

**CITY OF COUNCIL, IDAHO**

---

Report on Audited  
Basic  
Financial Statements  
and  
Supplemental Information

---

For the Year Ended September 30, 2020

## Table of Contents

	<u>Page</u>
<b>Independent Auditor's Report</b>	1
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds	5
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	8
Statement of Net Position – Proprietary Funds	9
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	10
Statement of Cash Flows – Proprietary Funds	11
Notes to Financial Statements	13
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary (GAAP Basis) Comparison Schedule:	
General Fund	30
Notes to Required Supplementary Information	31

Table of Contents  
(continued)

	<u>Page</u>
Schedule of Required Supplemental Information - Pension	32
<b>SUPPLEMENTAL INFORMATION</b>	
Supplemental Schedule of Revenues by Source - Budget (GAAP Basis) and Actual - General Fund	33
Supplemental Schedule of Expenditures by Object of Expenditure - Budget (GAAP Basis) and Actual - General Fund	34
<b>FEDERAL REPORTS</b>	
Schedule of Expenditures of Federal Awards	35
Notes to the Schedule of Expenditures of Federal Awards	36
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 <i>Government Auditing Standards</i>	37
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	39
Schedule of Findings and Questioned Costs	41



## Independent Auditor's Report

Honorable Mayor  
and City Council  
Council, 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 the City of Council, Idaho (the City), as of and for the year ended September 30, 2020, 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.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Council, Idaho, as of September 30, 2020, and the respective changes in financial position 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 budgetary comparison information, schedule of the City's proportion share of the net pension liability, and schedule of City contributions on pages 30 through 32 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.

Management has omitted 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 of Council, Idaho's basic financial statements. The supplemental schedules of revenues by source and expenditures by object for the General fund, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules of revenues by source and expenditures by object for the General fund, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules of revenues by source and expenditures by object for the General fund, and the Schedule of Expenditures of Federal Awards and the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2021, on our consideration of the City of Council, Idaho's 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 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 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 of Council, Idaho's internal control over financial reporting and compliance.

*Zwyzart John & Associates, CPAs, PLLC*

Nampa, Idaho  
May 5, 2021

**City of Council, Idaho**  
Statement of Net Position  
September 30, 2020

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 356,062	\$ 1,048,496	\$ 1,404,558
Property Taxes Receivable (Net)	12,562	-	12,562
Accounts Receivable (Net)	-	638,915	638,915
Prepaid Expenses	7,094	-	7,094
Due From Other Governments	17,209	-	17,209
Restricted Cash	-	158,000	158,000
Capital Assets:			
Land and Nondepreciable Infrastructure	501,379	-	501,379
Construction in Progress	-	6,008,498	6,008,498
Buildings and Improvements, Net	1,514,898	757,343	2,272,241
Equipment, Net	11,544	22,115	33,659
Total Capital Assets	<u>2,027,821</u>	<u>6,787,956</u>	<u>8,815,777</u>
<b>Total Assets</b>	<u>2,420,748</u>	<u>8,633,367</u>	<u>11,054,115</u>
<b>Deferred Outflows</b>			
Pension Related Items	9,149	19,441	28,590
<b>Total Deferred Outflows</b>	<u>9,149</u>	<u>19,441</u>	<u>28,590</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable and Other Current Liabilities	6,458	602,332	608,790
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
Compensated Absences	8,377	9,186	17,563
Note Payable	-	3,645,489	3,645,489
Portion Due or Payable After One Year:			
Note Payable	-	97,031	97,031
Net Pension Liability	35,199	74,794	109,993
<b>Total Liabilities</b>	<u>50,034</u>	<u>4,428,832</u>	<u>4,478,866</u>
<b>Deferred Inflows</b>			
Pension Related Items	1,151	2,440	3,591
<b>Total Deferred Inflows</b>	<u>1,151</u>	<u>2,440</u>	<u>3,591</u>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	2,027,821	3,045,436	5,073,257
Restricted - Debt Reserve	-	158,000	158,000
Unrestricted (Deficit) Surplus	350,891	1,018,100	1,368,991
<b>Total Net Position</b>	<u>\$ 2,378,712</u>	<u>\$ 4,221,536</u>	<u>\$ 6,600,248</u>

