

**CITY OF IDAHO CITY, IDAHO**

---

Report on Audited  
Basic  
Financial Statements  
and  
Supplemental Information

---

For the Year Ended September 30, 2019

## Table of Contents

	<u>Page</u>
<b>Independent Auditor's Report</b>	3
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet – Governmental Funds	8
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	9
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	11
Statement of Net Position – Proprietary Funds	12
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	13
Statement of Cash Flows – Proprietary Funds	14
Notes to Financial Statements	16
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Employer's Share of Net Pension Liability	30
Schedule of Employer Contributions	31
Budgetary (GAAP Basis) Comparison Schedule:	
General Fund	32
Roads and Streets	33
Notes to Required Supplementary Information	34
<b>SUPPLEMENTAL INFORMATION</b>	
Supplemental Schedule of Revenues by Source – Budget (GAAP Basis) and Actual – General Fund	35

Page

Supplemental Schedule of Expenditures by Object of  
Expenditure – Budget (GAAP Basis) and Actual – General Fund

36

**FEDERAL 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*

37



Certified Public Accountants

James Washburn, CPA  
Weston Flamm, CPA  
Cassie Zattiero, CPA

812-B 12<sup>th</sup> Ave. South  
P.O. Box 876  
Nampa, ID 83653-0876  
208 466-2493  
FAX 208 467-2000  
www.BaileyCPAs.com

## 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, 2019, 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
Water Bond Fund	Unmodified

### ***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 generally 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, 2019, 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, roads and streets fund, and the water bond fund of City of Idaho City, Idaho, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the schedule of employer's share of net pension liability, 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 February 5, 2020, 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 5, 2020

**City of Idaho City, Idaho**  
Statement of Net Position  
September 30, 2019

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 191,898	\$ 439,009	\$ 630,907
Property Taxes Receivable, Net	23,709	0	23,709
Accounts Receivable, Net	1,552	36,663	38,215
Due from Other Governments	16,390	0	16,390
Prepaid Items	456	1,346	1,802
Total Current Assets	<u>234,005</u>	<u>477,018</u>	<u>711,023</u>
Noncurrent Assets:			
Restricted Cash	0	27,063	27,063
Capital Assets:			
Land and Construction in Progress	95,660	3,612,713	3,708,373
Buildings, Net	157,349	300,028	457,377
Equipment, Net	74,786	130,754	205,540
Improvements, Net	748,049	479,597	1,227,646
Total Noncurrent Assets	<u>1,075,844</u>	<u>4,550,155</u>	<u>5,625,999</u>
Total Assets	<u>1,309,849</u>	<u>5,027,173</u>	<u>6,337,022</u>
<b>Deferred Outflows</b>			
Pension	<u>21,886</u>	<u>35,718</u>	<u>57,604</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	2,178	19,502	21,680
Salaries and Benefits Payable	5,657	6,184	11,841
Accrued Interest	238	2,645	2,883
Long-term Liabilities:			
Due Within One Year:			
Compensated Absences	545	1,092	1,637
Bonds and Municipal Leases	15,900	43,887	59,787
Due in More than One Year:			
Bonds and Municipal Leases	23,986	2,186,820	2,210,806
Net Pension Liability	24,808	40,489	65,297
Total Liabilities	<u>73,312</u>	<u>2,300,619</u>	<u>2,373,931</u>
<b>Deferred Inflows</b>			
Pension	<u>11,842</u>	<u>19,327</u>	<u>31,169</u>
<b>Net Position</b>			
Net Investment in Capital Assets	1,035,958	2,292,385	3,328,343
Restricted	62,098	0	62,098
Unrestricted	148,525	450,560	599,085
Total Net Position	<u>\$ 1,246,581</u>	<u>\$ 2,742,945</u>	<u>\$ 3,989,526</u>

