

CITY OF COUNCIL, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2023

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Independent Auditor's Report

Honorable Mayor
and City Council
Council, Idaho

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements 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, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedule of the City's proportionate share of the net pension liability (asset), and the schedule of City contributions on pages 32 through 35 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary 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 schedules of revenues by source and expenditures by object for the General fund 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 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 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 March 5, 2024, on our consideration of the City'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 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.

Zwygart John & Associates, CPAs, PLLC

Nampa, Idaho
March 5, 2024

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

| | Governmental Activities | Business-Type Activities | Total |
|------------------------------------|----------------------------|-----------------------------|---------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$ 841,700 | \$ 2,056,823 | \$ 2,898,523 |
| Property Taxes Receivable | 14,199 | - | 14,199 |
| Accounts Receivable | - | 77,131 | 77,131 |
| Prepaid Expenses | 12,591 | 8,750 | 21,341 |
| Due From Other Governments | 28,059 | - | 28,059 |
| Total Current Assets | 896,549 | 2,142,704 | 3,039,253 |
| Long-Term Assets | | | |
| Restricted Cash | - | 141,000 | 141,000 |
| Capital Assets | | | |
| Land | 501,379 | - | 501,379 |
| Buildings and Improvements, Net | 1,299,843 | 7,676,900 | 8,976,743 |
| Equipment, Net | 58,575 | 70,141 | 128,716 |
| Total Capital Assets | 1,859,797 | 7,747,041 | 9,606,838 |
| Total Long-Term Assets | 1,859,797 | 7,888,041 | 9,747,838 |
| Total Assets | 2,756,346 | 10,030,745 | 12,787,091 |
| Deferred Outflows | | | |
| Pension Related Items | 20,065 | 42,638 | 62,703 |
| Total Deferred Outflows | 20,065 | 42,638 | 62,703 |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable | 104,005 | 6,222 | 110,227 |
| Salaries Payable | 4,450 | 4,380 | 8,830 |
| Current Portion of Notes Payable | - | 83,241 | 83,241 |
| Accrued Interest | - | 39,606 | 39,606 |
| Compensated Absences | 4,969 | - | 4,969 |
| Deposits Payable | - | 22,300 | 22,300 |
| Total Current Liabilities | 113,424 | 155,749 | 269,173 |
| Long-Term Liabilities | | | |
| Notes Payable | - | 3,932,347 | 3,932,347 |
| Net Pension Liability | 49,415 | 105,008 | 154,423 |
| Total Long-Term Liabilities | 49,415 | 4,037,355 | 4,086,770 |
| Total Liabilities | 162,839 | 4,193,104 | 4,355,943 |
| Deferred Inflows | | | |
| Pension Related Items | - | - | - |
| Total Deferred Inflows | - | - | - |
| Net Position | | | |
| Net Investment in Capital Assets | 1,859,797 | 3,731,453 | 5,591,250 |
| Restricted for Debt Reserve | - | 141,000 | 141,000 |
| Unrestricted Surplus | 753,775 | 2,007,826 | 2,761,601 |
| Total Net Position | \$ 2,613,572 | \$ 5,880,279 | \$ 8,493,851 |

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

City of Council, Idaho
Statement of Activities
For the Year Ended September 30, 2023

| Activities: | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|----------------------------------|---------------------|--------------------------------|------------------------------------|----------------------------------|---|--------------------------|---------------------|
| | | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental: | | | | | | | |
| Administrative | \$ 167,952 | \$ - | \$ - | \$ - | \$ (167,952) | \$ - | \$ (167,952) |
| General | 422,656 | 70,172 | 94,938 | - | (257,546) | - | (257,546) |
| Public Safety | 70,560 | - | - | - | (70,560) | - | (70,560) |
| Total Governmental Activities | <u>661,168</u> | <u>70,172</u> | <u>94,938</u> | <u>-</u> | <u>(496,058)</u> | <u>-</u> | <u>(496,058)</u> |
| Business-Type: | | | | | | | |
| Water | 148,761 | 252,850 | - | - | - | 104,089 | 104,089 |
| Sewer | 449,009 | 503,370 | - | - | - | 54,361 | 54,361 |
| Construction | - | - | - | - | - | - | - |
| Industrial Park | 63,767 | 70,953 | - | - | - | 7,186 | 7,186 |
| Total Business-type Activities | <u>661,537</u> | <u>827,173</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>165,636</u> | <u>165,636</u> |
| Total City of Council | <u>\$ 1,322,705</u> | <u>\$ 897,345</u> | <u>\$ 94,938</u> | <u>\$ -</u> | <u>(496,058)</u> | <u>165,636</u> | <u>(330,422)</u> |
| General Revenues: | | | | | | | |
| Property Taxes | | | | | 204,872 | - | 204,872 |
| State Sources | | | | | 180,299 | - | 180,299 |
| Other | | | | | 16,902 | 800 | 17,702 |
| Gain (Loss) on Sale of Assets | | | | | - | - | - |
| Unrestricted Investment Earnings | | | | | 1,448 | - | 1,448 |
| Total General Revenues | | | | | <u>403,521</u> | <u>800</u> | <u>404,321</u> |
| Change in Net Assets | | | | | (92,537) | 166,436 | 73,899 |
| Net Position, Beginning of Year | | | | | <u>2,706,109</u> | <u>5,713,843</u> | <u>8,419,952</u> |
| Net Position, End of Year | | | | | <u>\$ 2,613,572</u> | <u>\$ 5,880,279</u> | <u>\$ 8,493,851</u> |