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

**City of Council, Idaho**  
**Statement of Activities**  
For the Year Ended September 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary Government:</b>							
Governmental Activities:							
Administrative	\$ 142,299	\$ -	\$ -	\$ -	\$ (142,299)	\$ -	\$ (142,299)
General	168,678	40,182	-	-	(128,496)	-	(128,496)
Public Safety	57,373	-	-	-	(57,373)	-	(57,373)
Total Governmental Activities	<u>368,350</u>	<u>40,182</u>	<u>-</u>	<u>-</u>	<u>(328,168)</u>	<u>-</u>	<u>(328,168)</u>
Business-type Activities:							
Water	120,919	202,166	-	-	-	81,247	81,247
Sewer	145,631	400,710	-	-	-	255,079	255,079
Construction	1	-	-	1,717,090	-	1,717,089	1,717,089
Industrial Park	53,101	50,601	-	-	-	(2,500)	(2,500)
Total Business-type Activities	<u>319,652</u>	<u>653,477</u>	<u>-</u>	<u>1,717,090</u>	<u>-</u>	<u>2,050,915</u>	<u>2,050,915</u>
Total Primary Government	<u>\$ 688,002</u>	<u>\$ 693,659</u>	<u>\$ -</u>	<u>\$ 1,717,090</u>	<u>(328,168)</u>	<u>2,050,915</u>	<u>1,722,747</u>
General Revenues:							
Property Taxes					186,570	-	186,570
State Sources					148,412	-	148,412
Other					316	-	316
Unrestricted Investment Earnings					441	-	441
Total General Revenues and Special Items					<u>335,739</u>	<u>-</u>	<u>335,739</u>
Change in Net Assets					<u>7,571</u>	<u>2,050,915</u>	<u>2,058,486</u>
Net Position, Beginning of Year (Previously Stated)					2,384,032	2,170,621	4,554,653
Prior Period Adjustment					(12,891)	-	(12,891)
Net Position, Beginning of Year					<u>2,371,141</u>	<u>2,170,621</u>	<u>4,541,762</u>
Net Position, End of Year					<u>\$ 2,378,712</u>	<u>\$ 4,221,536</u>	<u>\$ 6,600,248</u>

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

**City of Council, Idaho**  
 Balance Sheet - Governmental Funds  
 September 30, 2020

	General
<b>Assets</b>	
Cash and Cash Equivalents	\$ 356,062
Property Taxes Receivable (Net)	12,562
Prepaid Items	7,094
Due From Other Governments	17,209
Total Assets	\$ 392,927
 <b>Liabilities, Deferred Inflows and Fund Balances</b>	
Liabilities:	
Accounts Payable	\$ 6,379
Salaries Payable	79
Total Liabilities	6,458
 Deferred Inflows	
Unearned Revenue - Property Tax	9,265
Total Deferred Inflows	9,265
 Fund Balances:	
Nonspendable:	
Prepaid Items	7,094
Unassigned	370,110
Total Fund Balances	377,204
Total Liabilities, Deferred Inflows and Fund Balances	\$ 392,927

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



**City of Council, Idaho**  
 Reconciliation of the Balance Sheet of the Governmental  
 Funds to the Statement of Net Position  
 September 30, 2020

Total Fund Balances - Governmental Funds \$ 377,204

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. Those assets consist of:

Land and Nondepreciable Infrastructure	\$ 501,379	
Buildings and Improvements, net of (\$1,060,214) accumulated depreciation	1,514,898	
Equipment, net of (\$295,586) accumulated depreciation	<u>11,544</u>	
		2,027,821

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures and, therefore, are deferred in the funds. 9,265

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the Statement of Net Position.

Compensated Absences (8,377)

The City participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.

Net Pension Liability	\$ (35,199)	
Pension Related Deferred Inflows	(1,151)	
Pension Related Deferred Outflows	<u>9,149</u>	
		<u>(27,201)</u>

Net Position of Governmental Activities \$ 2,378,712

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

**City of Council, Idaho**  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2020

		General
<b>Revenues</b>		
Property Taxes	\$	193,769
Intergovernmental		148,412
Licenses, Permits, and Other		40,182
Interest		757
Total Revenues		383,120
 <b>Expenditures</b>		
Current:		
Administrative		136,758
General		90,767
Public Safety		57,373
Total Expenditures		284,898
Net Change in Fund Balance		98,222
Fund Balance - Beginning (Previously Stated)		291,873
Prior Period Adjustment		(12,891)
Fund Balances - Beginning (Restated)		278,982
Fund Balances - Ending	\$	377,204

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

**City of Council, 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, 2020

Total Net Change in Fund Balance - Governmental Funds \$ 98,222

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. In the current period these amounts are:

Capital Outlay	\$	-	
Depreciation Expense		(77,911)	
Net		(77,911)	(77,911)

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 deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. (7,199)

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

Compensated Absences (575)

The City participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities. (4,966)