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, 2019

	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
<b>Primary Government:</b>							
Governmental Activities:							
General Administration	\$ 95,465	\$ 31,037	\$ 0	\$ 0	\$ (64,428)	\$ 0	\$ (64,428)
Public Safety	122,957	0	0	0	(122,957)	0	(122,957)
Roads and Streets	53,226	0	0	0	(53,226)	0	(53,226)
Culture and Recreation	40,916	3,822	0	0	(37,094)	0	(37,094)
Interest on Long-term Debt	2,773	0	0	0	(2,773)	0	(2,773)
Total Governmental Activities	315,337	34,859	0	0	(280,478)	0	(280,478)
Business-type Activities:							
Water	284,726	259,134	0	0	0	(25,592)	(25,592)
Sewer	166,881	152,212	0	0	0	(14,669)	(14,669)
Water Bond	0	0	0	0	0	0	0
Total Business-type Activities	451,607	411,346	0	0	0	(40,261)	(40,261)
Total Primary Government	\$ 766,944	\$ 446,205	\$ 0	\$ 0	(280,478)	(40,261)	(320,739)
General Revenues and Special Items:							
Property Taxes					137,871	0	137,871
Intergovernmental					80,270	0	80,270
Other					11,845	3,216	15,061
Unrestricted Investment Earnings					156	0	156
Total General Revenues and Special Items					230,142	3,216	233,358
Change in Net Position					(50,336)	(37,045)	(87,381)
Net Position - Beginning					1,296,917	2,779,990	4,076,907
Net Position - Ending					\$ 1,246,581	\$ 2,742,945	\$ 3,989,526

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



**City of Idaho City, Idaho**  
Balance Sheet -  
Governmental Funds  
September 30, 2019

	General	Roads and Streets	Total Governmental Funds
<b>Assets</b>			
Cash and Cash Equivalents	\$ 140,856	\$ 51,042	\$ 191,898
Property Taxes Receivable, Net	17,540	6,169	23,709
Accounts Receivable, Net	1,552	0	1,552
Due from Other Governments	10,756	5,634	16,390
Prepaid Items	432	24	456
Total Assets	171,136	62,869	234,005
<b>Deferred Outflows</b>	0	0	0
Total Assets and Deferred Outflows	\$ 171,136	\$ 62,869	\$ 234,005
<b>Liabilities</b>			
Accounts Payable	\$ 1,751	\$ 427	\$ 2,178
Salaries and Benefits Payable	5,337	320	5,657
Total Liabilities	7,088	747	7,835
<b>Deferred Inflows</b>			
Unavailable Property Taxes	15,668	5,505	21,173
<b>Fund Balances</b>			
Nonspendable	432	24	456
Restricted	0	56,593	56,593
Unassigned	147,948	0	147,948
Total Fund Balances	148,380	56,617	204,997
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 171,136	\$ 62,869	\$ 234,005

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, 2019

Total Fund Balances - Governmental Funds	\$	204,997
--	----	---------

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 \$427,643 Accumulated Depreciation		157,349	
Improvements, Net of \$467,651 Accumulated Depreciation		748,049	
Equipment, Net of \$79,732 Accumulated Depreciation		74,786	
			1,075,844

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period expenditures, and therefore, are deferred in the fund statements.		21,173
--	--	--------

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	21,886	
Deferred Inflows Related to Net Pension Liability	(11,842)	
		10,044

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	(238)	
Municipal Leases	(39,886)	
Compensated Absences	(545)	
Net Pension Liability	(24,808)	
		(65,477)

Net Position of Governmental Activities	\$	1,246,581
---	----	-----------

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, 2019

	General	Roads and Streets	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$ 92,016	\$ 36,557	\$ 128,573
Licenses and Permits	19,972	0	19,972
Rents	5,822	0	5,822
Intergovernmental	58,465	21,805	80,270
Interest	156	0	156
Other	20,870	40	20,910
Total Revenues	<u>197,301</u>	<u>58,402</u>	<u>255,703</u>
<b>Expenditures</b>			
Current:			
General Administration	88,785	0	88,785
Public Safety	109,338	0	109,338
Roads and Streets	0	47,757	47,757
Debt Service:			
Principal	250	9,745	9,995
Interest	70	2,760	2,830
Capital Outlay	1,635	0	1,635
Total Expenditures	<u>200,078</u>	<u>60,262</u>	<u>260,340</u>
Net Change in Fund Balances	(2,777)	(1,860)	(4,637)
Fund Balances - Beginning	151,157	58,477	209,634
Fund Balances - Ending	<u>\$ 148,380</u>	<u>\$ 56,617</u>	<u>\$ 204,997</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, 2019

Total Net Change in Fund Balance - Governmental Funds	\$	(4,637)
---	----	---------

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	\$ 1,237	
Depreciation	<u>(62,500)</u>	
		(61,263)

Because some property taxes 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 property taxes. They are, however, recorded as revenues in the Statement of Activities.		9,298
--	--	-------

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	9,995	
Change in Accrued Interest	<u>57</u>	
		10,052

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	2,232	
Net Pension Liability and Related Deferral Changes	<u>(6,018)</u>	
		<u>(3,786)</u>

Change in Net Position of Governmental Activities	\$	<u><u>(50,336)</u></u>
---	----	------------------------