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

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

| | General | Special Projects | Total Governmental Funds |
|---|-------------------|---------------------|--------------------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$ 860,829 | \$ (19,129) | \$ 841,700 |
| Property Taxes Receivable | 14,199 | - | 14,199 |
| Prepaid Items | 12,591 | - | 12,591 |
| Due From Other Governments | 28,059 | - | 28,059 |
| Total Assets | \$ 915,678 | \$ (19,129) | \$ 896,549 |
| Liabilities, Deferred Inflows, and Fund Balance | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable | \$ 30,864 | \$ 73,141 | \$ 104,005 |
| Salaries Payable | 4,450 | - | 4,450 |
| Total Liabilities | 35,314 | 73,141 | 108,455 |
| Deferred Inflows | | | |
| Unearned Revenue - Property Tax | 13,197 | - | 13,197 |
| Total Deferred Inflows | 13,197 | - | 13,197 |
| Fund Balance | | | |
| Nonspendable - Prepaid Items | 12,591 | - | 12,591 |
| Unassigned | 854,576 | (92,270) | 762,306 |
| Total Fund Balance | 867,167 | (92,270) | 774,897 |
| Total Liabilities, Deferred Inflows and Fund Balance | \$ 915,678 | \$ (19,129) | \$ 896,549 |

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, 2023

Total Fund Balances - Governmental Funds \$ 774,897

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 | \$ 501,379 | |
| Buildings and Improvements, net of \$1,275,269 accumulated depreciation | 1,299,843 | |
| Equipment, net of \$244,069 accumulated depreciation | 58,575 | 1,859,797 |

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 funds. 13,197

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 (4,969)

The City participates in the Public Employee 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 | \$ (49,415) | |
| Pension Related Deferred Outflows | 20,065 | (29,350) |

Net Position of Governmental Activities \$ 2,613,572

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, 2023

| | General | Special Projects | Total Governmental Funds |
|---|-------------------|---------------------|--------------------------------|
| Revenues | | | |
| Property Taxes | \$ 202,587 | \$ - | \$ 202,587 |
| Intergovernmental | 180,299 | - | 180,299 |
| Licenses, Permits, and Other | 70,172 | - | 70,172 |
| Grants and Contributions | - | 94,938 | 94,938 |
| Interest | 1,448 | - | 1,448 |
| Other | 16,902 | - | 16,902 |
| Total Revenues | <u>471,408</u> | <u>94,938</u> | <u>566,346</u> |
| Expenditures | | | |
| Current | | | |
| Administrative | 164,667 | 11,753 | 176,420 |
| General | 167,250 | 175,455 | 342,705 |
| Public Safety | 70,560 | - | 70,560 |
| Total Expenditures | <u>402,477</u> | <u>187,208</u> | <u>589,685</u> |
| Excess of Revenues Over Expenditures | <u>68,931</u> | <u>(92,270)</u> | <u>(23,339)</u> |
| Net Change in Fund Balance | 68,931 | (92,270) | (23,339) |
| Fund Balance - Beginning of Year | 798,236 | - | 798,236 |
| Fund Balance - End of Year | <u>\$ 867,167</u> | <u>\$ (92,270)</u> | <u>\$ 774,897</u> |

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, 2023

Total Net Change in Fund Balance - Governmental Funds \$ (23,339)

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:

| | | |
|----------------------|--------------------|----------|
| Depreciation Expense | <u>\$ (79,951)</u> | |
| Net | | (79,951) |

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, recorded as deferred tax revenue. They are, however, recorded as revenues in the Statement of Activities. 2,285

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. Changes in long-term liabilities for the year consisted of:

| | |
|----------------------|--------|
| Compensated Absences | 11,125 |
|----------------------|--------|

