

Financial Statements

City of Mountain Home, Idaho
Includes Supplementary Information
Year Ended September 30, 2022



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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Mountain Home, Idaho
Mountain Home, Idaho

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Mountain Home, Idaho, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City of Mountain Home, Idaho'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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Mountain Home, Idaho, 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 City of Mountain Home, Idaho and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

City of Mountain Home, Idaho'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 City of Mountain Home, Idaho's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 City of Mountain Home, Idaho'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 City of Mountain Home, Idaho'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 management's discussion and analysis, budgetary comparison information and the schedule of employers' proportionate share of net pension liability as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Mountain Home, Idaho's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 27, 2023 on our consideration of City of Mountain Home, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 City of Mountain Home, Idaho's internal control over financial reporting and compliance.

Meridian, Idaho
March 27, 2023

Harris CPAs

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Within this section of the City of Mountain Home's (City) annual financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ending September 30, 2022. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

Financial Highlights

- The City's assets exceeded its liabilities by \$63,682,830 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$59,723,495. Resulting in an increase in net position of \$3,959,335. The main cause for this increase was the infrastructure improvements in our parks, streets, sidewalks, water, and wastewater system which were made by the city and capitalized of assets.
- Total net position is comprised of the following:
 - (1) Capital assets, net of related debt, of \$52,005,977 includes property and equipment, net of accumulated depreciation and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Unrestricted net assets of \$8,545,144 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
 - (3) Restricted net assets of \$3,131,709 represent the portion reserved for development, construction, and debt service.
- The City's governmental funds reported total ending fund balance of \$8,905,683 this year. This compares to the prior year ending fund balance of \$6,168,528; showing an increase of \$2,377,155 during the current year, due to the construction and infrastructure improvements discussed earlier.
- At the end of the current fiscal year, the Governmental Fund reflected a non-spendable balance of \$60,263 restricted balance of \$3,026,456 assigned balance of \$1,699,010 and unassigned balance of \$4,119,954 for a total Governmental Fund balance of \$8,905,683. These classifications of fund balance show the nature and extent of constraints placed on the City's general fund balance by law, creditors, the City Council, or the City's annually adopted budget. Examples of such constraints include pre-paid expenditures, funds reserved for debt service, and amounts set aside for specific operating purposes. Unassigned fund balances are available for spending for any purpose.
- Total liabilities of the City increased by \$5,626,148 from \$12,113,588 to \$17,739,736 during the fiscal year. This increase was primarily due to investments in the capital asset for the water storage tank however additional payments were made on the certificates of participation for the law enforcement building, payments on the DEQ water and wastewater certificates of participation and net pension liabilities.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide financial position presenting information that includes all the City's assets and liabilities, with the difference reported as total net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other non-financial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, culture, and recreation. Business-type activities include water, wastewater and sanitation utilities, and golf course. Fiduciary activities such as the tap deposit fund are not included in the government-wide statements since these assets are not available to fund city programs.

The City's financial reporting entity includes the funds of the City (primary government) and an organization for which the City is accountable (a component unit). This legally separated organization operates like a City department, serves as a financing vehicle for City services (revenue bond issuers). This organization is blended into the primary government for financial reporting purposes. A schedule at the close of *Management's Discussion and Analysis* lists the City's component unit. More comprehensive information about the City's component units can be found in the notes to the financial statements.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The City has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of expendable resources during the year and balances of expendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of expendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund and major special revenue funds. Budgetary comparison schedules for major governmental funds and enterprise funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Proprietary Funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as the water, sewer, and sanitation utilities and the City golf course.

The City does not have internal service funds.

Proprietary fund statements and statements for discretely presented component units (reporting is like proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds and individual component units.

Fiduciary Funds such as the tap deposit fund are reported in the fiduciary fund financial statements but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the City's budget comparisons to actual of the general fund, major special revenue funds, and the enterprise funds. *Other Supplementary Information* includes combined statements of the non-major governmental funds. Supplementary information follows the notes to the financial statements.

Major funds and the component unit are reported in the basic financial statements as discussed. Combined statements for non-major funds are presented in a subsequent section of this report.

Application of GASB 87

The City has adopted the accounting guidance, GASB Statement #87, *Leases*. Additional details regarding this new accounting guidance can be found in Note A of the financial statements.

Financial Analysis of the City as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net position can be observed and used to discuss the changing financial position of the City as a whole.

Government-Wide Financial Analysis

At the end of FY 2021-22, the City is able to report positive balances in two categories of net position for the government as a whole: (1) net investment in capital assets, and (2) restricted net position. Unrestricted net position, the third category of net position, had a negative balance in governmental activities. Business-type activities have a positive balance for all three categories of net position.

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

The City's net position for the fiscal year-end September 30, 2022, is \$63,682,830. This is a \$3,959,335 increase from last year's net position of \$59,723,495. The following table provides a comparative summary of the City's net position on September 30 for both years:

Summary of Net Position

	Governmental Activities		Business-type Activities		Totals	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$18,860,854	\$15,007,703	\$8,018,840	\$6,371,536	\$26,879,694	\$21,379,239
Capital assets	27,724,070	27,705,500	31,891,781	31,726,664	59,615,851	59,432,164
Pension obligations	<u>2,836,826</u>	<u>1,132,440</u>	<u>649,377</u>	<u>377,482</u>	<u>3,486,203</u>	<u>1,509,922</u>
Total assets	<u>49,421,750</u>	<u>43,845,643</u>	<u>40,559,998</u>	<u>38,475,682</u>	<u>89,981,748</u>	<u>82,321,325</u>
Long-term liabilities	7,237,868	2,084,505	8,438,834	7,979,244	15,676,702	10,063,749
Other liabilities	<u>1,438,630</u>	<u>1,498,071</u>	<u>624,404</u>	<u>551,768</u>	<u>2,063,034</u>	<u>2,049,839</u>
Total liabilities	<u>8,676,498</u>	<u>3,582,576</u>	<u>9,063,238</u>	<u>8,531,012</u>	<u>17,739,736</u>	<u>12,113,588</u>
Deferred Inflows	8,537,069	9,665,189	22,113	840,674	8,559,182	10,505,863
Net Position:						
Invested in capital assets, net of related debt	27,120,373	26,979,798	24,885,604	23,994,729	52,005,977	50,974,527
Restricted	3,026,456	2,038,512	105,253	93,559	3,131,709	2,132,071
Unrestricted	<u>2,061,354</u>	<u>1,579,568</u>	<u>6,483,790</u>	<u>5,037,329</u>	<u>8,545,144</u>	<u>6,616,897</u>
Total net position	<u>\$32,208,183</u>	<u>\$30,597,878</u>	<u>\$31,474,647</u>	<u>\$29,125,617</u>	<u>\$63,682,830</u>	<u>\$59,723,495</u>

The City reported changes in net assets for both governmental and business-type activities. Net position increased \$1,610,305 for governmental activities and increased \$2,349,030 for business-type activities. Comparative data is accumulated and presented to assist analysis.

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

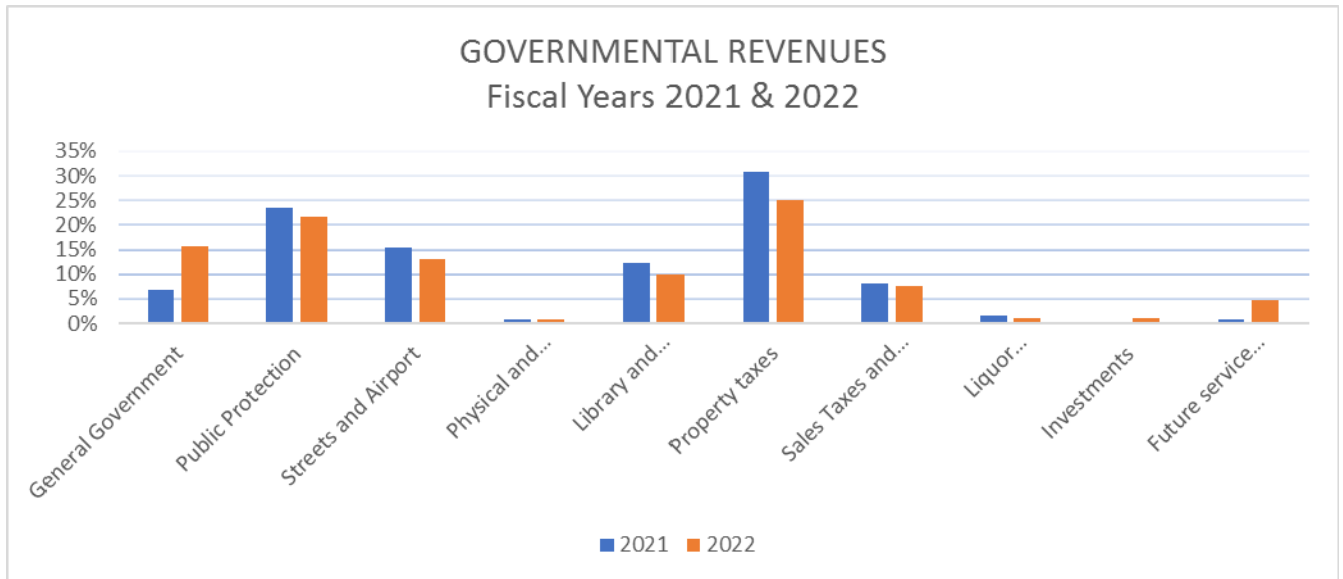
The following table provides a comparative summary of the City's change in net position at September 30 for both years:

Function and program	Summary of Change in Net Position					
	Governmental	Governmental	Business-type	Business-type	Totals	
	Activities	Activities	Activities	Activities	2022	2021
	2022	2021	2022	2021		
revenues						
Operating grants and contributions	\$ 1,895,606	\$ 2,355,293	\$	\$	\$ 1,895,606	\$ 2,355,293
Capital grants and contributions	988,762	100,875			988,762	100,875
Fines and Fees & Charges for Services	4,345,615	6,413,172	9,047,267	7,753,919	13,392,882	14,167,091
General revenues						
Property taxes	5,093,947	5,187,786			5,093,947	5,187,786
Revenue sharing	1,567,065	1,369,889			1,567,065	1,369,889
Liquor apportionment	224,936	235,306			224,936	235,306
Investment Income	55,480	5,459	39,548	23,793	95,028	29,252
Other/Availability Fee	644,947	615,548	325,300	514,830	970,247	1,130,378
Total revenues	<u>14,816,358</u>	<u>16,283,328</u>	<u>9,412,115</u>	<u>8,292,542</u>	<u>24,228,473</u>	<u>24,575,870</u>
Expenditures						
General government	3,183,822	1,160,712			3,183,822	1,160,712
Public protection	4,403,522	3,950,586			4,403,522	3,950,586
Streets and Airport	2,676,412	2,588,769			2,676,412	2,588,769
Health and Sanitation	181,556	203,679			181,556	203,679
Physical and economic development	149,136	145,823			149,136	145,823
Library and recreation	2,046,267	2,056,258			2,046,267	2,056,258
Interest on debt	15,577	51,595			15,577	51,595
Golf Course			809,796	672,269	809,796	672,269
Water			2,991,903	2,802,292	2,991,903	2,802,292
Wastewater			2,613,241	2,135,393	2,613,241	2,135,393
Fiber			53,991		53,991	
Sanitation			1,143,893	1,088,655	1,143,893	1,088,655
Total expenses	<u>12,656,292</u>	<u>10,157,422</u>	<u>7,612,824</u>	<u>6,698,609</u>	<u>20,269,116</u>	<u>16,856,031</u>
Increase (Decrease) in net position						
before transfers	2,160,044	6,125,906	1,799,291	1,593,933	3,959,335	7,719,839
Transfers	<u>(539,421)</u>	<u>(916,371)</u>	<u>539,421</u>	<u>916,371</u>	<u>0</u>	<u>0</u>
Change in Net Position	1,620,623	5,209,535	2,338,712	2,510,304	3,959,335	7,719,839
NET POSITION, Beginning (Previous)	<u>30,587,560</u>	<u>25,388,343</u>	<u>29,135,935</u>	<u>26,615,313</u>	<u>59,723,495</u>	<u>52,003,656</u>
NET POSITION, End of Year	<u>\$ 32,208,183</u>	<u>\$ 30,597,878</u>	<u>\$ 31,474,647</u>	<u>\$ 29,125,617</u>	<u>\$ 63,682,830</u>	<u>\$ 59,723,495</u>

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

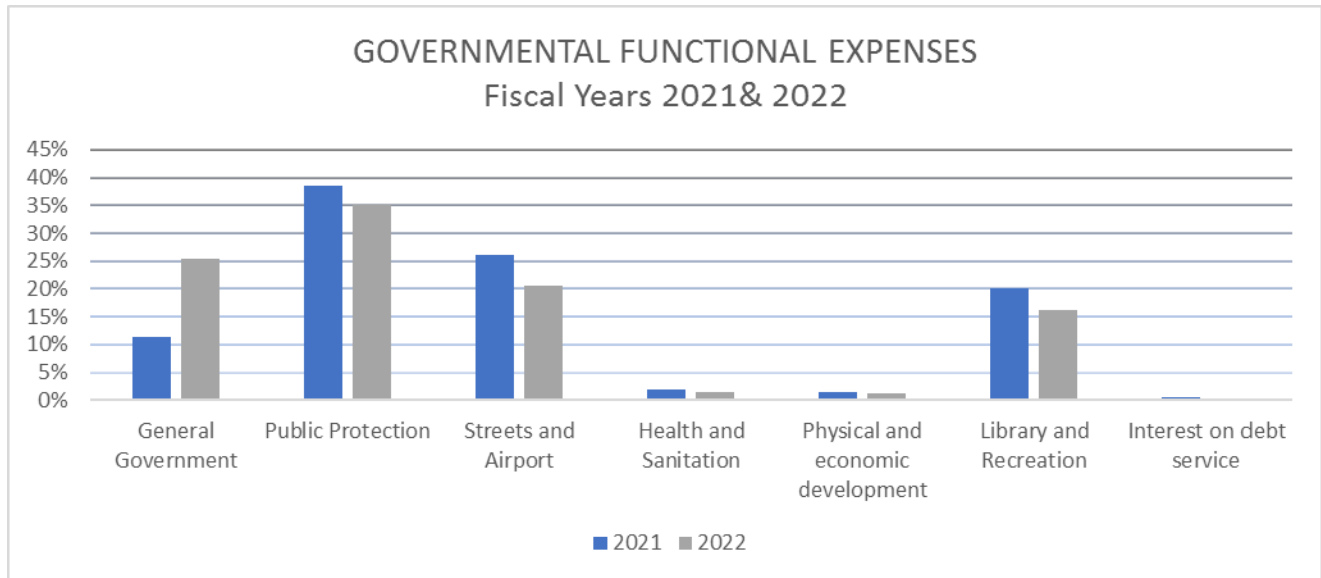
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities for the fiscal year 2022.

**GOVERNMENTAL REVENUES
Fiscal Years 2021 & 2022**



As graphically portrayed above and discussed earlier, the City is heavily reliant on property taxes to support governmental operations. Property taxes provided 31% and 25% of the City's total governmental revenues in fiscal years 2021 and 2022, respectively.

**GOVERNMENTAL FUNCTIONAL EXPENSES
Fiscal Years 2021 & 2022**



This graph shows each major expenditure category and its share of total governmental activities cost. For example, Streets and Airport expenditures, in the amount of \$2,588,769 to account for almost 21% of the \$12,568,649 total expenditures for this year. Unlike many cities in the state, Mountain Home city government provides almost all of the services available to city residents by statute, including cemetery, airport, library, public safety, parks, recreation, animal control, street maintenance, economic development and general administration, with public safety receiving the largest share of revenues. In many other localities these services are provided by private business (cemeteries) or special taxing districts (for libraries, streets, fire protection or recreation).

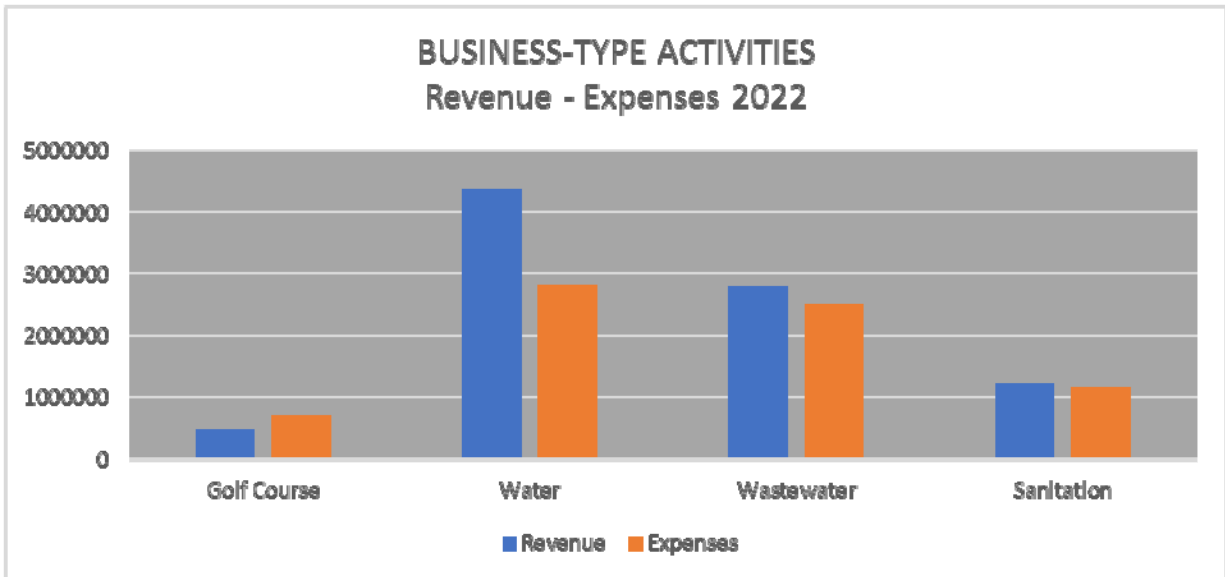
Significant capital expenses and other activity for this fiscal year in governmental funds included:

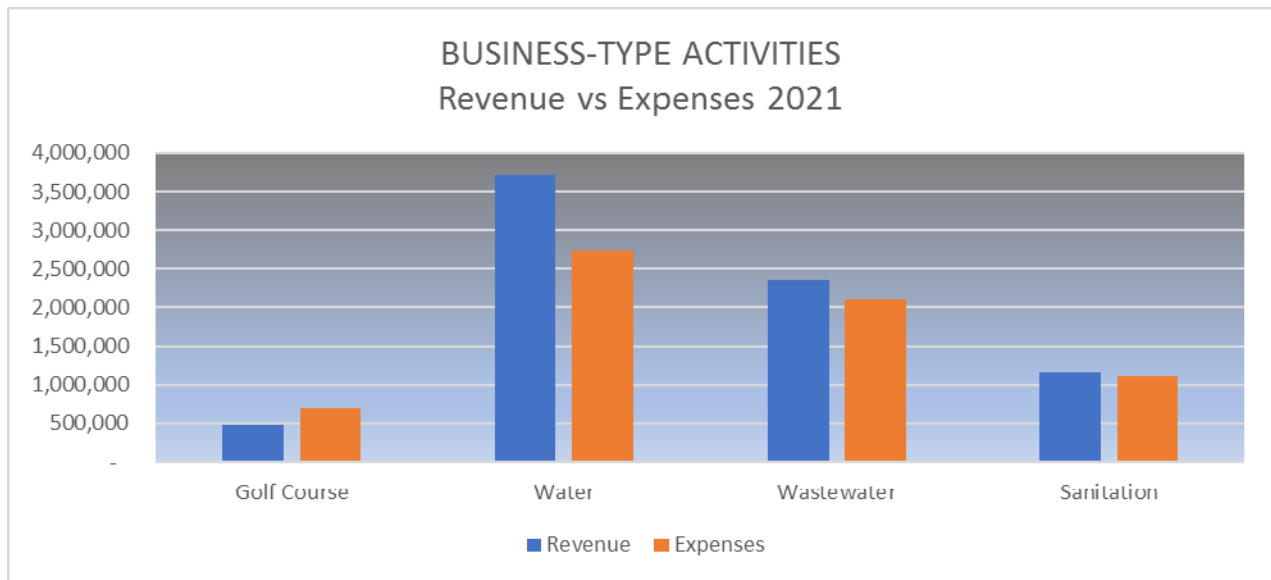
- Police Department budget expenditures included improvements to the fleet management technology to include in-car cameras, the purchase of body cameras, and improvements to the building HVAC main operating system. The annual payment for the Law Enforcement Facility and office technology equipment upgrades were continued.
- Animal Shelter updated to an energy efficient washer and dryer while continuing to provide necessary services for the shelter animals and to maintain our high standards of service.
- Development Services funded technology equipment to include tablets and a Kiosk used to assist with paperless building permits and resumed fleet management with the lease of an additional work vehicle.
- Parks Department in conjunction with the Urban Renewal Agency continued to improve Railroad Park with a new gazebo and walking path extension. Parking lot maintenance and building upgrades were also completed during the budget cycle. This department included asset build up with an additional tractor, upgrading the large dog park, and adding technology equipment to the parks.
- Street Department's major portion of their funds was dedicated towards pavement reconstruction and re-striping of Jackson Street, while other sections of the city streets received drainage work and new sidewalks.
- The Recreation Department completed the National Fitness Outdoor Court with funds made available by private sponsors. This amenity was built by, and for the community. Located at the beginning of the bike path by Legacy Park the court provides 7 functional training zones. Planning for the municipal pool was completed and the project is scheduled for construction in the next budget cycle.