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

**City of Idaho City, Idaho**  
Statement of Net Position -  
Proprietary Funds  
September 30, 2019

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Water Bond	Total
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 399,820	\$ 39,189	\$ 0	\$ 439,009
Accounts Receivable, Net	18,342	18,321	0	36,663
Prepaid Items	863	483	0	1,346
Total Current Assets	419,025	57,993	0	477,018
Noncurrent Assets:				
Restricted Cash	27,063	0	0	27,063
Land and Construction in Progress	3,537,660	75,053	0	3,612,713
Depreciable Assets, Net	432,821	477,558	0	910,379
Total Noncurrent Assets	3,997,544	552,611	0	4,550,155
Total Assets	4,416,569	610,604	0	5,027,173
<b>Deferred Outflows</b>				
Pension	23,883	11,835	0	35,718
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	18,126	1,376	0	19,502
Salaries and Benefits Payable	4,410	1,774	0	6,184
Accrued Interest	2,530	115	0	2,645
Compensated Absences	796	296	0	1,092
Lease Payable	12,612	12,612	0	25,224
Bonds Payable	18,663	0	0	18,663
Total Current Liabilities	57,137	16,173	0	73,310
Noncurrent Liabilities:				
Bonds Payable	2,186,820	0	0	2,186,820
Net Pension Liability	27,073	13,416	0	40,489
Total Liabilities	2,271,030	29,589	0	2,300,619
<b>Deferred Inflows</b>				
Pension	12,923	6,404	0	19,327
<b>Net Position</b>				
Net Investment in Capital Assets	1,752,386	539,999	0	2,292,385
Unrestricted	404,113	46,447	0	450,560
Total Net Position	\$ 2,156,499	\$ 586,446	\$ 0	\$ 2,742,945

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, 2019

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Water Bond	Total
<b>Operating Revenues</b>				
Charges for Services	\$ 259,134	\$ 152,212	\$ 0	\$ 411,346
Other Revenue	2,775	441	0	3,216
Total Operating Revenues	261,909	152,653	0	414,562
<b>Operating Expenses</b>				
Personnel Services	87,461	41,976	0	129,437
Personnel Benefits	45,670	25,695	0	71,365
Legal and Professional	20,730	14,418	0	35,148
Supplies	12,141	6,697	0	18,838
Utilities	18,760	7,139	0	25,899
Insurance	6,810	6,621	0	13,431
Other Services and Charges	13,417	5,340	0	18,757
Repairs and Maintenance	27,216	19,243	0	46,459
Depreciation	42,996	39,215	0	82,211
Total Operating Expenses	275,201	166,344	0	441,545
<b>Operating Income (Loss)</b>	(13,292)	(13,691)	0	(26,983)
<b>Nonoperating Revenues (Expenses)</b>				
Interest Expense	(9,525)	(537)	0	(10,062)
Income (Loss) Before Transfers	(22,817)	(14,228)	0	(37,045)
<b>Transfers and Capital Contributions</b>				
Transfer In	1,126,728	0	0	1,126,728
Transfer (Out)	0	0	(1,126,728)	(1,126,728)
Net Transfers and Capital Contributions	1,126,728	0	(1,126,728)	0
<b>Change in Net Position</b>	1,103,911	(14,228)	(1,126,728)	(37,045)
Net Position - Beginning	1,052,588	600,674	1,126,728	2,779,990
Net Position - Ending	\$ 2,156,499	\$ 586,446	\$ 0	\$ 2,742,945

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, 2019

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Water Bond	Total
<b>Cash Flows From Operating Activities</b>				
Cash Receipts From Customers	\$ 270,024	\$ 167,920	\$ 0	\$ 437,944
Other Cash Receipts	2,775	8,304	0	11,079
Payments to Employees for Services	(127,354)	(64,203)	0	(191,557)
Payments to Suppliers for Goods or Services	(82,495)	(58,985)	0	(141,480)
Net Cash Provided (Used) by Operating Activities	62,950	53,036	0	115,986
<b>Cash Flows From Noncapital Financing Activities</b>				
Transfers In (Out)	(223,621)	0	223,621	0
Internal Balances	0	(8,938)	(223,621)	(232,559)
Net Cash Provided (Used) by Noncapital Financing Activities	(223,621)	(8,938)	0	(232,559)
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchases and Construction of Capital Assets	(381,296)	(2,350)	0	(383,646)
Debt Proceeds	223,757	0	0	223,757
Principal Paid on Capital Debt	(19,866)	(2,000)	0	(21,866)
Interest Paid on Capital Debt	(9,756)	(559)	0	(10,315)
Net Cash Provided (Used) by Capital and Related Financing Activities	(187,161)	(4,909)	0	(192,070)
Net Change in Cash and Cash Equivalents	(347,832)	39,189	0	(308,643)
<b>Cash and Cash Equivalents - Beginning</b>	774,715	0	0	774,715
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 426,883</u>	<u>\$ 39,189</u>	<u>\$ 0</u>	<u>\$ 466,072</u>
<b>Displayed As:</b>				
Cash and Cash Equivalents	\$ 399,820	\$ 39,189	\$ 0	\$ 439,009
Restricted Cash	27,063	0	0	27,063
	<u>\$ 426,883</u>	<u>\$ 39,189</u>	<u>\$ 0</u>	<u>\$ 466,072</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, 2019

