

CITY OF COUNCIL, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2022

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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, 2022, 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, 2022, 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 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, 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 30 through 32 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 April 10, 2023, 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.

Zwysart John & Associates, CPAs, PLLC

Nampa, Idaho
April 10, 2023

City of Council, Idaho
Statement of Net Position
September 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 759,985	\$ 1,720,274	\$ 2,480,259
Property Taxes Receivable	13,158	-	13,158
Accounts Receivable	5,410	58,744	64,154
Prepaid Expenses	8,979	2,000	10,979
Due From Other Governments	28,267	-	28,267
Total Current Assets	815,799	1,781,018	2,596,817
Long-Term Assets			
Restricted Cash	-	140,419	140,419
Capital Assets			
Land	501,379	-	501,379
Buildings and Improvements, Net	1,371,528	7,964,868	9,336,396
Equipment, Net	66,841	73,014	139,855
Total Capital Assets	1,939,748	8,037,882	9,977,630
Total Long-Term Assets	1,939,748	8,178,301	10,118,049
Total Assets	2,755,547	9,959,319	12,714,866
Deferred Outflows			
Pension Related Items	30,533	64,882	95,415
Total Deferred Outflows	30,533	64,882	95,415
Liabilities			
Current Liabilities			
Accounts Payable	2,510	10,134	12,644
Salaries Payable	4,141	4,046	8,187
Current Portion of Notes Payable	-	82,213	82,213
Accrued Interest	-	40,417	40,417
Compensated Absences	16,094	13,336	29,430
Deposits Payable	-	17,005	17,005
Total Current Liabilities	22,745	167,151	189,896
Long-Term Liabilities			
Notes Payable	-	4,021,599	4,021,599
Net Pension Liability	56,972	121,066	178,038
Total Long-Term Liabilities	56,972	4,142,665	4,199,637
Total Liabilities	79,717	4,309,816	4,389,533
Deferred Inflows			
Pension Related Items	254	540	794
Total Deferred Inflows	254	540	794
Net Position			
Net Investment in Capital Assets	1,939,748	3,934,070	5,873,818
Restricted for Debt Reserve	-	140,419	140,419
Unrestricted Surplus	766,361	1,639,356	2,405,717
Total Net Position	\$ 2,706,109	\$ 5,713,845	\$ 8,419,954

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

City of Council, Idaho
Statement of Activities
For the Year Ended September 30, 2022

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	\$ 161,227	\$ -	\$ -	\$ -	\$ (161,227)	\$ -	\$ (161,227)
General	224,365	95,986	96,148	-	(32,231)	-	(32,231)
Public Safety	57,320	-	-	-	(57,320)	-	(57,320)
Total Governmental Activities	<u>442,912</u>	<u>95,986</u>	<u>96,148</u>	<u>-</u>	<u>(250,778)</u>	<u>-</u>	<u>(250,778)</u>
Business-Type:							
Water	185,972	258,406	-	22,743	-	95,177	95,177
Sewer	604,331	488,571	-	-	-	(115,760)	(115,760)
Construction	10,809	-	-	75,965	-	65,156	65,156
Industrial Park	65,600	48,583	-	-	-	(17,017)	(17,017)
Total Business-type Activities	<u>866,712</u>	<u>795,560</u>	<u>-</u>	<u>98,708</u>	<u>-</u>	<u>27,556</u>	<u>27,556</u>
Total City of Council	<u>\$ 1,309,624</u>	<u>\$ 891,546</u>	<u>\$ 96,148</u>	<u>\$ 98,708</u>	<u>(250,778)</u>	<u>27,556</u>	<u>(223,222)</u>
General Revenues:							
					199,292	-	199,292
					196,508	-	196,508
					28,741	-	28,741
					-	(29,367)	(29,367)
					500	-	500
					<u>425,041</u>	<u>(29,367)</u>	<u>395,674</u>
					174,263	(1,811)	172,452
					2,531,846	5,715,656	8,247,502
					<u>\$ 2,706,109</u>	<u>\$ 5,713,845</u>	<u>\$ 8,419,954</u>