Change in Net Position of Governmental Activities \$ 7,571

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

**City of Council, Idaho**  
Statement of Net Position -  
Proprietary Funds  
September 30, 2020

	Business-type Activities - Enterprise Funds				Total
	Water	Sewer	Construction	Industrial Park	
<b>Assets</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 467,452	\$ 296,245	\$ 54,148	\$ 230,651	\$ 1,048,496
Receivables, Net	20,952	36,440	581,523	-	638,915
Total Current Assets	488,404	332,685	635,671	230,651	1,687,411
Noncurrent Assets:					
Restricted Cash	-	158,000	-	-	158,000
Capital Assets:					
Construction In Progress	-	-	6,008,498	-	6,008,498
Buildings and Improvements, Net	2,177	55,119	-	700,047	757,343
Equipment (Net)	10,571	5,772	-	5,772	22,115
Total Noncurrent Assets	12,748	218,891	6,008,498	705,819	6,945,956
Total Assets	501,152	551,576	6,644,169	936,470	8,633,367
<b>Deferred Outflows</b>					
Pension Related Items	9,722	9,719	-	-	19,441
Total Deferred Outflows	9,722	9,719	-	-	19,441
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable	3,800	2,386	581,524	567	588,277
Deposits Payable	12,100	-	-	1,955	14,055
Compensated Absences	4,593	4,593	-	-	9,186
Bonds, Notes, and Loans Payable	-	20,000	3,645,489	-	3,665,489
Total Current Liabilities	20,493	26,979	4,227,013	2,522	4,277,007
Noncurrent Liabilities:					
Bonds, Notes, and Loans Payable	-	77,031	-	-	77,031
Net Pension Liability	37,397	37,397	-	-	74,794
Total Noncurrent Liabilities	37,397	114,428	-	-	151,825
Total Liabilities	57,890	141,407	4,227,013	2,522	4,428,832
<b>Deferred Inflows</b>					
Pension Related Items	1,220	1,220	-	-	2,440
Total Deferred Inflows	1,220	1,220	-	-	2,440
<b>Net Position</b>					
Invested in Capital Assets, Net of Related Debt	12,748	(36,140)	2,363,009	705,819	(2,963,062)
Restricted - Debt Reserve	-	158,000	-	-	158,000
Unrestricted	439,016	296,808	54,147	228,129	7,026,598
Total Net Position	\$ 451,764	\$ 418,668	\$ 2,417,156	\$ 933,948	\$ 4,221,536

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

**City of Council, Idaho**  
Statement of Revenues, Expenses, and Changes  
in Fund Net Position - Proprietary Funds  
For the Year Ended September 30, 2020

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Construction	Industrial Park	Total
<b>Operating Revenues</b>					
Charges for Services	\$ 202,166	\$ 400,710	\$ -	\$ 50,601	\$ 653,477
Other Revenue	-	-	-	-	-
<b>Total Operating Revenues</b>	<u>202,166</u>	<u>400,710</u>	<u>-</u>	<u>50,601</u>	<u>653,477</u>
<b>Operating Expenses</b>					
Wages	48,597	55,546	-	6,288	110,431
Employee Benefits	28,960	52,062	-	2,163	83,185
Travel	129	129	-	-	258
Materials and Supplies	7,801	5,714	-	4,678	18,193
Repairs and Maintenance	635	971	-	841	2,447
Utilities	26,527	9,313	-	910	36,750
Legal and Professional	1,829	3,884	1	1,425	7,139
Depreciation	2,515	6,965	-	35,895	45,375
Miscellaneous	3,926	9,669	-	901	14,496
<b>Total Operating Expenses</b>	<u>120,919</u>	<u>144,253</u>	<u>1</u>	<u>53,101</u>	<u>318,274</u>
<b>Operating Income (Loss)</b>	<u>81,247</u>	<u>256,457</u>	<u>(1)</u>	<u>(2,500)</u>	<u>335,203</u>
<b>Nonoperating Revenues (Expenses)</b>					
Interest Expense	-	(1,378)	-	-	(1,378)
Grants	-	-	1,717,090	-	1,717,090
Transfer In	-	-	-	-	-
Transfer Out	-	-	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>-</u>	<u>(1,378)</u>	<u>1,717,090</u>	<u>-</u>	<u>1,715,712</u>
<b>Change in Net Position</b>	81,247	255,079	1,717,089	(2,500)	2,050,915
<b>Total Net Position - Beginning</b>	<u>370,517</u>	<u>163,589</u>	<u>700,067</u>	<u>936,448</u>	<u>2,170,621</u>
<b>Total Net Position - Ending</b>	<u>\$ 451,764</u>	<u>\$ 418,668</u>	<u>\$ 2,417,156</u>	<u>\$ 933,948</u>	<u>\$ 4,221,536</u>