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Water Bond	Total
Reconciliation of Operating Income (Loss) to Net				
Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (13,292)	\$ (13,691)	\$ 0	\$ (26,983)
Adjustments to Reconcile Operating Income to Net				
Cash Provided (Used) by Operating Activities:				
Depreciation	42,996	39,215	0	82,211
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	10,890	15,708	0	26,598
(Increase) Decrease in Due From Other Governments	0	7,863	0	7,863
(Increase) Decrease in Prepaid Items	(299)	(91)	0	(390)
(Increase) Decrease in Deferred Outflows - Pension	8,947	2,044	0	10,991
Increase (Decrease) in Accounts Payable	16,878	564	0	17,442
Increase (Decrease) in Salaries and Benefits Payable	2,244	875	0	3,119
Increase (Decrease) in Compensated Absences	(4,310)	(1,895)	0	(6,205)
Increase (Decrease) in Net Pension Liability	(7,563)	(1,227)	0	(8,790)
Increase (Decrease) in Deferred Inflows - Pension	6,459	3,671	0	10,130
Net Cash Provided (Used) by Operating Activities	<u>\$ 62,950</u>	<u>\$ 53,036</u>	<u>\$ 0</u>	<u>\$ 115,986</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, 2019

---

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, 2019

---

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.
- *Water Bond fund.* This fund accounted for the activities of the City's water improvement project through fiscal year 2018. These activities were transferred to the Water fund during fiscal year 2019.

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.

**City of Idaho City, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Cash Equivalents

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.

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:

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

**City of Idaho City, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and pension expense, 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, 2019, the carrying amount of the City's deposits were \$576,214 and the respective bank balances totaled \$612,942. \$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, 2019, \$362,942 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.

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 City participates in the State of Idaho Investment Pool, which has not been rated. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the pool is with the State Treasurer, and Idaho Code defines allowable investments. The value of the City's investment in the pool is reported in the accompanying financial statements at amounts based on the City's amortized cost deposited in the pool. Participants have overnight availability to their funds, up to

**City of Idaho City, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

2. CASH AND INVESTMENTS (continued)

\$10 million. Withdrawals of more than \$10 million require 3 business day's notification. The State Treasurer does not provide any legally binding guarantees to support the value of the shares to participants. The City follows Idaho Statute that outlines qualifying investment options as follows:

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's investments at September 30, 2019 are summarized below:

	Amortized Cost	Investment Maturities (in Years)	
		Less than 1	5-Jan
External Investment Pool	\$ 81,756	\$ 81,756	\$ 0

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

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 189,413	\$ 386,801	\$ 576,214
Investments categorized as deposits	2,485	79,271	81,756
	<u>\$ 191,898</u>	<u>\$ 466,072</u>	<u>\$ 657,970</u>

3. LEASE REVENUE

The City leases a building to East Boise County Ambulance District for \$1,000 per year; the lease agreement will expire in February 2024. 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 leases a storage shed to Idaho Power; this is a year-to-year lease.

Lease payments to the City were \$2,500 for the year ended September 30, 2019. Future minimum lease revenues are:

Year Ending September 30,	Amount
2020	\$ 1,333
2021	1,000
2022	1,000
2023	1,000
2024	333
	<u>\$ 4,666</u>

**City of Idaho City, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

---

3. LEASE REVENUE (continued)

The cost and carrying amount of the leased buildings is shown below:

Cost	\$ 339,992
Accumulated Depreciation	(209,657)
Carrying Amount	<u>\$ 130,335</u>

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 \$5,634, liquor apportionment of \$4,751, and state revenue sharing of \$6,005 for a total of \$16,390.