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

City of Council, Idaho
Balance Sheet - Governmental Funds
September 30, 2022

	<u>General</u>
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 759,985
Property Taxes Receivable	13,158
Accounts Receivable	5,410
Prepaid Items	8,979
Due From Other Governments	28,267
Total Assets	\$ 815,799
 Liabilities, Deferred Inflows, and Fund Balance	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 2,510
Salaries Payable	4,141
Total Liabilities	6,651
 Deferred Inflows	
Unearned Revenue - Property Tax	10,912
Total Deferred Inflows	10,912
 Fund Balance	
Nonspendable - Prepaid Items	8,979
Unassigned	789,257
Total Fund Balance	798,236
 Total Liabilities, Deferred Inflows and Fund Balance	 \$ 815,799

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, 2022

Total Fund Balances - Governmental Funds \$ 798,236

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 \$1,203,584 accumulated depreciation	1,371,528	
Equipment, net of \$235,803 accumulated depreciation	<u>66,841</u>	
		1,939,748

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. 10,912

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 (16,094)

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	\$ (56,972)	
Pension Related Deferred Inflows	(254)	
Pension Related Deferred Outflows	<u>30,533</u>	
		<u>(26,693)</u>

Net Position of Governmental Activities \$ 2,706,109

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, 2022

	<u>General</u>
Revenues	
Property Taxes	\$ 197,279
Intergovernmental	196,508
Licenses, Permits, and Other	95,986
Grants and Contributions	96,148
Interest	500
Other	28,741
Total Revenues	615,162
 Expenditures	
Current	
Administrative	151,275
General	173,998
Public Safety	57,320
Total Expenditures	382,593
 Excess of Revenues Over Expenditures	232,569
 Net Change in Fund Balance	232,569
 Fund Balance - Beginning of Year	565,667
Fund Balance - End of Year	\$ 798,236

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, 2022

Total Net Change in Fund Balance - Governmental Funds \$ 232,569

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	\$ 27,307	
Depreciation Expense	<u>(77,674)</u>	
Net		(50,367)

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. 2,013

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 (3,170)

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. (6,782)

Change in Net Position of Governmental Activities \$ 174,263

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

City of Council, Idaho
Statement of Net Position -
Proprietary Funds
September 30, 2022

	Water	Sewer	Construction	Industrial Park	Total
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 635,264	\$ 818,721	\$ -	\$ 266,289	\$ 1,720,274
Receivables, Net	19,056	38,685	-	1,003	58,744
Prepaid Expenses	2,000	-	-	-	2,000
Total Current Assets	656,320	857,406	-	267,292	1,781,018
Long-Term Assets					
Restricted Cash	-	140,419	-	-	140,419
Capital Assets					
Buildings and Improvements, Net	1,842	7,332,046	-	630,980	7,964,868
Equipment, Net	33,024	29,530	-	10,460	73,014
Total Capital Assets	34,866	7,361,576	-	641,440	8,037,882
Total Long-Term Assets	34,866	7,501,995	-	641,440	8,178,301
Total Assets	691,186	8,359,401	-	908,732	9,959,319
Deferred Outflows					
Pension Related Items	32,441	32,441	-	-	64,882
Total Deferred Outflows	32,441	32,441	-	-	64,882
Liabilities					
Current Liabilities					
Accounts Payable	5,613	7,770	-	797	14,180
Deposits Payable	15,050	-	-	1,955	17,005
Compensated Absences	6,668	6,668	-	-	13,336
Current Portion of Notes Payable	-	82,213	-	-	82,213
Accrued Interest	-	40,417	-	-	40,417
Total Current Liabilities	27,331	137,068	-	2,752	126,734
Long-Term Liabilities					
Notes Payable	-	4,021,599	-	-	4,021,599
Net Pension Liability	60,533	60,533	-	-	121,066
Total Long-Term Liabilities	60,533	4,082,132	-	-	4,142,665
Total Liabilities	87,864	4,219,200	-	2,752	4,309,816
Deferred Inflows					
Pension Related Items	270	270	-	-	540
Total Deferred Inflows	270	270	-	-	540
Net Position					
Net Investment in Capital Assets	34,866	3,257,764	-	641,440	3,934,070
Restricted for Debt Reserve	-	140,419	-	-	140,419
Unrestricted	600,627	774,189	-	264,540	1,639,356
Total Net Position	\$ 635,493	\$ 4,172,372	\$ -	\$ 905,980	\$ 5,713,845