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

- The City Municipal Airport continued to work with engineering professionals to plan and upgrade the airport for the BLM Seat base, obtained a debris blower to clear the runway and moved forward with the fuel island construction.
- Economic Development saw changes with the implementation of a combined department with Development Services. Now all staff is in one location making access for customers easier and faster.
- Golf Course has increased the course usage over previous years. Overall improvement in fleet management is required to maintain the 18-hole course. Fleet management included a new greens roller and new turf sprayer.
- Water Department equipped staff with an industrial pressure washer, technology replacement, and fleet management. Included in this year's assets is a new vacuum truck, this equipment has a 10-year life span and will be invaluable to the department.
- Wastewater Department is striving to bring the department current with asset needs. This department is pushing forward with new technology and working to reduce costs by improving management and maintenance needs in field operations, and replacement of aging assets.
- Beginning in 2007 and continuing through the current fiscal year, the City's Golf Course has required subsidies from the General Fund to cover year end deficits. In FY22 the City transferred \$213,587 from the General Fund to subsidize operating expenses for the Golf Course.

**BUSINESS-TYPE ACTIVITIES
Revenue vs. Costs**





Business-type activities are shown comparing costs to revenues generated by related services. Golf course, water, sewer and sanitation activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Although the Golf Course fund is considered a business-type activity and is intended to be self-supporting, expenses have exceeded course-generated revenues for several years. Therefore, the City Council has supplemented Golf Course fees with a general fund transfer for repayment of debt, however the Certificates of Participation appropriation is no longer required as the long term debt has been satisfied.

Financial Analysis of the City's Funds

Governmental funds

As Discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of expendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$8,905,683. The ending fund balance consists of non-spendable, restricted and assigned funds in the amount of \$4,785,729 to be used for development, construction, and debt service; and unassigned funds of \$4,119,954 available for city service requirements.

The total ending fund balances of governmental funds show an increase over the prior year. This is primarily the result of the events and programs described within the analysis of the City's governmental activities.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund balance increased by \$1,016,422 during the fiscal year.

The Street Oiling Fund is used to account for highway user revenue that is restricted for maintenance and construction of city streets. The fund balance in the Street Oiling Fund reported an increase of \$769,181 for the current fiscal year, primarily due to building the required cost expended in the grant match and reconstruction projects, to aid with managing unexpended dollars for future projects, all which will include revitalization of the downtown sidewalks.

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Major Proprietary funds

The Water, Wastewater and Sanitation Funds are used to account for the costs necessary to operate the city's water, sewer, and sanitation systems and the charges necessary to offset those costs. In 2003 Engineering Studies and Master Plans were completed for the water and sewer systems. Loans were obtained through Idaho Department of Environmental Quality Revolving Loan Accounts to pay for capital improvements recommended in the master plan. Two water projects were finished in FY06 and FY07. Loan payments for those projects were refinanced with the Idaho Bond Bank and combined to a single payment annually to range from \$105,000 to \$145,000. The \$6 million sewer project, completed in FY09, increases the city's collection and treatment capacity. The DEQ#3 loan payment for the Sewer projects totaled \$419,706 annually. Water and sewer maintenance funds, comprised primarily of fees for service, are used to repay DEQ loans. These revenues are used to cover maintenance and operation expenses, DEQ loan payments, equipment replacement and to build for improvements in future years. The City's Sanitation service is outsourced to a private sanitation company.

The water fund reported an increase in net position of \$1,736,401 for the current fiscal year this reflected a rate increase that will stabilize the funds yearly financial responsibility of the new DEQ loan. Wastewater fund reported an increase in net position of \$296,597 this change is articulated in the depreciation schedule for year end.

The sanitation fund reflected an increase of \$73,172 in the revenue collected for basic customer requirements.

The Golf Course Fund is used to account for costs necessary to operate the city's golf course and the charges necessary to offset those costs. The fund reported an decrease in net position of \$119,065 for the current fiscal year, primarily due to increase in revenue received from customer participation.

General Fund Budgetary Highlights

The adopted General Fund budget for fiscal year 2022 was \$11,550,694 This was an decrease of \$854,144 more than the previous year General Fund budget. This decrease was due to the City's expectation of revenues and the reestablishing previous expenditure hold-backs seen in the prior year.

The General Fund budget complied with financial policies approved by the City Council and maintained core City services.

Capital Assets and Debt Administration

Capital assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of September 30, 2022, was \$27,724,070 and \$31,891,781 respectively. Water and wastewater system and street and road infrastructure contributions and improvements comprise the majority of current year increases. The city also purchased miscellaneous equipment in the fiscal year ending September 30, 2022. See the notes to the financial statements for additional information about changes in capital assets during the fiscal year and construction commitments outstanding at the end of the year.

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

**Capital Assets
Net of Accumulated Depreciation**

	Governmental		Business-type		Totals	
	Activities		Activities			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Non-Depreciable Assets						
Land	\$2,345,991	\$2,340,365	\$ 3,946,507	\$ 3,936,007	\$ 6,292,498	\$ 6,276,372
Construction in progress	291,979	115,279	699,808	0	991,787	115,279
Intangibles			1,207,510	1,207,510	1,207,510	1,207,510
Depreciable Assets:						
Infrastructure	20,321,509	20,418,860	23,721,100	25,110,813	44,042,609	45,529,673
Buildings and Improvements	2,350,646	2,503,933	151,204	159,957	2,501,850	2,663,890
Equipment	2,255,144	2,327,064	2,056,419	1,312,375	4,311,563	3,639,439
Right of use lease equip	158,801		109,233		268,034	
Total	<u>\$27,724,070</u>	<u>\$27,705,501</u>	<u>\$31,891,781</u>	<u>\$31,726,662</u>	<u>\$59,615,851</u>	<u>\$ 59,432,163</u>

Long-term debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$8,556,658. The remaining debt is a combination of capital lease obligations and notes payable for major equipment and infrastructure improvements, including notes payable to the Department of Environmental Quality for water and wastewater system improvements. See the notes to the financial statements for additional information.

Economic Environment and Next Year's Forecasted Budget

Economic forecasts continue to strengthen with commercial and residential construction during the 2023 budget cycle for the Idaho region. Development Services has been red-hot for months with commercial property request and will likely remain so into next year. Micron (a leader in computer chip manufacturing) has announced a community investment of \$40 billion because of the CHIPS and Science Act. The city has approved just shy of 1,800 new residential homes to be built within the city limits to help with the housing shortage and overflow for the Micron expansion. Communities need and deserve, high quality homes, public services, recreational facilities, and employment to thrive. City planning plays a big role in all of those areas. City of Mountain Home and the Department of Defense have partnered for two grants to improve our water wells capacity and wastewater disposal. These grants stabilize and strategically plan for future growth. The downtown core enhancement continues in Railroad Park through funding with the Urban Renewal Agency. URA projects included in the downtown improvements are sidewalks, updated landscaping, and signage. The city is located between Twin Falls and Boise, with growth taking place in both cities the economic impact for our city is on the uptick and projected to continue to increase within the next 3 years. The executive leadership team believes that our focus determines our reality.

For FY 2023:

- The city will continue to carefully review the budget to ensure that funding can be available for priority items such as infrastructure maintenance and modernizing our city's technology. The city is committed to working with other agencies, such as the state and federal government, county government and others to promote opportunities for our businesses to grow. The Mayor and Council believe that the city employees are a part of their family and with that in mind are in full support of bringing the city employees wage scale in line with cities of our size. A pay increase ranging from 9% to 14% to the city staff was implemented in the new budget cycle. Allowing the city to continue to retain trained employees and recruit new staff is smart and saves dollars.

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

- Police Department will continue with fleet upgrades with the purchase of an additional 8 police vehicles. This department will continue applying for grant opportunities such as opioid remediation, body armor, traffic enforcement, etc..
- The Fire Department is making additional payments on the fire tower truck to purposefully plan for future assets. The city's growth has required additional fire personnel to be included into the departments strategic plan. With the expansion of the department a new squad vehicle will be added to the fleet, along with e-hydraulic powered rescue equipment, thermal imagers, and other equipment upgrades.
- Parks department primary focus for the new budget cycle is upgrading and replacing aging equipment in the city's playgrounds. This department will continue with walking path improvements, equipment assets, and grant requests.
- Streets has planned road replacement, pedestrian crossing signals, and equipment asset replacement.
- Recreation has broken ground on the new pool, dreams pass in time and end with success, the project is funded by grants, with support from the council this will be a amazing asset for the community. This department has planned equipment replacement and facility upgrades.
- Municipal Airport will be in Phase II of the BLM Seat Base construction with building of the new hangers and improvements to the runway. Upgrades to equipment included a tractor which will be utilized for weed control, utility truck with snowplow and grant request for a new terminal.
- Municipal Golf Course purchase of equipment will be utilized for clubhouse furnishings, upgraded fence panels, and a greens mower will be added to their assets.
- Water Departments received a Department of Defense grant in the amount of \$4,495,000 to be used in construction of a new well. Additional fleet management will be focused on equipment upgrades.
- Wastewater also received a grant in the amount of \$141,818 from the Department of Defense for a project study on the viability to distribute the city's waste water to recharge the Mountain Home A.F.B. aquifer. Fleet management, equipment upgrades, and trenchless point repair equipment will also be purchased.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City Treasurer, Paula Szafranski, 160 South 3rd East, Mountain Home, Idaho (208) 587-2104.

Component Unit:

NAME: Mountain Home Urban Renewal Agency

DATE ESTABLISHED: 2005

ACTIVITY PERFORMED:

Established according to Title 50, Chapter 20 of the Idaho Code, the City Council identified a deteriorated or deteriorating area which is appropriate for urban renewal projects, appointed a Board of Directors for the Agency, and approved an Urban Renewal Plan and Project Area for rehabilitation or redevelopment by private enterprise.

In 2007 the Agency issued revenue allocation bonds as allowed by law, in the amount of \$2,715,000, for the purpose of financing street, water and wastewater improvements within the project area. The bonds are valid special obligations of the agency and payable over a term of 15 years, with property tax revenues received by the agency.