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, e) worker's compensation, i.e. employee injuries, and f) medical insurance costs of its employees. 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](http://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.

**City of Idaho City, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

6. PENSION PLAN (continued)

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, 2019, it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. Beginning July 1, 2019, the employer contribution rates changed to 11.94% for general employees and 12.28% for police and firefighters. The City's employer contributions were \$22,966 for the year ended September 30, 2019.

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

At September 30, 2019, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2019, the City's proportion was .0057204%.

For the year ended September 30, 2019, the City recognized pension expense of \$41,317. At September 30, 2019, 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	\$ 6,068	\$ 7,696
Changes in assumptions or other inputs	3,632	0
Net difference between projected and actual earnings on pension plan investments	0	22,245
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	42,092	0
City's contributions subsequent to the measurement date	5,812	1,228
Total	<u>\$ 57,604</u>	<u>\$ 31,169</u>

**City of Idaho City, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

---

6. PENSION PLAN (continued)

\$5,812 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 in the year ending September 30, 2020.

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, 2018, the beginning of the measurement period ended June 30, 2019 is 4.8 years and 4.8 years for the measurement period June 30, 2018.

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

Year Ended September 30,		
2020	\$	16,808
2021	\$	7,702
2022	\$	(719)
2023	\$	(3,167)

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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases including inflation	3.75%
Investment rate of return	7.05%, net of pension plan investment expense
Cost-of-living adjustments	1.00%

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

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

An experience study was performed for the period July 1, 2013 through June 30, 2017, which reviewed all economic and demographic assumptions other than mortality. The total pension liability as of June 30, 2019 is based on the results of an actuarial valuation date of July 1, 2019.



**City of Idaho City, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

6. PENSION PLAN (continued)

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. Specifically, the System uses consultants, investment managers, and trustees to develop capital market assumptions in analyzing the System's asset allocation. 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 the System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.

Asset Class		Target Allocation	Expected Nominal Rate of Return (Arithmetic)	Expected Real Rate of Return (Arithmetic)
Core Fixed Income	Barclays Aggregate	30.00%	3.05%	0.80%
Broad US Equities	Wilshire 5000/Russell 3000	55.00%	8.30%	6.05%
Developed Foreign Equities	MSCI EAFE/World ex US	15.00%	8.45%	6.20%
Assumed Inflation - Mean			2.25%	2.25%
Assumed Inflation - Standard Deviation			1.50%	1.50%
Portfolio Arithmetic Mean Return			6.75%	4.50%
Portfolio Standard Deviation			12.54%	12.54%
Portfolio Long-term (Geometric) Expected Rate of Return			6.13%	3.77%
Assumed Investment Expenses			0.40%	0.40%
Portfolio Long-term (Geometric) Expected Rate of Return, Net of Investment Expenses			5.73%	3.37%
Portfolio Long-term Expected Real Rate of Return, Net of Investment Expenses				4.19%
Portfolio Standard Deviation				14.16%
<b>Valuation Assumptions Chosen by PERSI Board</b>				
Long-term Expected Real Rate of Return, Net of Investment Expenses				4.05%
Assumed Inflation				3.00%
<b>Long-term Expected Geometric Rate of Return, Net of Investment Expenses</b>				<b>7.05%</b>

**City of Idaho City, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

6. PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.05%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.05%) or 1% higher (8.05%) than the current rate:

	1% Decrease 6.05%	Current Discount Rate (7.05%)	1% Increase 8.05%
City's proportionate share of the net pension liability (asset)	\$ 197,221	\$ 65,297	\$ (43,801)

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](http://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, 2019, are as follows:

	10/1/2018	Increase	Decrease	09/30/2019	Current Portion
Governmental Activities	\$ 2,777	\$ 2,125	\$ (4,357)	\$ 545	\$ 545
Business-type Activities	7,298	13,280	(19,486)	1,092	1,092
	<u>\$ 10,075</u>	<u>\$ 15,405</u>	<u>\$ (23,843)</u>	<u>\$ 1,637</u>	<u>\$ 1,637</u>

**City of Idaho City, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

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 consist of a loader that is split between the funds and a grader in the Roads and Streets fund. The cost and related depreciation are as follows:

Equipment	\$ 133,598
Less: accumulated amortization (included as depreciation on the accompanying financial statements)	(31,369)
	<u>\$ 102,229</u>

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, 2019, \$2,656,042 had been drawn down with \$631,482 considered forgiven, leaving a net draw down of \$2,024,560. 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 for the year ended September 30, 2019, are as follows:

Governmental Activities:

Debt Type	Maturity	Rate	Required Reserve	10/1/2018	Increase	Decrease	09/30/2019	Current Portion
Grader Lease	2023	6.50%	N/A	\$ 42,576	\$ 0	\$ (8,995)	\$ 33,581	\$ 9,595
Backhoe Lease - (20% split)	2020	4.00%	N/A	7,305	0	(1,000)	6,305	6,305
				<u>\$ 49,881</u>	<u>\$ 0</u>	<u>\$ (9,995)</u>	<u>\$ 39,886</u>	<u>\$ 15,900</u>

Business-type Activities:

Debt Type	Maturity	Rate	Required Reserve	10/1/2018	Increase	Decrease	09/30/2019	Current Portion
Backhoe Lease - (80% split)	2020	4.00%	N/A	\$ 29,223	\$ 0	\$ (4,000)	\$ 25,223	\$25,223
N/P Water - RD 06	2026	4.50%	\$17,272	113,887	0	(12,147)	101,740	12,677
N/P Water - RD 08	2023	5.25%	2,142	7,974	0	(1,718)	6,256	1,814
N/P Water - RD 09	2032	4.75%	7,649	76,923	0	(3,995)	72,928	4,173
N/P Water Improvement - DEQ	N/A	N/A	N/A	1,800,803	223,757	0	2,024,560	0
				<u>\$27,063</u>	<u>\$2,028,810</u>	<u>\$223,757</u>	<u>\$2,230,707</u>	<u>\$43,887</u>

**City of Idaho City, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

8. LONG-TERM OBLIGATIONS (continued)

Debt service requirements on long-term debt at September 30, 2019, are as follows:

Governmental Activities:

Year Ending September 30,	Municipal Leases		
	Principal	Interest	Total
2020	\$ 15,900	\$ 1,973	\$ 17,873
2021	10,233	1,313	11,546
2022	10,915	631	11,546
2023	2,838	48	2,886
	<u>\$ 39,886</u>	<u>\$ 3,965</u>	<u>\$ 43,851</u>

Business-type Activities:

Year Ending September 30,	Bonds and Notes			Municipal Leases		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 18,663	\$ 8,400	\$ 27,063	\$ 25,223	\$ 85	\$ 25,308
2021	19,550	7,513	27,063	0	0	0
2022	20,455	6,608	27,063	0	0	0
2023	19,809	5,664	25,473	0	0	0
2024	20,154	4,767	24,921	0	0	0
2025-2029	61,334	11,489	72,823	0	0	0
2030-2032	20,959	1,930	22,889	0	0	0
	<u>\$ 180,924</u>	<u>\$ 46,371</u>	<u>\$ 227,295</u>	<u>\$ 25,223</u>	<u>\$ 85</u>	<u>\$ 25,308</u>

The amount of interest incurred and expensed on long-term obligations for the year ending September 30, 2019, for business-type activities was \$10,062.

9. LEASE COMMITMENTS

The City leases a copier under an operating lease beginning in October 2019. The lease is for 60 months at \$201/mo. Future minimum lease payments are as follows:

Year Ending September 30,	Amount
2020	\$ 2,407
2021	2,407
2022	2,407
2023	2,407
2024	2,407
	<u>\$ 12,035</u>

Lease expenditures for the year ended September 30, 2019, totaled \$2,635.

**City of Idaho City, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

10. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2019, was as follows:

Governmental Activities:

	10/1/2018	Additions	Disposals	09/30/2019
Capital Assets Not Being Depreciated:				
Land	\$ 95,660	\$ 0	\$ 0	\$ 95,660
Construction in Progress	2,095	0	(2,095)	0
	<u>97,755</u>	<u>0</u>	<u>(2,095)</u>	<u>95,660</u>
Capital Assets Being Depreciated:				
Buildings	584,992	0	0	584,992
Improvements	1,215,700	0	0	1,215,700
Equipment	151,186	3,332	0	154,518
Total Historical Cost	<u>1,951,878</u>	<u>3,332</u>	<u>0</u>	<u>1,955,210</u>
Less: Accumulated Depreciation				
Buildings	416,164	11,479	0	427,643
Improvements	428,629	39,022	0	467,651
Equipment	67,733	11,999	0	79,732
Total Acc. Depr.	<u>912,526</u>	<u>62,500</u>	<u>0</u>	<u>975,026</u>
Net Depreciable Assets	<u>1,039,352</u>	<u>(59,168)</u>	<u>0</u>	<u>980,184</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 1,137,107</u>	<u>\$ (59,168)</u>	<u>\$ (2,095)</u>	<u>\$ 1,075,844</u>