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

**City of Council, Idaho**  
Statement of Cash Flows -  
Proprietary Funds  
For the Year Ended September 30, 2020

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Construction	Industrial Park	Total
<b>Cash Flows From Operating Activities</b>					
Cash Receipts from Customers	\$ 201,975	\$ 391,516	\$ (581,523)	\$ 50,731	\$ 62,699
Payments to Suppliers for Goods or Services	(42,688)	(31,357)	252,975	(8,862)	170,068
Payments to Employees for Services	(72,186)	(102,237)	-	(8,451)	(182,874)
Net Cash Provided (Used) by Operating Activities	<u>87,101</u>	<u>257,922</u>	<u>(328,548)</u>	<u>33,418</u>	<u>49,893</u>
<b>Cash Flows From Noncapital Financing Activities</b>					
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	-	-
<b>Cash Flows From Capital and Related Financing Activities</b>					
Purchase of Capital Assets	-	-	(5,034,059)	-	(5,034,059)
Proceeds from Grants	-	-	1,717,090	-	1,717,090
Proceeds from Issuance of Debt	-	-	3,645,489	-	3,645,489
Principal Paid on Capital Debt	-	(23,010)	-	-	(23,010)
Interest Paid on Capital Debt	-	(1,378)	-	-	(1,378)
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>(24,388)</u>	<u>328,520</u>	<u>-</u>	<u>304,132</u>
<b>Cash Flows From Investing Activities</b>					
Net Cash Provided (Used) by Investing Activities	-	-	-	-	-
Net Increase in Cash and Cash Equivalents	87,101	233,534	(28)	33,418	354,025
<b>Cash and Cash Equivalents, Beginning</b>	<u>380,351</u>	<u>220,711</u>	<u>54,176</u>	<u>197,233</u>	<u>852,471</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 467,452</u>	<u>\$ 454,245</u>	<u>\$ 54,148</u>	<u>\$ 230,651</u>	<u>\$ 1,206,496</u>
<b>Displayed As:</b>					
Cash and Cash Equivalents	\$ 467,452	\$ 296,245	\$ 54,148	\$ 230,651	\$ 1,048,496
Restricted Cash	-	158,000	-	-	158,000
	<u>\$ 467,452</u>	<u>\$ 454,245</u>	<u>\$ 54,148</u>	<u>\$ 230,651</u>	<u>\$ 1,206,496</u>

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

**City of Council, Idaho**  
Statement of Cash Flows -  
Proprietary Funds (continued)  
For the Year Ended September 30, 2020

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Construction	Industrial Park	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 81,247	\$ 256,457	\$ (1)	\$ (2,500)	\$ 335,203
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	2,515	6,965	-	35,895	45,375
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(3,591)	(9,194)	(581,523)	130	(594,178)
(Increase) Decrease in Prepaid Expenses	-	-	-	-	-
(Increase) Decrease in Deferred Outflows	(5,085)	(5,085)	-	-	(10,170)
Increase (Decrease) in Accounts Payable	(1,841)	(1,677)	252,976	(107)	249,351
Increase (Decrease) in Deposits Payable	3,400	-	-	-	3,400
Increase (Decrease) in Compensated Absences	94	94	-	-	188
Increase (Decrease) in Net Pension Liability	18,024	18,024	-	-	36,048
Increase (Decrease) in Deferred Inflows	(7,662)	(7,662)	-	-	(15,324)
Net Cash Provided by Operating Activities	<u>\$ 87,101</u>	<u>\$ 257,922</u>	<u>\$ (328,548)</u>	<u>\$ 33,418</u>	<u>\$ 49,893</u>

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

**City of Council, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the City of Council, Idaho (the City), which has responsibility and control over all activities related to water and sewer services and some elements of public safety 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 government reporting entity as defined by generally accepted accounting principles. Board 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 in Governmental Accounting Standards.

B. Basis of Presentation, Basis of Accounting

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 segment 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 - 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.



**City of Council, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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, including fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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.

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 that arise 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.
- *Sewer fund.* This fund accounts for the activities of the City's sewer system, pumping stations, sewage treatment plant, and collection systems.
- *Construction fund.* This fund accounts for the activities on the Sewer Project.
- *Industrial Park fund.* This fund accounts for the activities related to the City's industrial park.

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.

**City of Council, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, 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.

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 expenditures that are permanently precluded from conversion to cash.
- *Unassigned*. Balances available for any purpose or fund deficits.

The remaining fund balance classifications (restricted, committed, and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. 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. The City Council would also have the authority to assign funds or authorize another official to do so.

**City of Council, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

---

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 available to finance the program. When both restricted and unrestricted resources are available for use, it is the government'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.

C. Assets and Liabilities

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 cash on hand, demand deposits and short-term investment with an original maturity of three months or less from the date of acquisition are considered to be cash and cash equivalents. See Note 4.

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.

Receivables

All trade and property tax receivables are shown net of an allowance for doubtful accounts. As of September 30, 2020 the allowance for doubtful accounts was as follows: General fund Zero ; Water fund \$ 2,347 , and Sewer fund \$ 4,113 .

**City of Council, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are shown below:

	<u>Capitalization Policy</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$5,000	Straight-Line	10 – 40 Years
Equipment and Vehicles	\$5,000	Straight-Line	5 – 20 Years

General infrastructure assets acquired prior to October 1, 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 1, 2003.