BASIC FINANCIAL STATEMENTS

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF NET POSITION
September 30, 2022

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Total
ASSETS				
Current Assets				
Cash and Investments	\$ 8,133,518	\$ 6,492,065	\$ 14,625,583	\$
Receivables				
Accounts		1,318,492	1,318,492	
Property tax	7,623,439		7,623,439	605,717
Due from other governments	716,638	30,688	747,326	
Accrued interest	26,435		26,435	
Lease receivable	922,154		922,154	
Other	589,761	23,407	613,168	
Prepaid expenses	60,263	48,935	109,198	
Total Current Assets	18,072,208	7,913,587	25,985,795	605,717
Noncurrent Assets				
Restricted cash	788,646	105,253	893,899	1,512,055
Capital assets, net of accumulated depreciation	27,724,070	31,891,781	59,615,851	1,193,326
Total Noncurrent Assets	28,512,716	31,997,034	60,509,750	2,705,381
Total Assets	46,584,924	39,910,621	86,495,545	3,311,098
Deferred Outflows				
Pension obligations	2,836,826	649,377	3,486,203	
Total Assets and Deferred Outflows	\$ 49,421,750	\$ 40,559,998	\$ 89,981,748	\$ 3,311,098

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF NET POSITION (Continued)
September 30, 2022

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit
LIABILITIES AND DEFERRED INFLOWS				
Current Liabilities				
Accounts payable	\$ 1,412,317	\$ 559,004	\$ 1,971,321	\$ 163,536
Accrued interest payable	16,313	16,690	33,003	
Other current liabilities		48,710	48,710	
Deposits payable	<u>10,000</u>		<u>10,000</u>	
Total Current Liabilities	1,438,630	624,404	2,063,034	163,536
Noncurrent Liabilities				
Due Within One Year				
Capital lease payable	117,922	91,586	209,508	
Bonds payable				
Notes payable		633,873	633,873	
Certificates of participation	85,000		85,000	
Due in More Than One Year				
Accrued compensated absences	310,036	49,071	359,107	
Capital lease payable	346,628	83,248	429,876	
Deferred bond premium amortization		14,295	14,295	
Lease liability	139,147	107,148	246,295	
Notes payable		6,248,401	6,248,401	
Certificates of participation	950,000		950,000	
Net pension liability	<u>5,289,135</u>	<u>1,211,212</u>	<u>6,500,347</u>	
	<u>7,237,868</u>	<u>8,438,834</u>	<u>15,676,702</u>	
Total Liabilities	8,676,498	9,063,238	17,739,736	163,536
Deferred Inflows				
Deferred tax revenue	8,375,193		8,375,193	605,717
Pensions	<u>161,876</u>	<u>22,113</u>	<u>183,989</u>	
Total Deferred Inflows	8,537,069	22,113	8,559,182	605,717
NET POSITION				
Net investment in capital assets	27,120,373	24,986,874	52,107,247	1,193,326
Unrestricted	2,061,354	6,382,520	8,443,874	
Restricted	<u>3,026,456</u>	<u>105,253</u>	<u>3,131,709</u>	<u>1,348,519</u>
Total Net Position	<u>32,208,183</u>	<u>31,474,647</u>	<u>63,682,830</u>	<u>2,541,845</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 49,421,750</u>	<u>\$ 40,559,998</u>	<u>\$ 89,981,748</u>	<u>\$ 3,311,098</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

	<u>Expenses</u>	<u>PROGRAM REVENUES</u>		
		<u>Fees, Fines & Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>
Functions/Programs				
Governmental Activities				
General government	\$ 3,183,822	\$ 64,421	\$ 1,389,355	\$
Public protection	4,403,522	153,859		122,677
Streets and airport	2,676,412	2,162,951	478,755	866,085
Health and sanitation	181,556			
Physical and economic development	149,136	356,147		
Library and recreation	2,046,267	1,608,237	27,496	
Interest on long-term debt	15,577			
	<u>12,656,292</u>	<u>4,345,615</u>	<u>1,895,606</u>	<u>988,762</u>
Total Governmental Activities				
Business-Type Activities				
Water	2,991,903	4,375,718		
Sewer	2,613,241	2,899,944		
Sanitation	1,143,893	1,214,163		
Fiber	53,991	72,074		
Golf course	809,796	485,368		
	<u>7,612,824</u>	<u>9,047,267</u>		
Total Business-Type Activities				
	<u>20,269,116</u>	<u>13,392,882</u>	<u>1,895,606</u>	<u>988,762</u>
Total Primary Government				
Component Units				
Urban Renewal Agency	<u>1,165,987</u>	<u>4,161</u>		
General Revenues and Transfers				
Property taxes				
Revenue sharing				
Liquor apportionment				
Earnings on investments				
Miscellaneous				
Future service availability fees				
Net operating transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position				
Beginning of Year				
End of Year				

See accompanying notes to basic financial statements.

**NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION**

Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	Total
\$ (1,730,046)	\$	\$ (1,730,046)	\$
(4,126,986)		(4,126,986)	
831,379		831,379	
(181,556)		(181,556)	
207,011		207,011	
(410,534)		(410,534)	
(15,577)		(15,577)	
(5,426,309)		(5,426,309)	
	1,383,815	1,383,815	
	286,703	286,703	
	70,270	70,270	
	18,083	18,083	
	(324,428)	(324,428)	
	1,434,443	1,434,443	
(5,426,309)	1,434,443	(3,991,866)	
			(1,161,826)
5,093,947		5,093,947	709,337
1,567,065		1,567,065	
224,936		224,936	
55,480	39,548	95,028	4,461
238,978	325,300	564,278	
405,947		405,947	
(539,421)	539,421		
7,046,932	904,269	7,951,201	713,798
1,620,623	2,338,712	3,959,335	(448,028)
30,587,560	29,135,935	59,723,495	2,989,873
<u>\$ 32,208,183</u>	<u>\$ 31,474,647</u>	<u>\$ 63,682,830</u>	<u>\$ 2,541,845</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2022

	MAJOR FUNDS		NON-MAJOR FUNDS	TOTAL
	General Fund	Street Oiling Fund		
ASSETS				
Cash and Investments	\$ 3,962,705	\$ 1,966,362	\$ 2,099,163	\$ 8,028,230
Restricted cash	187,040		601,606	788,646
Certificate of deposit	105,288			105,288
Receivables				
Property taxes	5,772,178	407,928	1,443,333	7,623,439
Sales tax				
Other governments	527,743	188,895		716,638
Accrued interest	18,845	3,407	4,183	26,435
Other receivables	85,463		504,298	589,761
Lease receivable	922,154			922,154
Prepaid expenses	<u>56,934</u>	<u></u>	<u>3,329</u>	<u>60,263</u>
Total Assets	<u>\$ 11,638,350</u>	<u>\$ 2,566,592</u>	<u>\$ 4,655,912</u>	<u>\$ 18,860,854</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 582,669	\$ 372,429	\$ 457,219	\$ 1,412,317
Deposits payable	10,000			10,000
Advanced tax revenue	<u>113,742</u>	<u>18,841</u>	<u>25,078</u>	<u>157,661</u>
Total Liabilities	706,411	391,270	482,297	1,579,978
Deferred Inflows	6,568,011	386,913	1,420,269	8,375,193
Fund Balances				
Nonspendable	56,934	-	3,329	60,263
Restricted	187,040	1,788,409	1,051,007	3,026,456
Assigned			1,699,010	1,699,010
Unassigned	<u>4,119,954</u>	<u></u>	<u></u>	<u>4,119,954</u>
Total Fund Balances	<u>4,363,928</u>	<u>1,788,409</u>	<u>2,753,346</u>	<u>8,905,683</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 11,638,350</u>	<u>\$ 2,566,592</u>	<u>\$ 4,655,912</u>	<u>\$ 18,860,854</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2022

Total fund balance - total governmental funds \$ 8,905,683

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:

Land	\$	2,345,991	
Buildings		5,972,800	
Infrastructure		93,930,195	
Equipment		7,824,164	
Construction in progress		291,979	
Right of use asset		227,846	
Accumulated depreciation		<u>(82,868,905)</u>	
Total capital assets, net of accumulated depreciation			27,724,070

Some of the City's taxes will be collected after year-end, but are not available soon enough to pay the current period's expenditures, and therefore are reported as advanced revenue in the funds. 157,661

Long-term liabilities, applicable to governmental activities are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:

Net pension liability	\$	(5,289,135)	
Pension related deferred inflows		(161,876)	
Pension related deferred outflows		<u>2,836,826</u>	
Total long term liabilities			<u>(2,614,185)</u>

Long-term liabilities, including bonds payable and accrued leave, are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:

Accrued interest payable	\$	(16,313)	
Equipment notes payable		(464,550)	
Lease liability		(139,147)	
Certificates of participation		(1,035,000)	
Compensated absences payable		<u>(310,036)</u>	
Total long term liabilities			<u>(1,965,046)</u>

Deferred inflows of resources not reported in the funds.

Total net position of governmental activities \$ 32,208,183

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	MAJOR FUNDS		NON-MAJOR	TOTAL
	General <u>Fund</u>	Street Oiling <u>Fund</u>	FUNDS	
REVENUES				
Property taxes	\$ 5,093,947	\$ 919,944	\$ 1,222,830	\$ 7,236,721
Sales tax / revenue sharing	1,602,032		225,000	1,827,032
Highway users		700,938		700,938
County road apportionment		270,835		270,835
State liquor apportionment	224,936			224,936
Franchise fees	207,963			207,963
Licenses, permits, and fees	345,302			345,302
Court revenue	55,513			55,513
Charges for services			214,023	214,023
Earnings on investments	37,436	11,531	6,513	55,480
Earnings on leases	53,419		12,903	66,322
Refunds and reimbursements	98,346	5,954	25,272	129,572
Grant revenue				
Federal	1,232,590	0	627,832	1,860,422
State	76,553	361,346		437,899
Contributions	79,884		9,054	88,938
Sponsorship			18,442	18,442
Future service availability fees			397,006	397,006
Future service availability interest			8,941	8,941
Miscellaneous	<u>28,426</u>	<u>119,029</u>	<u>282,590</u>	<u>430,045</u>
 Total Revenues	 9,136,347	 2,389,577	 3,050,406	 14,576,330

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (Continued)
For the Year Ended September 30, 2022

	MAJOR FUNDS		NON-MAJOR	TOTAL
	General <u>Fund</u>	Street Oiling <u>Fund</u>	FUNDS	
EXPENDITURES				
Current				
General government	\$ 1,302,981	\$	\$	\$ 1,302,981
Public protection	4,394,091			4,394,091
Streets and airport		1,161,035	207,082	1,368,117
Health and sanitation			181,556	181,556
Physical and economic development	149,136			149,136
Library and recreation	756,279		1,224,515	1,980,794
Debt service				
Principal	344,131	47,249		391,380
Interest	69,957	2,186		72,143
Capital outlay	<u>296,945</u>	<u>409,926</u>	<u>963,238</u>	<u>1,670,109</u>
Total Expenditures	<u>7,313,520</u>	<u>1,620,396</u>	<u>2,576,391</u>	<u>11,510,307</u>
Excess (Deficiency) of Revenues Over Expenditures	1,822,827	769,181	474,015	3,066,023
OTHER FINANCING SOURCES (USES)				
Transfers in	113,973		785,954	899,927
Debt proceeds	193,136		17,417	210,553
Transfers out	<u>(1,113,514)</u>		<u>(325,834)</u>	<u>(1,439,348)</u>
Net Other Financing Sources (Uses)	<u>(806,405)</u>		<u>477,537</u>	<u>(328,868)</u>
Net Change in Fund Balances	1,016,422	769,181	951,552	2,737,155
FUND BALANCES, Beginning of Year	<u>3,347,506</u>	<u>1,019,228</u>	<u>1,801,794</u>	<u>6,168,528</u>
FUND BALANCES, End of Year	<u>\$ 4,363,928</u>	<u>\$ 1,788,409</u>	<u>\$ 2,753,346</u>	<u>\$ 8,905,683</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

Net change in fund balances - total governmental funds \$ 2,737,155

Amounts reported for governmental activities in the statement of activities are different because:

Revenues that will not be collected for several months after the City's fiscal year end are not considered "available" revenues and are deferred in the governmental funds. Advanced revenues increased by this amount this year. 29,454

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 1,670,109	
Right of use asset	227,846	
Disposal of capital assets, capital contributions and transfers	(33,792)	
Depreciation expense	<u>(1,845,593)</u>	
Excess of capital outlay over depreciation expense		18,570

In governmental funds, bonds are considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability. Similarly, lease payments are recorded as expenditures rather than reductions of a liability

Certificates of participation payments	\$ 80,000	
Lease liability payments	(139,147)	
Capital lease principal payments, net of new borrowings	<u>261,152</u>	
		202,005

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of financial resource availability.