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

General Administration	\$ 3,220
Public Safety	13,619
Roads and Streets	4,689
Culture and Recreation	40,972
	<u>\$ 62,500</u>

Business-type Activities:

	10/1/2018	Additions	Disposals	09/30/2019
Capital Assets Not Being Depreciated:				
Land	\$ 71,741	\$ 0	\$ 0	\$ 71,741
Construction in Progress	3,171,897	373,964	(4,889)	3,540,972
	<u>3,243,638</u>	<u>373,964</u>	<u>(4,889)</u>	<u>3,612,713</u>
Capital Assets Being Depreciated:				
Buildings	1,817,673	0	0	1,817,673
Improvements	1,321,015	0	0	1,321,015
Equipment	212,159	14,574	0	226,733
Total Historical Cost	<u>3,350,847</u>	<u>14,574</u>	<u>0</u>	<u>3,365,421</u>

**City of Idaho City, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

10. CAPITAL ASSETS (continued)

Less: Accumulated Depreciation

Buildings	1,485,714	31,931	0	1,517,645
Improvements	801,437	39,975	0	841,412
Equipment	85,674	10,305	0	95,979
Total Acc. Depr.	<u>2,372,825</u>	<u>82,211</u>	<u>0</u>	<u>2,455,036</u>
Net Depreciable Assets	<u>978,022</u>	<u>(67,637)</u>	<u>0</u>	<u>910,385</u>
Business-type Activities - Net	<u>\$ 4,221,660</u>	<u>\$ 306,327</u>	<u>\$ (4,889)</u>	<u>\$ 4,523,098</u>

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

Water	\$ 42,996
Sewer	39,215
	<u>\$ 82,211</u>

11. TRANSFERS

During the year ended September 30, 2019, the District transferred balances in the Water Bond fund to the Water fund in order to consolidate the funds. The total amount transferred was \$1,126,728.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	2019	2018	2017
Employer's portion of the net pension liability	0.0057204%	0.0058245%	0.0040908%
Employer's proportionate share of the net pension liability	\$ 65,297	\$ 85,912	\$ 64,300
Employer's covered payroll	\$ 199,254	\$ 189,187	\$ 165,549
Employer's proportional share of the net pension liability as a percentage of its covered payroll	32.77%	45.41%	38.84%
Plan fiduciary net position as a percentage of the total pension liability	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, 2019.



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

	2019	2018	2017
Statutorily required contribution	\$ 22,966	\$ 21,573	\$ 18,861
Contributions in relation to the statutorily required contribution	(22,966)	(21,573)	(18,861)
Contribution (deficiency) excess	\$ 0	\$ 0	\$ 0
Employer's covered payroll	\$ 199,254	\$ 189,187	\$ 165,549
Contributions as a percentage of covered payroll	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, 2019.

**City of Idaho City, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 General Fund  
 For the Year Ended September 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>Revenues</b>				
Property Taxes	\$ 101,078	\$ 101,078	\$ 92,016	\$ (9,062)
Licenses and Permits	10,340	10,340	19,972	9,632
Rents	6,500	6,500	5,822	(678)
Intergovernmental	57,613	57,613	58,465	852
Grants and Contributions	20,100	20,100	0	(20,100)
Interest	400	400	156	(244)
Other	30,950	30,950	20,870	(10,080)
Total Revenues	<u>226,981</u>	<u>226,981</u>	<u>197,301</u>	<u>(29,680)</u>
<b>Expenditures</b>				
Current:				
General Administration	127,714	127,714	88,785	38,929
Public Safety	96,967	96,967	109,338	(12,371)
Debt Service:				
Principal	0	0	250	(250)
Interest	0	0	70	(70)
Capital Outlay	3,300	3,300	1,635	1,665
Total Expenditures	<u>227,981</u>	<u>227,981</u>	<u>200,078</u>	<u>27,903</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,000)</u>	<u>(1,000)</u>	<u>(2,777)</u>	<u>(1,777)</u>
<b>Other Financing Sources (Uses)</b>				
Disposal of Capital Assets	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>(1,000)</u>
Net Change in Fund Balances	0	0	(2,777)	(2,777)
Fund Balances - Beginning	0	0	151,157	151,157
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 148,380</u>	<u>\$ 148,380</u>