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, 2022

	Water	Sewer	Construction	Industrial Park	Total
Operating Revenues					
Charges for Services	\$ 258,406	\$ 488,571	\$ -	\$ 48,583	\$ 795,560
Total Operating Revenues	<u>258,406</u>	<u>488,571</u>	<u>-</u>	<u>48,583</u>	<u>795,560</u>
Operating Expenses					
Wages	54,464	55,749	-	10,183	120,396
Employee Benefits	32,536	53,645	-	5,235	91,416
Advertising	53	-	-	-	53
Materials and Supplies	14,127	120,748	-	3,341	138,216
Repairs and Maintenance	38,913	18,598	-	6,371	63,882
Utilities	36,787	23,591	-	995	61,373
Legal and Professional	2,078	5,178	10,809	1,375	19,440
Depreciation	4,109	261,382	-	36,443	301,934
Miscellaneous	2,905	14,132	-	1,657	18,694
Total Operating Expenses	<u>185,972</u>	<u>553,023</u>	<u>10,809</u>	<u>65,600</u>	<u>815,404</u>
Operating Income (Loss)	<u>72,434</u>	<u>(64,452)</u>	<u>(10,809)</u>	<u>(17,017)</u>	<u>(19,844)</u>
Nonoperating Revenues (Expenses)					
Grants	22,743	-	75,965	-	98,708
Interest Expense	-	(51,308)	-	-	(51,308)
Gain (Loss) on Sale of Assets	-	(29,367)	-	-	(29,367)
Transfers In	-	3,475,791	-	-	3,475,791
Transfers Out	-	-	(3,475,791)	-	(3,475,791)
Total Nonoperating Revenues (Expenses)	<u>22,743</u>	<u>3,395,116</u>	<u>(3,399,826)</u>	<u>-</u>	<u>18,033</u>
Change in Net Position	95,177	3,330,664	(3,410,635)	(17,017)	(1,811)
Total Net Position - Beginning of Year	540,316	841,708	3,410,635	922,997	5,715,656
Total Net Position - End of Year	<u>\$ 635,493</u>	<u>\$ 4,172,372</u>	<u>\$ -</u>	<u>\$ 905,980</u>	<u>\$ 5,713,845</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, 2022