Change in pension revenue	\$ (1,303,467)	
Increase in accrued interest payable	3,139	
Decrease in compensated absence payable	<u>(66,233)</u>	
		<u>(1,366,561)</u>

Change in Net Position of Governmental Activities \$ 1,620,623

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2022

	Water Fund	Sewer Fund	Sanitation Fund	Golf Course Fund	Non Major Funds	
					Fiber Fund	Tap Deposit Fund
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 4,022,465	\$ 1,628,569	\$ 473,479	\$ 171,165	\$ 21,845	\$ 174,542
Accounts	978,681	238,381	101,152		278	
Other	15,697	5,486	821	1,403		
Due from other funds						30,688
Prepaid expenses	<u>17,522</u>	<u>31,413</u>				
Total Current Assets	5,034,365	1,903,849	575,452	172,568	22,123	205,230
Non-current Assets						
Capital Assets						
Land and sewer lagoons	1,085,024	1,104,349	69,205	1,687,929		
Buildings and improvements	361,482	166,222	58,616	280,155	9,520	
Systems and equipment	1,837,048	1,778,141	35,037	710,359	184,790	
Intangibles	1,207,510					
Construction in progress	650,259	25,205			24,344	
Infrastructure	26,128,074	21,143,508		258,485	139,214	
Right of Use Asset - Leases	18,571	18,571		114,205		
Less accumulated depreciation	<u>(13,911,050)</u>	<u>(12,292,023)</u>	<u>(93,128)</u>	<u>(891,165)</u>	<u>(16,676)</u>	
Total capital assets, net of accumulated depreciation	17,376,918	11,943,973	69,730	2,159,968	341,192	
Restricted cash	<u>105,253</u>					
Total Assets	22,516,536	13,847,822	645,182	2,332,536	363,315	205,230
Deferred outflows						
Pension related items	<u>260,885</u>	<u>204,171</u>	<u>17,014</u>	<u>167,307</u>		
Total Assets and Deferred Outflows	<u>\$ 22,777,421</u>	<u>\$ 14,051,993</u>	<u>\$ 662,196</u>	<u>\$ 2,499,843</u>	<u>\$ 363,315</u>	<u>\$ 205,230</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF NET POSITION - PROPRIETARY FUNDS (Continued)
September 30, 2022

	Water Fund	Sewer Fund	Sanitation Fund	Golf Course Fund	Non Major Funds	
					Fiber Fund	Tap Deposit Fund
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	\$ 136,848	\$ 67,278	\$ 91,852	\$ 56,406	1,390	205,230
Accrued interest payable	7,108	9,444		138		
Accrued compensated balances	23,025	17,327	0	8,719		
Due to other funds	30,688					
Unearned revenue	0	0		18,022		
Current portion of long term debt	<u>335,504</u>	<u>369,761</u>		<u>20,194</u>		
Total Current Liabilities	533,173	463,810	91,852	103,479	1,390	205,230
NON-CURRENT LIABILITIES						
Net pension liability	486,600	380,818	31,735	312,059		
Lease liability	12,768	12,768		81,612		
Bond premium fees	14,295					
Long-term portion of equipment notes	-	41,320		41,928		
Long-term portion of notes payable	<u>3,996,174</u>	<u>2,252,227</u>				
Total Noncurrent Liabilities	<u>4,509,837</u>	<u>2,687,133</u>	<u>31,735</u>	<u>435,599</u>		
Total Liabilities	5,043,010	3,150,943	123,587	539,078	1,390	205,230
DEFERRED INFLOWS						
Pension related items	8,884	6,953	579	5,697		
NET POSITION						
Invested in capital assets	13,030,945	9,363,305	69,730	2,181,702	341,192	
Restricted	105,253					
Unrestricted	<u>4,589,329</u>	<u>1,530,792</u>	<u>468,300</u>	<u>(226,634)</u>	<u>20,733</u>	
Total Net Position	<u>17,725,527</u>	<u>10,894,097</u>	<u>538,030</u>	<u>1,955,068</u>	<u>361,925</u>	
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 22,777,421</u>	<u>\$ 14,051,993</u>	<u>\$ 662,196</u>	<u>\$ 2,499,843</u>	<u>\$ 363,315</u>	<u>\$ 205,230</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
For the Year Ended September 30, 2022

	Water Fund	Sewer Fund	Sanitation Fund	Golf Course Fund	Non Major Fiber Fund	Total
Operating Revenues						
Charges for services	\$ 4,375,718	\$ 2,807,473	\$ 1,214,163	\$ 472,661	\$ 72,074	\$ 8,942,089
Rental income		<u>92,471</u>		<u>12,707</u>		<u>105,178</u>
Total Operating Revenues	<u>4,375,718</u>	<u>2,899,944</u>	<u>1,214,163</u>	<u>485,368</u>	<u>72,074</u>	<u>9,047,267</u>
Operating Expenses						
Salaries	612,167	623,220	43,300	352,024		1,630,711
Fringe benefits	269,624	258,814	19,557	77,500		625,495
Gas and oil	23,277	24,330		18,900		66,507
Professional fees	163,934	270,478	1,051,923			1,486,335
Postage and freight	22,571	16,082	16,076			54,729
Utilities and telephone	381,591	17,398		28,306		427,295
Repairs	219,851	235,218	6,178	87,195	11,090	559,532
Supplies	76,856	87,241		59,372	23,077	246,546
Education, dues, and assessments	44,386	6,167		6,083		56,636
Miscellaneous expense	53,113	36,274	26,512	5,583	3,148	124,630
Insurance	29,098	57,638				86,736
Depreciation	<u>922,897</u>	<u>869,849</u>		<u>73,780</u>	<u>16,676</u>	<u>1,883,202</u>
Total Operating Expenses	<u>2,819,365</u>	<u>2,502,709</u>	<u>1,163,546</u>	<u>708,743</u>	<u>53,991</u>	<u>7,248,354</u>
Operating Income (Loss)	1,556,353	397,235	50,617	(223,375)	18,083	1,798,913
Non-operating Revenues (Expenses)						
Interest revenues	26,752	9,894	2,902			39,548
Grant revenue	0	0		0	333,524	333,524
Net pension revenue (expense)	(59,838)	(8,839)	19,653	(98,021)		(147,045)
Interest expense	(112,700)	(101,693)		(3,032)		(217,425)
Miscellaneous income (expense)				(8,224)		(8,224)
Total Non-operating Revenues (Expenses)	<u>(145,786)</u>	<u>(100,638)</u>	<u>22,555</u>	<u>(109,277)</u>	<u>333,524</u>	<u>378</u>
Income (Loss) Before Transfers	1,410,567	296,597	73,172	(332,652)	351,607	1,799,291
Operating Transfers In (Out)						
Transfers in	<u>325,834</u>			<u>213,587</u>		<u>539,421</u>
Total Operating Transfers In (Out)	<u>325,834</u>			<u>213,587</u>		<u>539,421</u>
Change in Net Position	1,736,401	296,597	73,172	(119,065)	351,607	2,338,712
Net Position, Beginning of Year	<u>15,989,126</u>	<u>10,597,500</u>	<u>464,858</u>	<u>2,074,133</u>	<u>10,318</u>	<u>29,135,935</u>
Net Position, End of Year	<u>\$ 17,725,527</u>	<u>\$ 10,894,097</u>	<u>\$ 538,030</u>	<u>\$ 1,955,068</u>	<u>\$ 361,925</u>	<u>\$ 31,474,647</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended September 30, 2022

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Sanitation</u> <u>Fund</u>	<u>Golf</u> <u>Course</u> <u>Fund</u>	<u>Non Major</u> <u>Fiber</u> <u>Fund</u>	<u>Total</u>
Cash Flow From Operating Activities						
Cash received from customers	\$ 3,448,411	\$ 2,532,469	\$ 1,174,811	\$ 272,859	\$ 71,796	\$ 7,500,346
Cash payments to suppliers for goods	(1,031,339)	(746,359)	(1,092,255)	(197,058)	(35,925)	(3,102,936)
Cash payments to employees for services	(411,481)	(519,268)	(33,680)	(97,282)		(1,061,711)
Net Cash Provided By (Used in) Operating Activities	2,005,591	1,266,842	48,876	(21,481)	35,871	3,335,699
Cash Flows From Noncapital Financing Activities						
Operating transfers	325,834	-		213,587		539,421
Other non-operating income (loss)	(59,838)	(8,839)	19,653	(106,245)	333,524	178,255
Net Cash Provided By Noncapital Financing Activities	265,996	(8,839)	19,653	107,342	333,524	717,676
Cash Flow From Capital and Related Financing Activities						
Acquisition of capital assets	(1,359,260)	(103,546)		(118,412)	(357,868)	(1,939,086)
Amortization of bond costs	(15,183)					(15,183)
New long-term borrowings						-
Principal payments on long-term debt	(385,342)	(402,464)		(4,162)		(791,968)
Interest payments on long-term debt	(112,700)	(105,014)		(3,032)		(220,746)
Net Cash Used in Capital and Related Financing Activities	(1,872,485)	(611,024)		(125,606)	(357,868)	(2,966,983)
Cash Flows From Investing Activities						
Interest on investments	26,752	9,894	2,902			39,548
Net Increase (Decrease) in Cash and Cash Equivalents	425,854	656,873	71,431	(39,745)	11,527	1,125,940
Cash and Cash Equivalents, Beginning of Year	<u>3,701,864</u>	<u>971,696</u>	<u>402,048</u>	<u>210,910</u>	<u>10,318</u>	<u>5,085,926</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,127,718</u>	<u>\$ 1,628,569</u>	<u>\$ 473,479</u>	<u>\$ 171,165</u>	<u>\$ 21,845</u>	<u>\$ 6,211,866</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)
For the Year Ended September 30, 2022