The City participates in the Public Employee 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. (2,657)

| | |
|---|---------------------------|
| Change in Net Position of Governmental Activities | <u><u>\$ (92,537)</u></u> |
|---|---------------------------|

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

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

| | Water | Sewer | Industrial Park | Total |
|------------------------------------|-------------------|---------------------|--------------------|---------------------|
| Assets | | | | |
| Current Assets | | | | |
| Cash and Cash Equivalents | \$ 735,948 | \$ 1,023,754 | \$ 297,121 | \$ 2,056,823 |
| Receivables, Net | 20,333 | 46,299 | 10,499 | 77,131 |
| Prepaid Expenses | 4,250 | 2,250 | 2,250 | 8,750 |
| Total Current Assets | <u>760,531</u> | <u>1,072,303</u> | <u>309,870</u> | <u>2,142,704</u> |
| Long-Term Assets | | | | |
| Restricted Cash | - | 141,000 | - | 141,000 |
| Capital Assets | | | | |
| Buildings and Improvements, Net | 1,674 | 7,078,778 | 596,448 | 7,676,900 |
| Equipment, Net | 29,081 | 25,906 | 15,154 | 70,141 |
| Total Capital Assets | <u>30,755</u> | <u>7,104,684</u> | <u>611,602</u> | <u>7,747,041</u> |
| Total Long-Term Assets | <u>30,755</u> | <u>7,245,684</u> | <u>611,602</u> | <u>7,888,041</u> |
| Total Assets | <u>791,286</u> | <u>8,317,987</u> | <u>921,472</u> | <u>10,030,745</u> |
| Deferred Outflows | | | | |
| Pension Related Items | 21,319 | 21,319 | - | 42,638 |
| Total Deferred Outflows | <u>21,319</u> | <u>21,319</u> | <u>-</u> | <u>42,638</u> |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts Payable | 2,366 | 1,985 | 1,871 | 6,222 |
| Salaries Payable | 2,004 | 2,091 | 285 | 4,380 |
| Deposits Payable | 16,150 | - | 6,150 | 22,300 |
| Current Portion of Notes Payable | - | 83,241 | - | 83,241 |
| Accrued Interest | - | 39,606 | - | 39,606 |
| Total Current Liabilities | <u>20,520</u> | <u>126,923</u> | <u>8,306</u> | <u>155,749</u> |
| Long-Term Liabilities | | | | |
| Notes Payable | - | 3,932,347 | - | 3,932,347 |
| Net Pension Liability | 52,504 | 52,504 | - | 105,008 |
| Total Long-Term Liabilities | <u>52,504</u> | <u>3,984,851</u> | <u>-</u> | <u>4,037,355</u> |
| Total Liabilities | <u>73,024</u> | <u>4,111,774</u> | <u>8,306</u> | <u>4,193,104</u> |
| Deferred Inflows | | | | |
| Pension Related Items | - | - | - | - |
| Total Deferred Inflows | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Position | | | | |
| Net Investment in Capital Assets | 30,755 | 3,089,096 | 611,602 | 3,731,453 |
| Restricted for Debt Reserve | - | 141,000 | - | 141,000 |
| Unrestricted | 708,826 | 997,436 | 301,564 | 2,007,826 |
| Total Net Position | <u>\$ 739,581</u> | <u>\$ 4,227,532</u> | <u>\$ 913,166</u> | <u>\$ 5,880,279</u> |

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, 2023

| | Water | Sewer | Industrial Park | Total |
|---|-------------------|---------------------|--------------------|---------------------|
| Operating Revenues | | | | |
| Charges for Services | \$ 252,850 | \$ 503,370 | \$ 70,953 | \$ 827,173 |
| Other Revenue | - | 800 | - | 800 |
| Total Operating Revenues | <u>252,850</u> | <u>504,170</u> | <u>70,953</u> | <u>827,973</u> |
| Operating Expenses | | | | |
| Wages | 43,297 | 42,607 | 8,086 | 93,990 |
| Employee Benefits | 29,836 | 33,880 | 3,431 | 67,147 |
| Advertising | 100 | - | - | 100 |
| Travel | 166 | 166 | - | 332 |
| Materials and Supplies | 11,159 | 1,895 | 4,093 | 17,147 |
| Repairs and Maintenance | 10,973 | 23,211 | 5,635 | 39,819 |
| Utilities | 36,338 | 23,866 | 1,966 | 62,170 |
| Legal and Professional | 8,508 | 6,356 | 2,449 | 17,313 |
| Depreciation | 4,111 | 256,892 | 37,043 | 298,046 |
| Miscellaneous | 4,273 | 15,761 | 1,064 | 21,098 |
| Total Operating Expenses | <u>148,761</u> | <u>404,634</u> | <u>63,767</u> | <u>617,162</u> |
| Operating Income (Loss) | <u>104,089</u> | <u>99,536</u> | <u>7,186</u> | <u>210,811</u> |
| Nonoperating Revenues (Expenses) | | | | |
| Interest Expense | - | (44,375) | - | (44,375) |
| Total Nonoperating Revenues (Expenses) | <u>-</u> | <u>(44,375)</u> | <u>-</u> | <u>(44,375)</u> |
| Change in Net Position | 104,089 | 55,161 | 7,186 | 166,436 |
| Total Net Position - Beginning of Year | 635,492 | 4,172,371 | 905,980 | 5,713,843 |
| Total Net Position - End of Year | <u>\$ 739,581</u> | <u>\$ 4,227,532</u> | <u>\$ 913,166</u> | <u>\$ 5,880,279</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, 2023