**City of Idaho City, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Roads and Streets  
 For the Year Ended September 30, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>Revenues</b>				
Property Taxes	\$ 34,456	\$ 34,456	\$ 36,557	\$ 2,101
Intergovernmental	16,772	16,772	21,805	5,033
Grants and Contributions	15,259	15,259	0	(15,259)
Other	0	0	40	40
Total Revenues	<u>66,487</u>	<u>66,487</u>	<u>58,402</u>	<u>(8,085)</u>
<b>Expenditures</b>				
Current:				
Personnel Services	14,531	14,531	18,399	(3,868)
Supplies and Other Charges	26,268	26,268	29,358	(3,090)
Debt Service:				
Principal	8,995	8,995	9,745	(750)
Interest	3,539	3,539	2,760	779
Contingency	13,154	13,154	0	13,154
Total Expenditures	<u>66,487</u>	<u>66,487</u>	<u>60,262</u>	<u>6,225</u>
Net Change in Fund Balances	0	0	(1,860)	(1,860)
Fund Balances - Beginning	0	0	58,477	58,477
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 56,617</u>	<u>\$ 56,617</u>

**City of Idaho City, Idaho**  
Notes to Required Supplementary Information  
For the Year Ended September 30, 2019

---

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, 2019

	Budget	Actual	Variance
<b>Taxes</b>			
Property Taxes	\$ 101,078	\$ 90,589	\$ (10,489)
Penalties and Interest	0	1,427	1,427
Total Taxes	101,078	92,016	(9,062)
<b>Licenses and Permits</b>			
Beer Licenses	765	640	(125)
Liquor Licenses	675	675	0
Wine Licenses	600	525	(75)
Business Licenses	2,800	2,920	120
Building Permits	3,000	12,507	9,507
Vendor Permits	1,500	1,981	481
Catering Permits	200	140	(60)
Animal Licenses	800	584	(216)
Total Licenses and Permits	10,340	19,972	9,632
<b>Rents</b>	6,500	5,822	(678)
<b>Intergovernmental</b>			
State Liquor Apportionment	17,255	21,242	3,987
Court Revenue	10,000	4,297	(5,703)
State Sales Tax	10,809	11,750	941
State Revenue Sharing	19,549	21,176	1,627
Total Intergovernmental	57,613	58,465	852
<b>Interest Earned</b>	400	156	(244)
<b>Other</b>			
Cemetery Lots	2,000	2,500	500
Copy Fees	25	0	(25)
Franchise Fees	7,325	6,565	(760)
Donations	100	0	(100)
Grants	20,000	0	(20,000)
Law Contract	17,000	0	(17,000)
Fire Department Revenue	1,000	0	(1,000)
Other	3,600	11,805	8,205
Total Other	51,050	20,870	(30,180)
<b>Other Financing Sources</b>			
Disposal of Capital Assets	1,000	0	(1,000)
Total Revenue	\$ 227,981	\$ 197,301	\$ (30,680)

**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, 2019

	Budget	Actual	Variance
<b>General Administration</b>			
Personnel Services	\$ 32,971	\$ 28,099	\$ 4,872
Personnel Benefits	8,875	12,857	(3,982)
Legal and Professional	7,100	7,130	(30)
Supplies	24,141	3,397	20,744
Utilities	9,200	9,246	(46)
Insurance	1,179	1,513	(334)
Other Services and Charges	30,248	18,966	11,282
Repairs and Maintenance	14,000	7,577	6,423
Capital Outlay	0	1,237	(1,237)
Total General Administration	127,714	90,022	37,692
<b>Public Safety</b>			
Law Enforcement			
Personnel Services	65,790	73,977	(8,187)
Personnel Benefits	19,096	18,018	1,078
Supplies	1,600	2,052	(452)
Insurance	2,801	3,825	(1,024)
Other Services and Charges	7,480	11,275	(3,795)
Repairs and Maintenance	200	191	9
Capital Outlay	3,300	398	2,902
Total Law Enforcement	100,267	109,736	(9,469)
Total Public Safety	100,267	109,736	(9,469)
<b>Debt Service</b>			
Principal	0	250	(250)
Interest	0	70	(70)
Total Debt Service	0	320	(320)
Total Expenditures	\$ 227,981	\$ 200,078	\$ 27,903

**FEDERAL REPORT**





Certified Public Accountants

James Washburn, CPA  
Weston Flamm, CPA  
Cassie Zattiero, CPA

812-B 12<sup>th</sup> Ave. South  
P.O. Box 876  
Nampa, ID 83653-0876  
208 466-2493  
FAX 208 467-2000  
www.BaileyCPAs.com

**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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statement and have issued our report thereon dated February 5, 2020.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 5, 2020