	Water	Sewer	Construction	Industrial Park	Total
Cash Flows From Operating Activities					
Cash Receipts from Customers	\$ 259,997	\$ 489,043	\$ 116,335	\$ 47,580	\$ 912,955
Payments to Suppliers for Goods or Services	(104,567)	(179,237)	(15,809)	(13,614)	(313,227)
Payments to Employees for Services	(76,889)	(99,011)	-	(15,345)	(191,245)
Net Cash Provided by (Used in) Operating Activities	<u>78,541</u>	<u>210,795</u>	<u>100,526</u>	<u>18,621</u>	<u>408,483</u>
Cash Flows From Noncapital Financing Activities					
Transfers from (to) Other Funds	-	85,137	(85,137)	-	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>-</u>	<u>85,137</u>	<u>(85,137)</u>	<u>-</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities					
Proceeds from Capital Grants	22,743	-	75,965	-	98,708
Proceeds from Issuance of Capital Debt	-	-	-	-	-
Principal Paid on Capital Debt	-	(146,199)	-	-	(146,199)
Interest Paid on Capital Debt	-	(13,901)	(41,218)	-	(55,119)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>22,743</u>	<u>(160,100)</u>	<u>34,747</u>	<u>-</u>	<u>(102,610)</u>
Cash Flows From Investing Activities					
Net Cash Provided by (Used in) Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	<u>101,284</u>	<u>135,832</u>	<u>50,136</u>	<u>18,621</u>	<u>305,873</u>
Cash and Cash Equivalents, Beginning	533,980	823,308	(50,136)	247,668	1,554,820
Cash and Cash Equivalents, Ending	<u>\$ 635,264</u>	<u>\$ 959,140</u>	<u>\$ -</u>	<u>\$ 266,289</u>	<u>\$ 1,860,693</u>
Displayed As:					
Cash and Cash Equivalents	\$ 635,264	\$ 818,721	\$ -	\$ 266,289	\$ 1,720,274
Restricted Cash	-	140,419	-	-	140,419
	<u>\$ 635,264</u>	<u>\$ 959,140</u>	<u>\$ -</u>	<u>\$ 266,289</u>	<u>\$ 1,860,693</u>
Noncash Transactions:					
Transfer Long-term Debt	\$ -	\$ 4,179,000	\$ (4,179,000)	\$ -	\$ -
Transfer of Assets	-	7,569,655	(7,569,655)	-	-
	<u>\$ -</u>	<u>\$ 11,748,655</u>	<u>\$ (11,748,655)</u>	<u>\$ -</u>	<u>\$ -</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, 2022

	Water	Sewer	Construction	Industrial Park	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	\$ 72,434	\$ (64,452)	\$ (10,809)	\$ (17,017)	\$ (19,844)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	4,109	261,382	-	36,443	301,934
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(1,259)	472	116,335	(1,003)	114,545
(Increase) Decrease in Prepaid Expenses	(2,000)	-	-	-	(2,000)
(Increase) Decrease in Deferred Outflows	(13,937)	(13,937)	-	-	(27,874)
Increase (Decrease) in Accounts Payable	(7,704)	3,010	(5,000)	125	(9,569)
Increase (Decrease) in Salaries Payable	1,700	1,972	-	73	3,745
Increase (Decrease) in Deposits Payable	2,850	-	-	-	2,850
Increase (Decrease) in Compensated Absences	1,205	1,205	-	-	2,410
Increase (Decrease) in Net Pension Asset (Liability)	61,813	61,813	-	-	123,626
Increase (Decrease) in Deferred Inflows	(40,670)	(40,670)	-	-	(81,340)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 78,541</u>	<u>\$ 210,795</u>	<u>\$ 100,526</u>	<u>\$ 18,621</u>	<u>\$ 408,483</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, 2022

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, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

City of Council, Idaho
Notes to the Financial Statements
For the Year Ended September 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2022 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.

City of Council, Idaho
Notes to the Financial Statements
For the Year Ended September 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 (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. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of State of Idaho revenue sharing of \$28,267.

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, 2022, are recognized as receivable by the City.

Taxes not collected within 60 days after September 30, 2022, 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, 2022

4. CASH AND INVESTMENTS

Deposits

As of September 30, 2022, the carrying amount of the City's deposits was \$2,620,478 and the respective bank balances totaled \$2,624,179. 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, 2022, 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.

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, 2022, the City's only investments consisted of money market accounts held at FDIC insured banks and are included in the deposits total.

City of Council, Idaho
Notes to the Financial Statements
For the Year Ended September 30, 2022

4. CASH AND INVESTMENTS (continued)

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	\$ 759,985	\$ 1,720,274	\$ 2,480,259
Restricted Cash	-	140,419	140,419
	\$ 759,985	\$ 1,860,693	\$ 2,620,678

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.

City of Council, Idaho
Notes to the Financial Statements
For the Year Ended September 30, 2022

5. PENSION PLAN (continued)

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.