| | Water | Sewer | Industrial Park | Total |
|--|-------------------|---------------------|--------------------|---------------------|
| Cash Flows From Operating Activities | | | | |
| Cash Receipts from Customers | \$ 252,673 | \$ 496,556 | \$ 65,652 | \$ 814,881 |
| Payments to Suppliers for Goods or Services | (75,159) | (77,186) | (16,296) | (168,641) |
| Payments to Employees for Services | (76,829) | (80,345) | (11,319) | (168,493) |
| Net Cash Provided by (Used in) Operating Activities | <u>100,685</u> | <u>339,025</u> | <u>38,037</u> | <u>477,747</u> |
| Cash Flows From Noncapital Financing Activities | | | | |
| Transfers from (to) Other Funds | - | - | - | - |
| Net Cash Provided by (Used in) Noncapital Financing Activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash Flows From Capital and Related Financing Activities | | | | |
| Purchase of Capital Assets | - | | (7,205) | (7,205) |
| Principal Paid on Capital Debt | - | (82,213) | - | (82,213) |
| Interest Paid on Capital Debt | - | (51,197) | - | (51,197) |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | <u>-</u> | <u>(133,410)</u> | <u>(7,205)</u> | <u>(140,615)</u> |
| Cash Flows From Investing Activities | | | | |
| Net Cash Provided by (Used in) Investing Activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Cash and Cash Equivalents | <u>100,685</u> | <u>205,615</u> | <u>30,832</u> | <u>337,132</u> |
| Cash and Cash Equivalents, Beginning | <u>635,263</u> | <u>959,139</u> | <u>266,289</u> | <u>1,860,691</u> |
| Cash and Cash Equivalents, Ending | <u>\$ 735,948</u> | <u>\$ 1,164,754</u> | <u>\$ 297,121</u> | <u>\$ 2,197,823</u> |
| Displayed As: | | | | |
| Cash and Cash Equivalents | \$ 735,948 | \$ 1,023,754 | \$ 297,121 | \$ 2,056,823 |
| Restricted Cash | - | 141,000 | - | 141,000 |
| | <u>\$ 735,948</u> | <u>\$ 1,164,754</u> | <u>\$ 297,121</u> | <u>\$ 2,197,823</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, 2023

| | Water | Sewer | Industrial Park | Total |
|--|-------------------|-------------------|--------------------|-------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | | | | |
| Operating Income (Loss) | \$ 104,089 | \$ 99,536 | \$ 7,186 | \$ 210,811 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | | | | |
| Depreciation | 4,111 | 256,892 | 37,043 | 298,046 |
| Changes in Assets and Liabilities: | | | | |
| (Increase) Decrease in Accounts Receivable | (1,277) | (7,614) | (9,496) | (18,387) |
| (Increase) Decrease in Prepaid Expenses | (2,250) | (2,250) | (2,250) | (6,750) |
| (Increase) Decrease in Deferred Outflows | 11,122 | 11,122 | - | 22,244 |
| Increase (Decrease) in Accounts Payable | (1,392) | (3,681) | 1,161 | (3,912) |
| Increase (Decrease) in Salaries Payable | 149 | (13) | 198 | 334 |
| Increase (Decrease) in Deposits Payable | 1,100 | - | 4,195 | 5,295 |
| Increase (Decrease) in Compensated Absences | (6,668) | (6,668) | - | (13,336) |
| Increase (Decrease) in Net Pension Asset (Liability) | (8,029) | (8,029) | - | (16,058) |
| Increase (Decrease) in Deferred Inflows | (270) | (270) | - | (540) |
| Net Cash Provided by (Used in) Operating Activities | <u>\$ 100,685</u> | <u>\$ 339,025</u> | <u>\$ 38,037</u> | <u>\$ 477,747</u> |

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

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

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 are 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). Indirect expenses 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.