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

Compensated Absences

The City uses the vesting method to compute compensated absences for unused vacation.

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 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.

**City of Council, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

---

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.

2. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of state revenue sharing (State of Idaho) of \$17,209.

3. PROPERTY TAXES

The City of Council receives tax revenue from Adams County. The County is responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the City by the County as of September 30, 2020, are considered by the City as a receivable.

Taxes not collected within 60 days after September 30, 2020, are not considered available for use by the City and are recorded as deferred revenue in the fund financial statements.

4. CASH AND INVESTMENTS

Summary of Deposit and Investment Balances

The City maintains a cash pool for use by all funds.

Deposits

As of September 30, 2020, the carrying amount of the City's deposits was \$1,562,357 and the respective bank balances totaled \$1,568,404. The entire 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, 2020, all of the City's deposits were covered by the federal depository insurance or by collateral held by the District's agent

**City of Council, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

---

4. CASH AND INVESTMENTS (continued)

or pledging financial institution's trust department or agent in the name of the City, and thus were not exposed to custodial credit risk. The City also keeps \$200 petty cash on hand. The City does not have a formal policy limiting its exposure to custodial credit risk.

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 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.

As of September 30, 2020, the City's only investments consisted of money market accounts held at FDIC insured banks and are included in the deposits total.

At year-end, cash was reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents	<u>\$ 356,062</u>	<u>\$ 1,206,496</u>	<u>\$ 1,562,558</u>

**City of Council, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

---

5. PENSION PLAN

*Plan Description*

The City of Council, Idaho contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by 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 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 services (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 credit services is 2% (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 and earnings from investments. 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) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

**City of Council, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

---

5. 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, 2020, 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. The City of Council, Idaho's contributions were \$20,499 the year ended September 30, 2020.

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

At September 30, 2020, the City of Council, Idaho reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Council, Idaho's proportion of the net pension liability was based on the City of Council, Idaho'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, 2020, the City of Council, Idaho's proportion was 0.0047367 percent.

For the year ended September 30, 2020, the City of Council, Idaho recognized pension expense/(revenue) of \$36,018. At September 30, 2020, the City of Council, Idaho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 8,594	\$ 3,591
Changes in assumptions or other inputs	1,860	-
Net difference between projected and actual earnings on pension plan investments	12,607	-
City of Council, Idaho's contributions subsequent to the measurement date	5,529	-
<b>Total</b>	<b>\$ 28,590</b>	<b>\$ 3,591</b>

\$5,529 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.



**City of Council, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

---

5. PENSION PLAN (continued)

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, 2019, the beginning of the measurement period ended June 30, 2019, is 4.8 and 4.8 for the measurement period June 30, 2020.

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

<b>For the Year</b>	
<b>Ended</b>	
<b>September 30:</b>	<b>PERSI</b>
2021	\$ 5,884
2022	4,633
2023	6,289
2024	8,193

*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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expense
Cost-of-living adjustments	1%

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

1. Set back 3 years for teachers
2. No offset for male fire and police

**City of Council, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

---

5. PENSION PLAN (continued)

3. Forward one year for female fire and police
4. Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2020 is based on the results of an actuarial valuation date of July 1, 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.

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 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 2020.

**City of Council, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

5. PENSION PLAN (continued)

<u>Asset Class</u>		<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return (Arithmetic)</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Core Fixed Income	Barclays Aggregate	30.00%	2.80%	0.55%
Broad US Equities	Wilshire 5000/Russell 3000	55.00%	8.55%	6.30%
Developed Foreign Equities	MSCI EAFE/World ex US	15.00%	8.70%	6.45%
Assumed Inflation - Mean			2.25%	2.25%
Assumed Inflation - Standard Deviation			1.50%	1.50%
Portfolio Arithmetic Mean Return			6.85%	4.60%
Portfolio Standard Deviation			12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return			6.25%	3.89%
Assumed Investment Expenses			0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses			5.85%	3.49%

*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.

**City of Council, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

---

5. PENSION PLAN (continued)

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 Employer's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	<b>1% Decrease (6.05%)</b>	<b>Current Discount Rate (7.05%)</b>	<b>1% Increase (8.05%)</b>
Employer's proportionate share of the net pension liability (asset)	\$ 225,564	\$ 109,992	\$ 14,433

*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).

6. CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

7. 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 for property and content damage, employee torts, and professional liabilities.