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, 2022, it was 7.16% for general employees and 9.13% 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's contributions were \$21,459 the year ended September 30, 2022.

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

At September 30, 2022, the City of Council, Idaho reported an asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2022, the City's proportion was 0.00452015 percent.

For the year ended September 30, 2022, the City recognized pension expense (revenue) of \$42,651 . At September 30, 2022, 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	\$ 19,578	\$ 794
Changes in assumptions or other inputs	29,025	-
Net difference between projected and actual earnings on pension plan investments	40,964	-
City of Council, Idaho's contributions subsequent to the measurement date	5,848	-
Total	\$ 95,415	\$ 794

City of Council, Idaho
Notes to the Financial Statements
For the Year Ended September 30, 2022

5. PENSION PLAN (continued)

\$5,848 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 (asset) in the year ending September 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2022, the beginning of the measurement period ended June 30, 2021, is 4.6 and 4.6 for the measurement period ended June 30, 2022.

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

For the Year Ended September 30:	PERSI
2023	\$ 27,077
2024	23,046
2025	10,659
2026	33,839

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, 2022 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%

City of Council, Idaho
Notes to the Financial Statements
For the Year Ended September 30, 2022

5. PENSION PLAN (continued)

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, 2022 is based on the results of an actuarial valuation date of July 1, 2022.

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 2022.

City of Council, Idaho
Notes to the Financial Statements
For the Year Ended September 30, 2022

5. PENSION PLAN (continued)

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.

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)	\$ 314,219	\$ 178,038	\$ 66,577

City of Council, Idaho
Notes to the Financial Statements
For the Year Ended September 30, 2022

5. PENSION PLAN (continued)

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. 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>9/30/2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2022</u>	<u>Current Portion</u>
Governmental Activities	\$ 12,924	\$ 13,150	\$ (9,980)	\$ 16,094	\$ 16,094
Business-type Activities	<u>10,926</u>	<u>5,088</u>	<u>(2,678)</u>	<u>13,336</u>	<u>13,336</u>
Total	<u>\$ 23,850</u>	<u>\$ 18,238</u>	<u>\$ (12,658)</u>	<u>\$ 29,430</u>	<u>\$ 29,430</u>

City of Council, Idaho
Notes to the Financial Statements
For the Year Ended September 30, 2022

9. 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>(750,321)</u>
	<u>\$ 630,980</u>

Future minimum lease payments are as follows:

Year Ending September 30,	Amount
2023	<u>\$ 27,012</u>

10. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2022, was as follows:

	Balance 9/30/2021	Additions	Disposals	Balance 9/30/2022
Governmental Activities:				
Nondepreciable Capital Assets:				
Land	\$ 501,379	\$ -	\$ -	\$ 501,379
Construction In Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>289,368</u>	<u>27,307</u>	<u>(14,031)</u>	<u>302,644</u>
Total Historical Cost	<u>2,864,480</u>	<u>27,307</u>	<u>(14,031)</u>	<u>2,877,756</u>
Less: Accumulated Depreciation				
Buildings and Improvements	1,131,900	71,684	-	1,203,584
Equipment	<u>243,844</u>	<u>5,990</u>	<u>(14,031)</u>	<u>235,803</u>
Total Accumulated Depreciation	<u>1,375,744</u>	<u>77,674</u>	<u>(14,031)</u>	<u>1,439,387</u>
Total Net Depreciable Assets	<u>1,488,736</u>	<u>(50,367)</u>	<u>-</u>	<u>1,438,369</u>
Governmental Activities -				
Total Net Assets	<u>\$ 1,990,115</u>	<u>\$ (50,367)</u>	<u>\$ -</u>	<u>\$ 1,939,748</u>

City of Council, Idaho
Notes to the Financial Statements
For the Year Ended September 30, 2022

10. CAPITAL ASSETS (continued)

Business-Type Activities:

Nondepreciable Capital Assets:

Land	\$ -	\$ -	\$ -	\$ -
Construction In Progress	<u>7,569,655</u>	<u>-</u>	<u>(7,569,655)</u>	<u>-</u>
Total Nondepreciable Capital Assets	<u>\$ 7,569,655</u>	<u>\$ -</u>	<u>\$ (7,569,655)</u>	<u>\$ -</u>

Depreciable Capital Assets:

Buildings and Improvements	3,693,312	7,569,566	(189,005)	11,073,873
Equipment	<u>266,281</u>	<u>-</u>	<u>-</u>	<u>266,281</u>
Total Historical Cost	<u>3,959,593</u>	<u>7,569,566</u>	<u>(189,005)</u>	<u>11,340,154</u>
Less: Accumulated Depreciation				
Buildings and Improvements	2,976,185	292,459	(159,638)	3,109,006
Equipment	<u>183,792</u>	<u>9,475</u>	<u>-</u>	<u>193,267</u>
Total Accumulated Depreciation	<u>3,159,977</u>	<u>301,934</u>	<u>(159,638)</u>	<u>3,302,273</u>
Total Net Depreciable Assets	<u>799,616</u>	<u>7,267,632</u>	<u>(29,367)</u>	<u>8,037,881</u>
Business-Type Activities -				
Total Net Assets	<u>\$ 8,369,271</u>	<u>\$ 7,267,632</u>	<u>\$ (7,599,022)</u>	<u>\$ 8,037,881</u>

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

Governmental Activities:	
General	<u>\$ 77,674</u>
Business-type Activities:	
Water	\$ 4,109
Sewer	261,382
Industrial Park	<u>36,443</u>
	<u>\$ 301,934</u>

11. 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

City of Council, Idaho
Notes to the Financial Statements
For the Year Ended September 30, 2022

11. LONG-TERM OBLIGATIONS (continued)

Changes in long-term obligations for the year ended September 30, 2022, are as follows:

Description	9/30/2021	Increase	Decrease	9/30/2022	Current Portion
Business-type Activities:					
Bank of New York	\$ 65,000	\$ -	\$ (65,000)	\$ -	\$ -
USDA Loan	4,179,000	-	(81,199)	4,097,801	82,213
	<u>4,244,000</u>	-	<u>(146,199)</u>	<u>4,097,801</u>	<u>82,213</u>
Unamortized Premium	9,021	-	(3,010)	6,011	-
	<u>\$ 4,253,021</u>	<u>\$ -</u>	<u>\$ (149,209)</u>	<u>\$ 4,103,812</u>	<u>\$ 82,213</u>

Debt service requirements as of September 30, 2022, are as follows:

Year Ending September 30,	Business-Type Activities:	
	Bonds and Notes	
	Principal	Interest
2023	\$ 82,213	\$ 51,223
2024	83,241	50,195
2025	84,282	49,154
2026	85,335	48,101
2027	86,402	47,034
2028–2032	448,482	218,698
2033–2037	477,222	189,958
2038–2042	507,803	159,377
2043–2047	540,345	126,835
2048–2052	574,971	92,209
2053–2057	611,816	55,364
2058–2061	515,689	16,181
	<u>\$ 4,097,801</u>	<u>\$ 1,104,329</u>

There was \$51,437 of interest expense in the year ended September 30, 2022. No interest was capitalized during the year.

12. OTHER COMMITMENTS

The City has a credit card with a credit limit of \$50,000. As of September 30, 2022, \$1,138 of this credit was in use.