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

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.
- *Special Projects fund.* This is the City's fund for allocating resources for various projects in the government-wide funds, such as airport construction.

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.
- *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.

Nonexchange 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

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

the end of the year. 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.

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.

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

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 investments 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, 2023 the allowance for doubtful accounts was as follows: General fund – \$0; Water fund – \$3,578, and Sewer fund – \$6,336.

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 as follows:

| | <u>Capitalization Threshold</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.

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

Compensated Absences

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

Pensions

For purposes of measuring the net pension liability (asset) 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.

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. CASH AND INVESTMENTS

Deposits

As of September 30, 2023, the carrying amount of the City's deposits was \$3,039,323 and the respective bank balances totaled \$3,066,528. 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, 2023, all of the City's deposits were covered by the federal depository insurance or by collateral held by the District's agent 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.

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

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, 2023, the City’s only investments consisted of money market accounts held at FDIC insured banks and are included in the deposits total.

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

| | Governmental Activities | Business-type Activities | Total |
|----------------------------|----------------------------|-----------------------------|---------------------|
| Cash and Cash Equivalents: | \$ 841,700 | \$ 2,057,404 | \$ 2,899,104 |
| Restricted Cash | - | 140,419 | 140,419 |
| | <u>\$ 841,700</u> | <u>\$ 2,197,823</u> | <u>\$ 3,039,523</u> |

3. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of State of Idaho revenue sharing of \$28,059.

4. 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, 2023, are recognized as receivable by the City.

Taxes not collected within 60 days after September 30, 2023, are not considered available for use by the City and are recorded as deferred revenue in the fund financial statements.

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

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.

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 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) 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 the Financial Statements
For the Year Ended September 30, 2023

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for public safety. As of June 30, 2023, it was 7.16% for general employees and 9.13% for public safety. 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's contributions were \$20,242 the year ended September 30, 2023.

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

At September 30, 2023, 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, 2023, 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, 2023, the City's proportion was 0.00386960 percent.

For the year ended September 30, 2023, the City recognized pension expense (revenue) of \$28,547 . At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 26,469 | \$ - |
| Changes in assumptions or other inputs | 15,291 | - |
| Net difference between projected and actual earnings on pension plan investments | 14,495 | - |
| City of Council, Idaho's contributions subsequent to the measurement date | 6,446 | - |
| Total | \$ 62,701 | \$ - |

\$6,446 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2023.

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

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

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:

| For the Year Ended September 30: | PERSI |
|---|--------------|
| 2024 | \$ 26,451 |
| 2025 | 9,401 |
| 2026 | 29,245 |
| 2027 | (2,396) |

Actuarial Assumptions

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

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|----------------------------------|
| Inflation | 2.30% |
| Salary increases | 3.05% |
| Salary inflation | 3.05% |
| Investment rate of return | 6.35%, net of investment expense |
| Cost-of-living adjustments | 1% |

Contributing Members, Service Retirement Members, and Beneficiaries

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

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2023 is based on the results of an actuarial valuation date of July 1, 2023.

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

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 2023.

| Asset Class | |
|----------------------|---------|
| Fixed Income | 30.00% |
| US/Global Equity | 55.00% |
| International Equity | 15.00% |
| Cash | 0.00% |
| Total | 100.00% |

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension 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.

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

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate.

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.35 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

| | 1% Decrease (5.35%) | Current Discount Rate (6.35%) | 1% Increase (7.35%) |
|---|--------------------------------|--|--------------------------------|
| Employer's proportionate share of the net pension liability (asset) | \$ 277,735 | \$ 154,422 | \$ 53,637 |

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.

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.

8. OTHER COMMITMENTS

The City has a credit card with a credit limit of \$50,000. As of September 30, 2023, \$1,602 of this credit was in use.