**City of Council, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

---

8. COMPENSATED ABSENCES

Vacation leave is granted to all regular City employees who have been employed by the City for more than one year. In the event of termination, an employee is reimbursed for accumulated vacation leave. A summary of the current year activity and year-end liability is as follows:

	9/30/2019	Increase	Decrease	9/30/2020	Current Portion
Governmental Activities	\$ 7,802	\$ 3,789	\$ (3,214)	\$ 8,377	\$ 8,377
Business-type Activities	8,998	4,978	(4,790)	9,186	9,186
Total	\$ 16,800	\$ 8,767	\$ (8,004)	\$ 17,563	\$ 17,563

9. LESSEE COMMITMENTS

The City leases a copy machine located at City Hall. The lease period is for five years and it is anticipated that the copier will be returned at the end of the lease period, which is June 2017. Future minimum lease payments are as follows:

Year Ending September 30,	Amount
2021	\$ 4,824

Lease expenditures for the year ended September 30, 2020, were \$5,272.

10. LESSOR COMMITMENTS

The City leases several buildings and office spaces to commercial businesses in the Council Business Park. The cost and related accumulated depreciation for those assets available for lease are as follows:

Buildings	\$ 1,381,301
Less: Accumulated Depreciation	(681,254)
	\$ 700,047

**City of Council, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

---

10. LESSOR COMMITMENTS (continued)

Future minimum lease payments are as follows:

Year Ending September 30,	Amount
2021	\$ 39,939
2022	34,754
	<u>\$ 74,693</u>

11. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2020, was as follows:

	Balance 9/30/2019	Additions	Disposals	Balance 9/30/2020
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 501,379	\$ -	\$ -	\$ 501,379
Construction In Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Land	<u>\$ 501,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 501,379</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	2,575,112	-	-	2,575,112
Equipment	<u>307,130</u>	<u>-</u>	<u>-</u>	<u>307,130</u>
Total Historical Cost	<u>2,882,242</u>	<u>-</u>	<u>-</u>	<u>2,882,242</u>
Less: Accumulated Depreciation				
Buildings and Improvements	987,778	72,436	-	1,060,214
Equipment	<u>290,111</u>	<u>5,475</u>	<u>-</u>	<u>295,586</u>
Total Acc. Depr.	<u>1,277,889</u>	<u>77,911</u>	<u>-</u>	<u>1,355,800</u>
Net Depreciable Assets	<u>1,604,353</u>	<u>(77,911)</u>	<u>-</u>	<u>1,526,442</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 2,105,732</u>	<u>\$ (77,911)</u>	<u>\$ -</u>	<u>\$ 2,027,821</u>

**City of Council, Idaho**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2020**

11. CAPITAL ASSETS (continued)

	<u>9/30/2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>9/30/2020</u>
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 974,439	\$ 5,034,059	\$ -	\$ 6,008,498
Capital Assets Being Depreciated:				
Buildings and Improvements	3,746,278	-	(53,055)	3,693,223
Equipment	<u>472,408</u>	<u>-</u>	<u>(274,297)</u>	<u>198,111</u>
Total Historical Cost	<u>4,218,686</u>	<u>-</u>	<u>(327,352)</u>	<u>3,891,334</u>
Less: Accumulated Depreciation				
Buildings and Improvements	2,948,634	40,301	(53,055)	2,935,880
Equipment	<u>445,219</u>	<u>5,074</u>	<u>(274,297)</u>	<u>175,996</u>
Total Acc. Depr.	<u>3,393,853</u>	<u>45,375</u>	<u>(327,352)</u>	<u>3,111,876</u>
Business-type Activities - Net	<u>\$ 1,799,272</u>	<u>\$ 4,988,684</u>	<u>\$ -</u>	<u>\$ 6,787,956</u>

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

Governmental Activities:		
General		<u>\$ 77,911</u>
Business-type Activities:		
Water		\$ 2,515
Sewer		6,965
Industrial Park		<u>35,895</u>
		<u>\$ 45,375</u>

12. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended September 30, 2020, are as follows:

Description	Maturity	Rate	Required				Current Portion	
			Reserve	9/30/2019	Increase	Decrease		9/30/2020
Business-type Activities:								
Bank of New York	2024	2 to 5%	N/A	\$ 105,000	\$ -	\$ (20,000)	\$ 85,000	\$ 20,000
DEQ Interim Loan	2021	1.75%	N/A	-	<u>3,645,489</u>	-	<u>3,645,489</u>	<u>3,645,489</u>
				<u>105,000</u>	<u>3,645,489</u>	<u>(20,000)</u>	<u>3,730,489</u>	<u>3,665,489</u>
Unamort. Deferred Gain on Refunding				<u>15,041</u>	-	<u>(3,010)</u>	<u>12,031</u>	-
				<u>\$ 120,041</u>	<u>\$ 3,645,489</u>	<u>\$ (23,010)</u>	<u>\$ 3,742,520</u>	<u>\$ 3,665,489</u>

**City of Council, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2020

---

12. LONG-TERM OBLIGATIONS (continued)

Debt service requirements as of September 30, 2020, are as follows:

Year Ending September 30,	Business-type Activities:	
	Bonds and Notes	
	Principal	Interest
2021	\$ 3,665,489	\$ 3,650
2022	20,000	2,850
2023	20,000	2,250
2024	25,000	1,250
	\$ 3,730,489	\$ 10,000

There was \$4,388 of interest expense in the year ended September 30, 2020. No interest was capitalized during the period.