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Sanitation</u> <u>Fund</u>	<u>Golf</u> <u>Course</u> <u>Fund</u>	<u>Fiber</u> <u>Fund</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) To						
Net Cash Provide by (Used in) Operating Activities						
Operating Income (Loss)	\$ 1,556,353	\$ 397,235	\$ 50,617	\$ (223,375)	\$ 18,083	\$ 1,798,913
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in)						
Operating Activities						
Depreciation	922,897	869,849	-	73,780	16,676	1,883,202
Deferred Outflows	(109,892)	(53,178)	13,184	(122,009)		(271,895)
Deferred Inflows	(327,386)	(329,317)	(66,675)	(95,183)		(818,561)
Change in Assets and Liabilities:						
(Increase) decrease in accounts receivable	(477,526)	14,462	14,925		(278)	(448,417)
(Increase) decrease in prepaid expense	(15,378)	(29,859)	11	587		(44,639)
(Increase) decrease in other receivables	(12,503)	558	(786)	4,683		(8,048)
Increase (decrease) in accounts payable	(1,284)	34,326	8,423	7,794	1,390	50,649
Increase (decrease) in net pension liability	497,116	391,334	33,838	315,213		1,237,501
Increase (decrease) in accrued expenses and absences payable	<u>(26,806)</u>	<u>(28,568)</u>	<u>(4,661)</u>	<u>17,029</u>		<u>(43,006)</u>
Net Cash Provided By (Used in) Operating Activities	<u>\$ 2,005,591</u>	<u>\$ 1,266,842</u>	<u>\$ 48,876</u>	<u>\$ (21,481)</u>	<u>\$ 35,871</u>	<u>\$ 3,335,699</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies

General Statement

City of Mountain Home, Idaho (the City) was incorporated October 1, 1946. The City operates under a mayor and council form of government and provides the following services: public safety (police and fire), public works, economic development, airport, animal shelter, cemetery, parks and recreation, library, golf course and general administrative services.

Financial Reporting Entity

The accompanying financial statements present the activities of the City of Mountain Home (the City) and its component unit. In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. Organizations for which the City is not financially accountable are also included when doing so is necessary in order to prevent the City's financial statements from being misleading.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Component units have been discretely presented. The component unit discussed below is included in the City's reporting entity because of the nature and significance of its operational and financial relationships with the City.

The Urban Renewal Agency of the City of Mountain Home (URACMH): The Authority was organized on November 14, 2005, under the Idaho Urban Renewal Law, Chapter 20, Title 50 of the Idaho Code.. The commissioners of the Authority are appointed by the mayor and are subject to approval by the City Council. The supervisory boards for both of these entities are appointed by the Mayor with Council's approval.

Basis of Presentation

Government-wide financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the governmental entity. For most part, the effect of interfund activity has been removed from these statements. *Governmental activities* (government funds) which normally are supported by taxes and intergovernmental revenues are reported separately from *business-type activities* (proprietary funds) which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific program. *Program revenues* include (1) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements: The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements: all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

The *General Fund* 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.

The *Street Oiling Fund* accounts for property tax revenue and restricted highway user revenue, which is restricted to maintenance and construction of city streets.

The *Recreation Fund* accounts for property tax revenue and program activity revenue, which is restricted to community activities for the benefit of city residents.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are a determination of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

The *Golf Course Fund* is used to account for the revenues and costs necessary to operate the City's golf course.

The *Water Fund* is used to account for the revenues and costs necessary to operate the City's water system.

The *Sewer Fund* is used to account for the revenues and costs necessary to operate the City's sewer system.

The *Sanitation Fund* is used to account for the revenues and costs necessary to operate the City's sanitation system.

The *TAP Fund* accounts for the security deposit citizens pay when they set up city water connections.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of personnel and contractual services, supplies, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Measurement Focus/Basis of Accounting (Continued)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual* basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and are accounted for using the *modified accrual* basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government also are recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of the end of the fiscal year, have been recorded as deferred inflows. Receivables that will not be collected within the available period have also been reported as deferred inflows on the government fund financial statements.

Accounting Pronouncements Adopted

In 2022, City of Mountain Home, Idaho adopted GASB Statement No. 87, Leases. Issued June 2017 to better meet the informational needs of financial statement users by improving account and financial reporting for leases by governments and increases the usefulness of governments’ financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

Budgetary Control

Annual budgets are adopted on a basis consistent with state code and generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal yearend. Project-length financial plans are adopted for all capital projects funds. Annual operating budgets are adopted for proprietary funds.

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

1. Prior to July 1, the City Council meets to hear requests of department heads. After July 1, the city council adopts a tentative budget for the fiscal year commencing October 1, which is printed twice in the weekly newspaper. The tentative budget is balanced and includes expenditures and the means of financing them.
2. Public hearings are conducted at the City Hall.
3. Prior to September 1, the budget is legally enacted through passage of an ordinance.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Budgetary Control (Continued)s

4. The City Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Expenditures may not legally exceed budgeted appropriations at the fund level.
6. Enterprise funds' statements present the operating budget and the operating expenditures.

Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statute authorizes the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments for the government are reported at fair value.

Prepaid Expenses

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent year, and the reserve for prepaid expenses has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements.

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of resources are reported as fund balance transfers. All other interfund transfers are reported as operating transfers. These transfers offset each other and are not a part of the government-wide financial statements unless between business-type (enterprise) funds and governmental funds.

Non-tax receivables are recognized as revenues received from the State and Federal governments if designated for the current fiscal period.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Restricted Assets

Certain assets of the general fund are classified as restricted assets because their use is completely restricted by the Certificates of Participation agreements. These funds are to be utilized for debt service payments in the event the City is unable to meet the obligations in a timely manner.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets construction.

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Building improvements	25
Public domain infrastructure	50
System infrastructure	30
Intangibles	0-25
Equipment and vehicles	5-25
Office equipment	3-5

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences

Employees of the City are entitled to paid vacation, paid sick leave and personal days off (comp time), depending on job classification, length of service and other factors. All vacation and personal days off are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. Governmental funds do not report a liability for these amounts unless payment will be made early in the following year.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Long-term Obligations

The accounting treatment of long-term debt depends on whether the related assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Long-term debt consists of notes and bonds payable, capital leases, and accrued compensated absences. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types report debt proceeds as other financing sources and payment of principal and interest are reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position Classifications

Government-Wide Statements: Net position is displayed in three components as follows:

Invested in capital assets, net of related debt – Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of “invested in capital assets, net of related debt” or “restricted”

Fund statements: Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the City’s policy is to apply restricted resources first and then unrestricted resources as they are needed.

Use of Estimates

The City uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Property Tax Calendar

The City’s property tax is levied each October on the value listed as of the prior January 1 for all real property located in the City. The lien date is effective January 1 of the year the property tax is levied. A revaluation of all property is required to be completed no less than every five years.

Under Idaho Code Section 50-235, the City cannot levy taxes over nine-tenths percent (.9%) of the total City adjusted market value for real property located within the City. Taxes are due in two installments on December 20 and June 20 following the levy date. Property taxes levied for 2022 are recorded as receivables if uncollected and a deferred revenue amount is recorded, in the fund financial statements, to the extent of taxes not estimated to be collected within 60 days of the end of the accounting period.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows and inflows or resources. Deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. As of September 30, 2022, deferred inflows represented property taxes receivable unavailable for current use.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan’s fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note B – Cash and Investments

At September 30, 2022, the City’s cash and investments consisted of the following:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash		
Bank Deposits	\$ 1,076,522	\$ 1,562,302
Cash on Hand		<u>400</u>
Total Cash	<u>\$ 1,076,522</u>	<u>\$ 1,562,702</u>
	<u>Rating</u>	<u>Fair Value</u>
Investments		
State Treasurer’s Local Government Pool	N/A	\$ 14,508,406
Government Money Market Fund	AAA	<u>960,429</u>
Total Investments		<u>\$ 15,468,835</u>

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note B – Cash and Investments (Continued)

Reconciliation of the City’s deposit and investment balances as of September 30, 2022:

	<u>City’s Deposits and Investments</u>	<u>Component Units</u>	<u>Total</u>	<u>Average Maturities</u>
Cash in bank – Deposits	\$ 1,010,676	\$ 551,626	\$ 1,562,302	NA
Government Money Market		960,429	960,429	<1 Mo
State Treasurer LGIP	14,508,406		14,508,406	<12 Mo
Cash on Hand	<u>400</u>	<u> </u>	<u>400</u>	<u>NA</u>
Total	<u>\$ 15,519,482</u>	<u>\$ 1,512,055</u>	<u>\$ 17,031,537</u>	

Reconciliation of Cash and Investments to the Financial Statements

	<u>Statement of Net Position</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Investments	\$ 8,133,518	\$ 6,492,065	\$ 14,625,583
Restricted Cash	<u>788,646</u>	<u>105,253</u>	<u>893,899</u>
Total	<u>\$ 8,922,164</u>	<u>\$ 6,597,318</u>	<u>\$ 15,519,482</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2022, \$471,129 of the City’s bank balance was uninsured and uncollateralized.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligation. It is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody’s, Standard & Poor’s and Fitch’s. The rating of the Local Government Investment Pool (LGIP) as of September 30, 2009 was AAA. The LGIP terminated its rating service in December 2009 as the cost of the rating outweighed the benefit to the pool as a whole. The funds objectives and overall strategy and structure have not changed.

Interest Rate Risk

Interest rate risk is the risk of loss in fair value should market interest rates change in the future. Investments with long-term, fixed interest rates are the most volatile. The investments within the Idaho State Treasurer’s Local Government Investment Pool have an average maturity of one year or less and the government money market fund has an average maturity of less than 30 days, thereby minimizing interest rate risk.

**CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS**

Note B – Cash and Investments (Continued)

Restrictions on Cash

The City has reserve obligations for the Law Enforcement Building (LEB) Certificates of Participation. The security requirements state that the City must establish a reserve account in the amount of \$145,000. The Department of Environmental Quality (DEQ) requires a reserve fund in an amount equal to one year worth of payments for each of the loans due from the City. The reserve account may be established over a 10 year period with a minimum of 10% put into the account each year. At September 30, 2022, the reserve account held \$187,040.

The City also has restricted cash amounts belonging to the City of Mountain Home Urban Renewal Agency (A component unit of the City) totaling \$1,512,055 at September 30, 2022.