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

9. CAPITAL ASSETS

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

| | Balance 9/30/2022 | Additions | Disposals | Balance 9/30/2023 |
|-------------------------------------|----------------------|---------------------|-------------|----------------------|
| Governmental Activities: | | | | |
| Nondepreciable Capital Assets: | | | | |
| Land | \$ 501,379 | \$ - | \$ - | \$ 501,379 |
| Total Nondepreciable Capital Assets | <u>501,379</u> | <u>-</u> | <u>-</u> | <u>501,379</u> |
| Depreciable Capital Assets: | | | | |
| Buildings and Improvements | 2,575,112 | - | - | 2,575,112 |
| Equipment | <u>302,644</u> | <u>-</u> | <u>-</u> | <u>302,644</u> |
| Total Historical Cost | <u>2,877,756</u> | <u>-</u> | <u>-</u> | <u>2,877,756</u> |
| Less: Accumulated Depreciation | | | | |
| Buildings and Improvements | 1,203,584 | 71,685 | - | 1,275,269 |
| Equipment | <u>235,803</u> | <u>8,266</u> | <u>-</u> | <u>244,069</u> |
| Total Accumulated Depreciation | <u>1,439,387</u> | <u>79,951</u> | <u>-</u> | <u>1,519,338</u> |
| Total Net Depreciable Assets | <u>1,438,369</u> | <u>(79,951)</u> | <u>-</u> | <u>1,358,418</u> |
| Governmental Activities - | | | | |
| Total Net Assets | <u>\$ 1,939,748</u> | <u>\$ (79,951)</u> | <u>\$ -</u> | <u>\$ 1,859,797</u> |
| | Balance 9/30/2022 | Additions | Disposals | Balance 9/30/2023 |
| Business-Type Activities: | | | | |
| Nondepreciable Capital Assets: | | | | |
| Total Nondepreciable Capital Assets | \$ - | \$ - | \$ - | \$ - |
| Depreciable Capital Assets: | | | | |
| Buildings and Improvements | 11,073,873 | - | - | 11,073,873 |
| Equipment | <u>266,281</u> | <u>7,205</u> | <u>-</u> | <u>273,486</u> |
| Total Historical Cost | <u>11,340,154</u> | <u>7,205</u> | <u>-</u> | <u>11,347,359</u> |
| Less: Accumulated Depreciation | | | | |
| Buildings and Improvements | 3,109,006 | 287,967 | - | 3,396,973 |
| Equipment | <u>193,267</u> | <u>10,079</u> | <u>-</u> | <u>203,346</u> |
| Total Accumulated Depreciation | <u>3,302,273</u> | <u>298,046</u> | <u>-</u> | <u>3,600,319</u> |
| Total Net Depreciable Assets | <u>8,037,881</u> | <u>(290,841)</u> | <u>-</u> | <u>7,747,040</u> |
| Business-Type Activities - | | | | |
| Total Net Assets | <u>\$ 8,037,881</u> | <u>\$ (290,841)</u> | <u>\$ -</u> | <u>\$ 7,747,040</u> |

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

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

| | |
|---------------------------|-------------------|
| Governmental Activities: | |
| General | <u>\$ 79,951</u> |
| Business-type Activities: | |
| Water | \$ 4,111 |
| Sewer | 256,892 |
| Industrial Park | <u>37,043</u> |
| | <u>\$ 298,046</u> |

10. 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. Balances and activities are as follows:

| | <u>9/30/2022</u> | <u>Increase</u> | <u>Decrease</u> | <u>9/30/2023</u> | <u>Current Portion</u> |
|--------------------------|------------------|------------------|--------------------|------------------|----------------------------|
| Governmental Activities | \$ 16,094 | \$ 7,702 | \$ (18,827) | \$ 4,969 | \$ 4,969 |
| Business-type Activities | <u>13,336</u> | <u>5,404</u> | <u>(18,740)</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 29,430</u> | <u>\$ 13,106</u> | <u>\$ (37,567)</u> | <u>\$ 4,969</u> | <u>\$ 4,969</u> |

11. LESSOR COMMITMENTS

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

| | |
|--------------------------------|-------------------|
| Buildings | \$ 1,381,301 |
| Less: Accumulated Depreciation | <u>(784,853)</u> |
| | <u>\$ 596,448</u> |

Future minimum lease payments are as follows:

| <u>Year Ending September 30,</u> | <u>Amount</u> |
|--------------------------------------|-------------------|
| 2024 | \$ 73,800 |
| 2025 | <u>\$ 36,900</u> |
| | <u>\$ 110,700</u> |

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

12. LONG-TERM OBLIGATIONS

Maturity, interest rates, and reserve requirements on long-term debt are as follows:

| <u>Description</u> | <u>Maturity</u> | <u>Rate</u> | <u>Required Reserve</u> |
|---------------------------|-----------------|-------------|-------------------------|
| Business-type Activities: | | | |
| USDA Loan | 2061 | 1.25% | \$ 140,419 |

Changes in long-term obligations for the year ended September 30, 2023 are as follows:

| <u>Description</u> | <u>9/30/2022</u> | <u>Increase</u> | <u>Decrease</u> | <u>9/30/2023</u> | <u>Current Portion</u> |
|---------------------------|---------------------|-----------------|--------------------|---------------------|------------------------|
| Business-type Activities: | | | | | |
| USDA Loan | <u>\$ 4,097,801</u> | <u>\$ -</u> | <u>\$ (82,213)</u> | <u>\$ 4,015,588</u> | <u>\$ 83,241</u> |