13. OTHER COMMITMENTS

The City has a credit card with a credit limit of \$7,500. As of September 30, 2020, \$168 of this credit was in use.

14. RESTATEMENT

In prior periods grant revenue was overstated by \$12,891. This caused the fund balance and net position to both be overstated by the same. Fund balance and net position were restated as follows:

	Governmental Funds
Fund Balance, Beginning - As Previously Stated	\$ 291,873
Decrease in Net Position due to Grant Revenue Overstatement	(12,891)
Fund Balance, Beginning - Restated	\$ 278,982
	Governmental Activities
Net Position, Beginning - As Previously Stated	\$ 2,384,032
Decrease in Net Position due to Grant Revenue Overstatement	(12,891)
Net Position, Beginning - Restated	\$ 2,371,141



**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Council, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 General Fund  
 For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 181,000	\$ 181,000	\$ 193,769	\$ 12,769
Intergovernmental	130,300	130,300	148,412	18,112
Licenses, Permits, and Other	30,200	30,200	40,182	9,982
Other	3,500	3,500	757	(2,743)
Total Revenues	<u>345,000</u>	<u>345,000</u>	<u>383,120</u>	<u>38,120</u>
<b>Expenditures</b>				
Current:				
Administrative	132,000	132,000	136,758	(4,758)
General	154,900	154,900	90,767	64,133
Public Safety	58,100	58,100	57,373	727
Total Expenditures	<u>345,000</u>	<u>345,000</u>	<u>284,898</u>	<u>60,102</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	<u>-</u>	<u>-</u>	<u>98,222</u>	<u>98,222</u>
<b>Other Financing Sources (Uses)</b>				
Transfer In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>98,222</u>	<u>98,222</u>
Fund Balance - Beginning (Previously Stated)	-	-	291,873	291,873
Prior Period Adjustment	-	-	(12,891)	(12,891)
Fund Balances - Beginning (Restated)	<u>-</u>	<u>-</u>	<u>278,982</u>	<u>278,982</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 377,204</u>	<u>\$ 377,204</u>

**City of Council, Idaho**  
Notes to Required Supplementary Information  
For the Year Ended September 30, 2020

---

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.

**City of Council, Idaho**  
 Schedule of Required Supplemental Information  
 Public Employee Retirement System of Idaho  
 Last 10 - Fiscal Years\*

Schedule of the City's Proportionate Share of Net Pension Liability

Year	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Employee Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.4736700%	\$ 109,992	\$ 171,680	64.07%	88.22%
2019	0.0049919%	56,981	169,153	33.69%	93.79%
2018	0.0049146%	72,491	159,159	45.55%	87.26%
2017	0.0051901%	81,579	163,702	49.83%	87.26%
2016	0.0050463%	102,296	155,212	65.91%	82.26%
2015	0.0049337%	64,969	137,417	47.28%	91.38%

Data reported is measured as of June 30, 2020

Schedule of City Contributions

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2020	\$ 20,499	\$ 20,499	\$ -	\$ 171,680	11.94%
2019	19,342	19,342	-	169,153	11.43%
2018	18,017	18,017	-	159,159	11.32%
2017	18,531	18,531	-	163,702	11.32%
2016	17,570	17,570	-	155,212	11.32%
2015	15,556	15,556	-	137,417	11.32%

Data reported is measured as of September 30, 2020

\* 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 of Council, Idaho will present information for those years for which information is available.

**SUPPLEMENTAL INFORMATION**

**City of Council, Idaho**  
 Supplemental Schedule of Revenues by Source  
 Budget (GAAP Basis) and Actual - General Fund  
 For the Year Ended September 30, 2020

	Budget	Actual	Variance
<b>Taxes</b>			
Property Taxes	\$ 181,000	\$ 193,769	\$ 12,769
Total Taxes	<u>181,000</u>	<u>193,769</u>	<u>12,769</u>
<b>Intergovernmental</b>			
State Liquor Apportionment	21,000	23,369	2,369
Highway Users	40,700	40,853	153
State Sales Tax	68,600	84,190	15,590
Total Intergovernmental	<u>130,300</u>	<u>148,412</u>	<u>18,112</u>
<b>Licenses, Permits, and Other</b>			
Beer, Wine, and Liquor Licenses	800	840	40
Dog Licenses and Fees	3,700	4,215	515
Building Permits	-	4,383	4,383
Airport Rental	2,900	3,601	701
Airport Fuel	5,000	7,674	2,674
Street Fines	3,000	3,163	163
Cable One Fees	-	-	-
Cell Tower Fees	5,900	5,931	31
Idaho Power Fees	7,500	8,875	1,375
Business Licenses	1,400	1,500	100
Total Licenses and Permits	<u>30,200</u>	<u>40,182</u>	<u>9,982</u>
<b>Grants and Contributions</b>			
Total Grants and Contributions	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other</b>			
Interest Earned	1,500	441	(1,059)
Other	2,000	316	(1,684)
Total Other	<u>3,500</u>	<u>757</u>	<u>(2,743)</u>
<b>Total Revenue</b>	<u><u>\$ 345,000</u></u>	<u><u>\$ 383,120</u></u>	<u><u>\$ 38,120</u></u>