REQUIRED SUPPLEMENTARY INFORMATION

City of Council, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 189,646	\$ 189,646	\$ 197,279	\$ 7,633
Intergovernmental	154,000	154,000	196,508	42,508
Licenses, Permits, and Other	34,000	34,000	95,986	61,986
Grants and Contributions	-	-	96,148	96,148
Other	2,000	2,000	28,741	26,741
Total Revenues	<u>379,646</u>	<u>379,646</u>	<u>614,662</u>	<u>235,016</u>
Expenditures				
Current				
Administrative	140,000	140,000	151,275	(11,275)
General	188,400	188,400	173,998	14,402
Public Safety	58,100	58,100	57,320	780
Total Expenditures	<u>386,500</u>	<u>386,500</u>	<u>382,593</u>	<u>3,907</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,854)</u>	<u>(6,854)</u>	<u>232,069</u>	<u>238,923</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	(854)	(854)	232,069	232,923
Fund Balance - Beginning of Year	-	-	565,667	565,667
Fund Balance - End of Year	<u>\$ (854)</u>	<u>\$ (854)</u>	<u>\$ 797,736</u>	<u>\$ 798,590</u>

City of Council, Idaho
Notes to the Required Supplementary Information
For the Year Ended September 30, 2022

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)
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, 2022.

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
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, 2022.

* 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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Taxes			
Property Taxes	\$ 189,646	\$ 197,279	\$ 7,633
Total Taxes	<u>189,646</u>	<u>197,279</u>	<u>7,633</u>
Intergovernmental			
State Liquor Apportionment	25,000	26,890	1,890
Highway Users	43,000	67,236	24,236
State Sales Tax	86,000	102,382	16,382
Total Intergovernmental	<u>154,000</u>	<u>196,508</u>	<u>42,508</u>
Licenses, Permits, and Other			
Beer, Wine, and Liquor Licenses	800	970	170
Dog Licenses and Fees	4,000	4,495	495
Building Permits	-	28,810	28,810
Airport Rental	3,300	3,340	40
Airport Fuel	8,000	14,081	6,081
Other Airport Revenue	-	23,585	23,585
Court Fines Fines	3,000	1,994	(1,006)
Cell Tower Fees	5,900	5,931	31
Idaho Power Fees	7,500	10,830	3,330
Business Licenses	1,500	1,950	450
Total Licenses and Permits	<u>34,000</u>	<u>95,986</u>	<u>61,986</u>
Grants and Contributions			
Grant Revenue	-	96,148	96,148
Total Grants and Contributions	<u>-</u>	<u>96,148</u>	<u>96,148</u>
Other			
Interest Earned	2,000	28,741	26,741
Other	854	500	(354)
Total Other	<u>2,854</u>	<u>29,241</u>	<u>26,387</u>
Total Revenue	<u>\$ 380,500</u>	<u>\$ 615,162</u>	<u>\$ 234,662</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Administrative			
Salaries	\$ 65,000	\$ 68,355	\$ (3,355)
Employee Benefits	38,000	40,800	(2,800)
Tort Insurance	15,000	14,401	599
Professional Services	22,000	27,719	(5,719)
Total Administrative	<u>140,000</u>	<u>151,275</u>	<u>(11,275)</u>
General			
Advertising	1,000	2,159	(1,159)
Airport	29,000	50,980	(21,980)
Bank Charges	1,000	395	605
Building Maintenance	4,500	2,787	1,713
Donations	3,000	1,600	1,400
Health and Sanitation	1,000	747	253
Miscellaneous	27,950	14,904	13,046
Planning and Zoning	9,000	17,642	(8,642)
Street Expenditures	98,000	71,540	26,460
Telephone	3,000	2,712	288
Supplies	3,950	2,937	1,013
Office Lease	1,500	1,241	259
Utilities	5,500	4,354	1,146
Total General	<u>188,400</u>	<u>173,998</u>	<u>14,402</u>
Public Safety			
Law Enforcement	53,250	53,250	-
Animal Control	4,850	4,070	780
Total Public Safety	<u>58,100</u>	<u>57,320</u>	<u>780</u>
Total Expenditures	<u>\$ 386,500</u>	<u>\$ 382,593</u>	<u>\$ 3,907</u>

FEDERAL REPORTS



**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, 2022, 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 April 10, 2023.

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

April 10, 2023