Debt service requirements as of September 30, 2023, are as follows:

| <u>Year Ending</u> <u>September 30,</u> | <u>Business-Type Activities:</u> | |
|--|----------------------------------|---------------------|
| | <u>Bonds and Notes</u> | |
| | <u>Principal</u> | <u>Interest</u> |
| 2024 | \$ 83,241 | \$ 50,195 |
| 2025 | 84,282 | 49,154 |
| 2026 | 85,335 | 48,101 |
| 2027 | 86,402 | 47,034 |
| 2028 | 87,482 | 45,954 |
| 2029-2033 | 454,088 | 213,092 |
| 2034-2038 | 483,187 | 183,993 |
| 2039-2043 | 514,151 | 153,029 |
| 2044-2048 | 547,099 | 120,081 |
| 2049-2053 | 582,158 | 85,022 |
| 2054-2058 | 619,464 | 47,716 |
| 2059-2061 | <u>388,699</u> | <u>9,734</u> |
| | <u>\$4,015,588</u> | <u>\$ 1,053,105</u> |

There was \$51,427 of interest expense in the year ended September 30, 2023. No interest was capitalized during the year.

REQUIRED SUPPLEMENTARY INFORMATION

City of Council, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2023

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|----------------|-------------------|-------------------|
| | Original | Final | | |
| Revenues | | | | |
| Property Taxes | \$ 197,755 | \$ 197,755 | \$ 202,587 | \$ 4,832 |
| Intergovernmental | 188,500 | 188,500 | 180,299 | (8,201) |
| Licenses, Permits, and Other | 34,750 | 34,750 | 70,172 | 35,422 |
| Interest Income | 995 | 995 | 1,448 | 453 |
| Other | 2,000 | 2,000 | 16,902 | 14,902 |
| Total Revenues | <u>424,000</u> | <u>424,000</u> | <u>471,408</u> | <u>47,408</u> |
| Expenditures | | | | |
| Current | | | | |
| Administrative | 152,000 | 152,000 | 164,667 | (12,667) |
| General | 219,900 | 219,900 | 167,250 | 52,650 |
| Public Safety | 58,100 | 58,100 | 70,560 | (12,460) |
| Total Expenditures | <u>430,000</u> | <u>430,000</u> | <u>402,477</u> | <u>27,523</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(6,000)</u> | <u>(6,000)</u> | <u>68,931</u> | <u>74,931</u> |
| Other Financing Sources (Uses) | | | | |
| Transfer In | 6,000 | 6,000 | - | (6,000) |
| Total Other Financing Sources (Uses) | <u>6,000</u> | <u>6,000</u> | <u>-</u> | <u>(6,000)</u> |
| Net Change in Fund Balance | - | - | 68,931 | 68,931 |
| Fund Balance - Beginning of Year | - | - | 798,236 | 798,236 |
| Fund Balance - End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 867,167</u> | <u>\$ 867,167</u> |

City of Council, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Special Projects Fund
 For the Year Ended September 30, 2023

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|----------------|--------------------|--------------------|
| | Original | Final | | |
| Revenues | | | | |
| Grants and Contributions | \$ 300,000 | \$ 300,000 | \$ 94,938 | \$ (205,062) |
| Total Revenues | <u>300,000</u> | <u>300,000</u> | <u>94,938</u> | <u>(205,062)</u> |
| Expenditures | | | | |
| Current | | | | |
| Administrative | 200,000 | 200,000 | 11,753 | 188,247 |
| General | 100,000 | 100,000 | 175,455 | (75,455) |
| Total Expenditures | <u>300,000</u> | <u>300,000</u> | <u>187,208</u> | <u>112,792</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>-</u> | <u>-</u> | <u>(92,270)</u> | <u>(92,270)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfer In | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | - | - | (92,270) | (92,270) |
| Fund Balance - Beginning of Year | - | - | - | - |
| Fund Balance - End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (92,270)</u> | <u>\$ (92,270)</u> |

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

1. BUDGETS AND BUDGETARY ACCOUNTING

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

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

City of Council, Idaho
Schedules of Required Supplementary Information
Public Employee Retirement System of Idaho
Last 10 - Fiscal Years*

Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)

| Year | City's Proportion of the Net Pension Liability (Asset) | City's Proportionate Share of the Net Pension Liability (Asset) | City's Covered Employee Payroll | City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset) |
|------|--|---|---------------------------------|---|--|
| 2023 | 0.0038696% | \$ 154,422 | \$ 172,321 | 89.61% | 83.83% |
| 2022 | 0.0045202% | 178,038 | 179,724 | 99.06% | 83.09% |
| 2021 | 0.0047659% | (3,764) | 179,056 | (2.10%) | 100.36% |
| 2020 | 0.0047367% | 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% | 91.69% |
| 2017 | 0.0051901% | 81,579 | 163,702 | 49.83% | 90.68% |
| 2016 | 0.0050463% | 102,296 | 155,212 | 65.91% | 87.26% |
| 2015 | 0.0049337% | 64,969 | 137,417 | 47.28% | 91.38% |

Data reported is measured as of June 30, 2023.