**City of Council, Idaho**  
Supplemental Schedule of Expenditures by Object of Expenditure  
Budget (GAAP Basis) and Actual - General Fund  
For the Year Ended September 30, 2020

	Budget	Actual	Variance
<b>Administrative</b>			
Salaries	\$ 65,000	\$ 63,063	\$ 1,937
Employee Benefits	38,000	37,607	393
Tort Insurance	15,000	14,974	26
Professional Services	14,000	21,114	(7,114)
<b>Total Administrative</b>	<u>132,000</u>	<u>136,758</u>	<u>(4,758)</u>
<b>General</b>			
Advertising	1,000	1,172	(172)
Airport	20,200	13,229	6,971
Bank Charges	1,000	430	570
Building Maintenance	4,500	396	4,104
Donations	3,000	1,600	1,400
Health and Sanitation	1,000	1,311	(311)
Miscellaneous	25,050	13,655	11,395
Planning and Zoning	3,500	5,016	(1,516)
Street Expenditures	80,500	43,273	37,227
Telephone	4,200	2,537	1,663
Supplies	3,950	2,417	1,533
Office Lease	1,500	1,318	182
Utilities	5,500	4,413	1,087
Capital Improvement	-	-	-
<b>Total General</b>	<u>154,900</u>	<u>90,767</u>	<u>64,133</u>
<b>Public Safety</b>			
Law Enforcement	53,250	53,250	-
Animal Control	4,850	4,123	727
<b>Total Public Safety</b>	<u>58,100</u>	<u>57,373</u>	<u>727</u>
<b>Total Expenditures</b>	<u>\$ 345,000</u>	<u>\$ 284,898</u>	<u>\$ 60,102</u>

**FEDERAL REPORTS**



**City of Council, Idaho**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2020

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Flow Through Number</u>	<u>Program Expenditures</u>
U.S. Environmental Protection Agency Passed Through Idaho Department of Environmental Quality Capitalization Grants for Clean Water - State Revolving Funds	66.458	CS16000119	<u>4,468,636</u>
Total Direct U.S. Environmental Protection Agency			<u>4,468,636</u>
Total			<u>\$ 4,468,636</u>
Federa Awards Expended For Loans:			
Capitalization Grants for Clean Water - State Revolving Funds	66.458		<u>\$ 3,645,489</u>

**City of Council, Idaho**  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2020

---

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Council, Idaho (the Council) under programs of the Federal Government for the year ended September 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or change in Net Position of the Authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATE

The City has not elected to use the 10-percent de minimis indirect cost rate.

4. LOAN BALANCES

As of September 30, 2020, the City had an outstanding loan balance of \$3,645,489 associated with CFDA 66.458.



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

Honorable Mayor  
and City Council  
Council, 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 the City of Council, Idaho, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Council, Idaho's basic financial statements, and have issued our report thereon dated May 5, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Council, Idaho'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 of Council, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Council, Idaho'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 of Council, Idaho'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 Standard*.

## **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.

*Zwyzart John & Associates, CPAs, PLLC*

Nampa, Idaho  
May 5, 2021



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

Honorable Mayor  
and City Council  
Council, Idaho

**Report on Compliance for Each Major Federal Program**

We have audited the City of Council, Idaho's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City of Council, Idaho's major federal programs for the year ended September 30, 2020. City of Council, Idaho's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the City of Council, Idaho, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

## Report on Internal Control Over Compliance

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

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

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

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

*Zwysart John & Associates, CPAs PLLC*

Nampa, Idaho  
May 5, 2021

**City of Council, Idaho**  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2020

---

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Significant deficiency(ies) disclosed?       yes     none reported

Material weakness(es) disclosed?       yes     none reported

Noncompliance material to financial statements noted?       yes     no

*Federal Awards*

Internal control over major programs:

Significant deficiency(ies) disclosed?       yes     none reported

Material weakness(es) disclosed?       yes     none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)       yes     no

Identification of major programs:

CFDA Numbers	Name of Federal Program
66.458	Capitalization Grants for Clean Water - State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:      \$750,000

Auditee qualified as low risk auditee?       yes     no

**City of Council**  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2020

---

**Section II - Financial Statement Findings**

None reported.

**Section III - Findings and Questioned Costs for Federal Awards**

None reported.