Report 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 or significant deficiencies may exist that were not identified.

Report on 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
February 20, 2024