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 |
|------|--------------------------------------|--|----------------------------------|---------------------------------|---|
| 2023 | \$ 20,242 | \$ 20,242 | \$ - | \$ 172,321 | 11.75% |
| 2022 | 21,459 | 21,459 | - | 179,724 | 11.94% |
| 2021 | 21,379 | 21,379 | - | 179,056 | 11.94% |
| 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, 2023.

* 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, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-------------------------------------|-------------------|-------------------|------------------|
| Taxes | | | |
| Property Taxes | \$ 197,755 | \$ 202,587 | \$ 4,832 |
| Total Taxes | <u>197,755</u> | <u>202,587</u> | <u>4,832</u> |
| Intergovernmental | | | |
| State Liquor Apportionment | 27,000 | 26,431 | (569) |
| Highway Users | 52,500 | 48,530 | (3,970) |
| State Sales Tax | 109,000 | 105,338 | (3,662) |
| Total Intergovernmental | <u>188,500</u> | <u>180,299</u> | <u>(8,201)</u> |
| Licenses, Permits, and Other | | | |
| Beer, Wine, and Liquor Licenses | 800 | 970 | 170 |
| Dog Licenses and Fees | 4,000 | 4,933 | 933 |
| Building Permits | - | 12,968 | 12,968 |
| Airport Rental | 3,300 | 3,556 | 256 |
| Airport Fuel | 8,000 | 21,676 | 13,676 |
| Other Airport Revenue | 500 | 275 | (225) |
| Court Fines Fines | 3,000 | 4,491 | 1,491 |
| Cell Tower Fees | 5,900 | 5,931 | 31 |
| Idaho Power Fees | 7,500 | 12,042 | 4,542 |
| Business Licenses | 1,750 | 3,330 | 1,580 |
| Total Licenses and Permits | <u>34,750</u> | <u>70,172</u> | <u>35,422</u> |
| Other | | | |
| Interest Earned | 2,000 | 16,902 | 14,902 |
| Other | 995 | 1,448 | 453 |
| Total Other | <u>2,995</u> | <u>18,350</u> | <u>15,355</u> |
| Total Revenue | <u>\$ 424,000</u> | <u>\$ 471,408</u> | <u>\$ 47,408</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, 2023

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------|-------------------|-------------------|------------------|
| Administrative | | | |
| Salaries | \$ 70,000 | \$ 76,901 | \$ (6,901) |
| Employee Benefits | 45,000 | 41,485 | 3,515 |
| Tort Insurance | 15,000 | 15,345 | (345) |
| Professional Services | 22,000 | 30,936 | (8,936) |
| Total Administrative | <u>152,000</u> | <u>164,667</u> | <u>(12,667)</u> |
| General | | | |
| Advertising | 1,000 | 1,913 | (913) |
| Airport | 41,000 | 43,725 | (2,725) |
| Bank Charges | 1,000 | 355 | 645 |
| Building Maintenance | 4,500 | 4,841 | (341) |
| Donations | 3,000 | 2,100 | 900 |
| Health and Sanitation | 1,000 | - | 1,000 |
| Miscellaneous | 28,450 | 16,979 | 11,471 |
| Planning and Zoning | 9,000 | 9,510 | (510) |
| Street Expenditures | 117,000 | 75,994 | 41,006 |
| Telephone | 3,000 | 2,767 | 233 |
| Supplies | 3,950 | 2,912 | 1,038 |
| Office Lease | 1,500 | 1,196 | 304 |
| Utilities | 5,500 | 4,958 | 542 |
| Total General | <u>219,900</u> | <u>167,250</u> | <u>52,650</u> |
| Public Safety | | | |
| Law Enforcement | 53,250 | 66,508 | (13,258) |
| Animal Control | 4,850 | 4,052 | 798 |
| Total Public Safety | <u>58,100</u> | <u>70,560</u> | <u>(12,460)</u> |
| Total Expenditures | <u>\$ 430,000</u> | <u>\$ 402,477</u> | <u>\$ 27,523</u> |

FEDERAL REPORTS



ZWYGART JOHN

CERTIFIED PUBLIC ACCOUNTANTS

Zwygart John & Associates CPAs, PLLC

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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, 2023, 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 March 5, 2024.

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
March 5, 2024