Note C – Capital Assets

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

Governmental Activities

	Balance 9/30/21	Increases	Decreases	Balance 9/30/22
Capital assets, not being depreciated:				
Land	\$ 2,340,365	\$ 5,626	\$	\$ 2,345,991
Construction in Progress	<u>115,279</u>	<u>210,492</u>	<u>(33,792)</u>	<u>291,979</u>
Total capital assets, not being depreciated	2,455,644	216,118	(33,792)	2,637,970
Capital assets, being depreciated:				
Buildings and Improvements	5,895,308	77,492		5,972,800
Systems and Equipment	7,542,865	281,299		7,824,164
Infrastructure	92,834,996	1,095,199		93,930,195
Right of use leased assets	<u> </u>	<u>227,846</u>	<u> </u>	<u>227,846</u>
Total capital assets, being depreciated	106,273,169	1,681,836		107,955,005
Less accumulated depreciation for:				
Buildings and Improvements	3,391,375	230,779		3,622,154
Systems and Equipment	5,215,801	353,219		5,569,020
Infrastructure	72,416,136	1,192,550		73,608,686
Right of use leased assets	<u> </u>	<u>69,045</u>	<u> </u>	<u>69,045</u>
Total accumulated depreciation	<u>81,023,312</u>	<u>1,845,593</u>	<u> </u>	<u>82,868,905</u>
Governmental activities capital assets, net	<u>\$ 27,705,501</u>	<u>\$ 52,361</u>	<u>\$ (33,792)</u>	<u>\$ 27,724,070</u>

**CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS**

Note C – Capital Assets (Continued)

Business-Type Activities

	<u>Balance</u> <u>9/30/21</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/22</u>
Capital assets, not being depreciated:				
Land and Sewer Lagoons	\$ 3,936,007	\$ 10,500	\$	\$ 3,946,507
Construction in Progress		699,808		699,808
Intangibles	<u>1,207,510</u>			<u>1,207,510</u>
Total capital assets, not being depreciated	5,143,517	710,308		5,853,825
Capital assets, being depreciated:				
Buildings and Improvements	875,995			875,995
Systems and Equipment	3,530,173	1,015,202		4,545,375
Infrastructure	47,455,705	213,576		47,669,281
Right of use leased assets		<u>151,347</u>		<u>151,347</u>
Total capital assets, being depreciated	51,861,873	1,380,125		53,241,998
Less accumulated depreciation for:				
Buildings and Improvements	716,038	8,753		724,791
Systems and Equipment	2,289,762	199,194		2,488,956
Infrastructure	22,315,040	1,633,141		23,948,181
Right of use leased assets		<u>42,114</u>		<u>42,114</u>
Total accumulated depreciation	<u>25,320,840</u>	<u>1,883,202</u>		<u>27,204,042</u>
Business-type capital assets, net	<u>\$ 31,684,550</u>	<u>\$ 207,231</u>	<u>\$ 0</u>	<u>\$ 31,891,781</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

General Government	\$ 580,620
Public Protection	9,431
Streets and Airport	1,196,692
Library and Recreation	<u>58,850</u>
Total Depreciation Expense	<u>\$ 1,845,593</u>

Business Activities

Golf Course	\$ 73,780
Water	922,897
Sewer	869,849
Fiber	<u>16,676</u>
Total Depreciation Expense	<u>\$ 1,883,202</u>

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note D – Government Fund Balances

As of September 30, 2022, fund balances of the governmental funds are classified as follows:

Nonspendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of the City Council. The Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Council.

Assigned — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City’s adopted policy, only City Council, Finance Director or the Council’s finance committee may assign amounts for specific purposes.

Unassigned — all other spendable amounts.

As of September 30, 2022, fund balances are comprised of the following:

	General Fund	Street Oiling Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Prepaid items	\$ 56,934	\$	\$ 3,329	\$ 60,263
Restricted:				
Public protection			186,725	186,725
Debt service	187,040		615,547	802,587
Streets	<u> </u>	<u>1,788,409</u>	<u>248,735</u>	<u>2,037,144</u>
	187,040	1,788,409	1,051,007	3,026,456
Assigned				
General government			788,993	788,993
Library, airport and recreation			<u>910,017</u>	<u>910,017</u>
	<u>0</u>	<u>0</u>	1,699,010	1,699,010
Unassigned	<u>4,119,954</u>	<u>0</u>	<u> </u>	<u>4,119,954</u>
Total Fund Balances	<u>\$ 4,363,928</u>	<u>\$ 1,788,409</u>	<u>\$ 2,753,346</u>	<u>\$ 8,905,683</u>

**CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS**

Note E – Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2022 is as follows:

Due To Other Funds:

Due to the TAP Deposit Fund from the
Water Enterprise fund for excess funds received. \$ 30,688

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenues. The following schedule briefly summarizes the City's transfer activity. For the year then ended September 30, 2022, interfund transfers consisted of the following:

	<u>Transfer from</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfer to:			
Golf course fund	\$ 213,587	\$	\$ 213,587
Water fund		325,834	325,834
Library	16,632		16,632
Airport fund	169,322		169,322
Recreation fund	<u>600,000</u>		<u>600,000</u>
	<u>\$ 999,541</u>	<u>\$ 325,834</u>	<u>\$ 1,325,375</u>

Note F – Leases

Operating Leases Commitments. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right to use asset. The City has entered into various non-cancelable leases, primarily for equipment. Such leases expire at various times through 2026. Amortization of the lease expense was \$111,159 and interest paid was \$10,861 for the year ended September 30, 2022.

<u>Maturity Date</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 59,808	\$ 5,029	\$ 64,837
2024	34,158	2,792	36,950
2025	27,410	1,044	28,454
2026	<u>17,771</u>	<u>209</u>	<u>17,980</u>
Total	<u>\$ 139,147</u>	<u>\$ 9,074</u>	<u>\$ 148,221</u>

<u>Maturity Date</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 46,515	\$ 3,284	\$ 49,799
2024	38,967	1,514	40,481
2025	<u>21,666</u>	<u>835</u>	<u>22,501</u>
Total	<u>\$ 107,148</u>	<u>\$ 5,633</u>	<u>\$ 112,781</u>

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note F – Leases (Continued)

Lessor Commitments: Under GASB 87, requires lessors to recognize a lease receivable and deferred inflow of resources. The City has 4 ground leases that meet the definition and have recorded the lease receivable and corresponding deferred inflow of resources. There are no variable payments associated with any of the leases. The City recognized \$32,748 in lease revenue and \$32,604 in interest revenue for the year ended September 30, 2022. The following table shows the future minimum lease receivable and interest payments:

<u>Maturity Date</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 4,864	\$ 31,731	\$ 36,595
2024	2,933	30,672	33,605
2025	3,754	30,559	34,313
2026	4,622	30,417	35,039
2027	5,540	30,242	35,782
2028–2032	43,352	156,153	199,505
2033–2037	75,070	143,044	218,114
2038–2042	115,924	130,852	246,776
2043–2047	168,064	109,169	277,233
2048–2052	234,104	79,559	313,663
2053–2057	77,606	42,857	120,463
2058–2062	22,442	31,815	54,257
2063–2067	31,475	26,982	58,457
2068–2072	45,443	20,696	66,139
2073–2077	59,909	11,351	71,260
2077–2082	27,052	1,452	28,504
	<u>\$ 922,154</u>	<u>\$ 907,551</u>	<u>\$ 1,829,705</u>

Note G – Pension Plan

Plan Description

The City of Mountain Home, 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.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note G – Pension Plan (Continued)

Employee membership data related to the PERSI Base Plan, as of June 30, 2022 was as follows:

Retirees and beneficiaries	53,190
Terminated and vested	15,489
Active plan members	
Vested	44,288
Non-vested	<u>30,121</u>
	<u><u>143,088</u></u>

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2022 it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% general employees and 12.28% for police and firefighters. City of Mountain Home, Idaho's contributions were \$632,274 for the year ended September 30, 2022.

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

At September 30, 2022, City of Mountain Home, Idaho reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the City's proportion was 0.1342843 percent.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note G – Pension Plan (Continued)

For the year ended September 30, 2022, City of Mountain Home, Idaho recognized net pension expense of \$1,366,561. At September 30, 2022 City of Mountain Home, Idaho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of resources</u>	<u>Deferred Inflows of resources</u>
Differences between expected and actual experience	\$ 581,612	\$ 23,607
Changes in assumptions or other inputs	862,288	
Net difference between projected and actual Earnings on pension plan investments	1,216,967	
Changes in the employer’s proportion and differences between the employer’s contributions and the employer’s proportionate contributions	16,971	138,269
City of Mountain Home, Idaho’s contributions subsequent to the measurement date	<u>158,988</u>	<u> </u>
Total	<u>\$ 2,836,826</u>	<u>\$ 161,876</u>

\$158,988 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 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, 2021 the beginning of the measurement period ended June 30, 2022 is 4.6 and 4.6 for the measurement period 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:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 630,665
2024	684,647
2025	316,649
2026	1,005,299

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note G – Pension Plan (Continued)

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 increase	3.05%
Salary inflation	3.05%
Investment rate of return, net of investment expenses	6.35%
Cost-of-living adjustments	1.00%

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.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note G – Pension Plan (Continued)

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.

<u>Asset Class</u>	<u>DB Plans</u>	<u>Sick Leave</u>
Fixed Income	30.0%	50.0%
US/Global Equity	55.0%	39.3%
International Equity	15.0%	10.7%
Cash	<u>0.0%</u>	<u>0.0%</u>
Total	<u>100%</u>	<u>100%</u>

Discount Rate

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

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

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

	1% Decrease <u>(5.35%)</u>	Current Discount Rate <u>(6.35%)</u>	1% Increase <u>(7.35%)</u>
Employer's proportionate share Of the net pension liability (asset)	\$ <u>9,334,805</u>	\$ <u>5,289,135</u>	\$ <u>1,977,858</u>

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.

Payables to the pension plan

At September 30, 2022, the City reported no payables to the defined benefit pension plan for legally required employee contributions.

**CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS**

Note H – Long-Term Debt

Changes in Long-Term Liabilities

During the year ended September 30, 2022, the following changes occurred in long-term debt:

Governmental Activities	Balance 9/30/21	Increases	Decreases	Balance 9/30/22	Due Within One Year
Certificates of Participation	\$ 1,115,000	\$	\$ (80,000)	\$ 1,035,000	\$ 85,000
Equipment Notes Payable	<u>725,702</u>	<u>103,655</u>	<u>(364,807)</u>	<u>464,550</u>	<u>117,922</u>
Total	<u>\$ 1,840,702</u>	<u>\$ 103,655</u>	<u>\$ (444,550)</u>	<u>\$ 1,499,550</u>	<u>\$ 202,922</u>

Business-Type Activities	Balance 9/30/21	Increases	Decreases	Balance 9/30/22	Due Within One Year
Equipment Notes Payable	\$ 298,527	\$ 69,099	\$ (192,792)	\$ 174,834	\$ 91,586
Notes Payable	<u>7,550,549</u>	<u></u>	<u>(668,275)</u>	<u>6,882,274</u>	<u>633,873</u>
Total	<u>\$ 7,849,076</u>	<u>\$ 69,099</u>	<u>\$ (861,067)</u>	<u>\$ 7,057,108</u>	<u>\$ 725,459</u>

Governmental Activities

Certificates of Participation: The City of Mountain Home sold Certificates of Participations to construct a city law enforcement building. During fiscal year 2012, the City refinanced the outstanding balance. The certificates bear interest at rates ranging from two percent (2%) to five percent (5%) interest. The lease agreement requires annual payments of interest and principal. The terms and the schedule of debt service under the lease agreement of the Certificates of Participation, Series 2002, are as follows:

Maturity Date	Principal	Interest	Total	Interest Rate
2023	\$ 85,000	\$ 49,625	\$ 134,625	3.50%
2024	85,000	46,650	131,650	4.00%
2025	90,000	43,250	133,250	5.00%
2026	95,000	38,750	133,750	5.00%
2027	100,000	34,000	134,000	5.00%
2027- 2031	<u>580,000</u>	<u>85,000</u>	<u>665,000</u>	5.00%
Total	<u>\$ 1,035,000</u>	<u>\$ 297,275</u>	<u>\$ 1,332,275</u>	

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note H – Long-Term Debt (Continued)

Equipment Notes Payable: The City has entered into notes payable to finance the acquisition of equipment and vehicles for various departments and funds. The notes vary in interest rate ranging from 3.31% to 4.09%. Monthly payments range from \$6,000 up to \$50,000 on the notes, maturing at different times through 2029. The schedule of debt service requirements until maturity is as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 117,922	\$ 19,958
2024	104,121	13,603
2025	84,356	9,633
2026	42,595	6,405
2027	44,320	4,680
2028-2029	<u>71,236</u>	<u>3,902</u>
	<u>\$ 464,550</u>	<u>\$ 58,181</u>

Business-Type Activities

Water Loan #1 & #2: During fiscal year 2012, the City refinanced and consolidated Water Loan #1 and Water Loan #2. The loans were acquired to construct a new municipal deep-water well and to construct improvements in the drinking water distribution system. The remaining payments range from \$150,800 to \$181,900 due semiannually, including interest at ranging from 4% to 5% throughout the term of the loan. The schedule of debt service requirements until maturity is as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 150,000	\$ 31,900
2024	125,000	24,400
2025	135,000	18,150
2026	140,000	11,400
2027	<u>145,000</u>	<u>17,200</u>
	<u>\$ 695,000</u>	<u>\$ 103,050</u>

Wastewater Loan #3: The City has acquired a loan from the Idaho Department of Environmental Quality to construct a new wastewater treatment facility. The payment is \$209,853 due semiannually, including interest at 3.5%. The schedule of debt service requirements until maturity is as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 332,105	\$ 87,601
2024	343,631	76,075
2025	355,963	63,743
2026	368,531	51,176
2027	381,542	38,164
2028-2029	<u>802,560</u>	<u>35,500</u>
	<u>\$ 2,584,332</u>	<u>\$ 352,259</u>

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note H – Long-Term Debt (Continued)

Water Loan #4: The City has acquired a loan from the Idaho Department of Environmental Quality to make improvements to transmission pipelines to increase system reliability and mitigate high pressure events. The project cost \$1,883,140 and was completed in the year ending September 30, 2015. The payment is \$58,474 due semiannually, including interest at 1.75% as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 96,971	\$ 19,977
2024	98,626	18,322
2025	100,409	16,539
2026	102,174	14,774
2027	103,969	12,978
2028–2030	<u>663,296</u>	<u>38,391</u>
	<u>\$ 1,165,445</u>	<u>\$ 120,981</u>

Water Tank Loan #5: The City has acquired a loan from the Idaho Department of Environmental Quality to construct a drinking water treatment facility. The project cost total was \$2,700,000. and was completed in the year ending September 30, 2020. The payment is \$88,221 due semiannually. The loan will be repaid semiannually over 20 years at a 2.75% interest rate. The schedule of debt service requirements until maturity is as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 54,798	\$ 33,424
2024	111,502	64,940
2025	114,765	61,678
2026	117,942	58,500
2027	121,208	55,234
2028–2032	658,026	223,323
2033–2037	754,511	126,721
2038–2040	<u>504,744</u>	<u>24,583</u>
	<u>\$ 2,437,496</u>	<u>\$ 648,403</u>

Equipment Notes Payable: The City has entered into notes payable to finance the acquisition of equipment and vehicles for various departments and funds. The notes vary in interest rate ranging from 3.1% to 5.2%. Monthly payments range from \$6,700 up to \$47,000 on the notes, maturing at different times through 2026. The schedule of debt service requirements until maturity is as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 91,586	\$ 6,810
2024	33,597	13,603
2025	34,939	2,191
2026	<u>14,712</u>	<u>790</u>
	<u>\$ 174,834</u>	<u>\$ 23,394</u>

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note I – Compensated Absences

The City provides a postretirement healthcare benefit to all eligible employees. Upon retirement, unused sick leave is credited to an account in the employee's name to be used to pay the employee's health insurance premiums after retirement. The city pays one month's premium for every ten days of sick leave accrued. Once the account is depleted, the health insurance policy is discontinued. City has elected not to recognize this liability in accordance with GASB Statements 74 and 75 due to its insignificance to the financial statements. Total expenditures toward this benefit for the year ending September 30, 2022 were \$29,243.

Note J – Other Post Retirement Benefits

The City provides a postretirement healthcare benefit to all employees after retirement from the City. Upon retirement, the City continues to pay the health insurance premiums for retirees for a period of six months. The City recognizes the expenditures as the benefits are paid. Total expenditures toward this benefit for the year ending September 30, 2022 were \$14,827.

Half of employee sick leave accrued at retirement for all employees can be paid out up to 600 hours at half of the employees hourly rate at retirement. If the employee is eligible for the compensated absences option above then it is at the employees discretion of what benefit to receive. City has elected not to recognize this liability in accordance with GASB Statements 74 and 75 due to its insignificance to the financial statements.

Note K – Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MOUNTAIN HOME, IDAHO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2022

	Budget Original and Final	Actual	Variance
Revenues			
Property taxes	\$ 5,038,269	\$ 5,093,947	\$ 55,678
Sales tax / Revenue sharing	1,230,000	1,602,032	372,032
State liquor apportionment	200,000	224,936	24,936
Franchise fees	247,500	207,963	(39,537)
Licenses, permits, and fees	427,950	345,302	(82,648)
Court revenue	75,000	55,513	(19,487)
Earnings on investments	20,000	37,436	17,436
Earnings on leases	67,500	53,419	(14,081)
Refunds and Reimbursements	199,850	98,346	(101,504)
Grant revenue			
Federal	-	1,232,590	1,232,590
State	3,876,500	76,553	(3,799,947)
Local	56,325	0	(56,325)
Contributions	41,800	79,884	38,084
Miscellaneous	70,000	28,426	(41,574)
	<hr/>	<hr/>	<hr/>
Total Revenue	11,550,694	9,136,347	(2,414,347)
Expenditures			
Administration			
Salaries	271,883	386,220	(114,337)
Benefits	138,661	139,399	(738)
Insurance	115,281	85,178	30,103
Professional fees	269,000	212,694	56,306
Supplies	500,750	59,951	440,799
Maintenance and operations	524,350	419,539	104,811
Grant expenses	3,500,000	-	3,500,000
Capital outlay	37,750	152,984	(115,234)
	<hr/>	<hr/>	<hr/>
Total Administration	5,357,675	1,455,965	3,901,710

CITY OF MOUNTAIN HOME, IDAHO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (Continued)
For the Year Ended September 30, 2022

	<u>Budget Original and Final</u>	<u>Actual</u>	<u>Variance</u>
Expenditures (Continued)			
Building Inspection			
Salaries	\$ 163,965	\$ 142,840	\$ 21,125
Benefits	73,784	67,307	6,477
Supplies	23,500	26,990	(3,490)
Maintenance and operations	<u>121,000</u>	<u>94,219</u>	<u>26,781</u>
Total Building Inspection	382,249	374,166	8,083
Prosecution			
Attorney fees	<u>162,000</u>	<u>159,500</u>	<u>2,500</u>
Total Prosecution	162,000	159,500	2,500
Police Department			
Salaries	1,969,825	1,956,718	13,107
Benefits	858,841	841,213	17,628
Supplies	125,300	153,139	(27,839)
Maintenance and operations	514,608	248,479	266,129
Capital outlay	64,000	54,329	9,671
Principal payments	131,425	172,182	(40,757)
Interest expense	<u>51,423</u>	<u>51,423</u>	<u>(51,423)</u>
Total Police Department	3,663,999	3,477,483	186,516
Animal Shelter			
Salaries	140,406	116,991	23,415
Benefits	77,224	51,335	25,889
Supplies	12,650	7,489	5,161
Maintenance and operations	<u>48,440</u>	<u>21,713</u>	<u>26,727</u>
Total Animal Shelter	278,720	197,528	81,192

CITY OF MOUNTAIN HOME, IDAHO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (Continued)
For the Year Ended September 30, 2022

	<u>Budget Original and Final</u>	<u>Actual</u>	<u>Variance</u>
Expenditures (Continued)			
Fire Department			
Salaries	\$ 310,992	\$ 231,938	\$ 79,054
Benefits	111,957	49,648	62,309
Supplies	31,500	28,752	2,748
Maintenance and operations	390,193	108,062	282,131
Capital outlay	9,225	8,168	1,057
Principal payments		137,765	(137,765)
Interest expense		16,642	(16,642)
	<u>853,867</u>	<u>580,975</u>	<u>272,892</u>
Total Fire Department	853,867	580,975	272,892
Parks Department			
Salaries	399,950	342,148	57,802
Benefits	187,976	91,574	96,402
Supplies	76,000	88,307	(12,307)
Maintenance and operations	296,750	234,181	62,569
Principal payments		34,076	(34,076)
Lease Payment	43,755	2,069	41,686
Capital outlay	74,000	126,412	(52,412)
	<u>1,078,431</u>	<u>918,767</u>	<u>159,664</u>
Total Parks Department	1,078,431	918,767	159,664
Economic Development	252,903	149,136	103,767
Total Expenditures	<u>12,029,844</u>	<u>7,313,520</u>	<u>4,716,324</u>
Excess (Deficiency) of Revenues Over Expenditures	(479,150)	1,822,827	2,301,977
Other Financing Sources (Uses)			
Net asset carryover	1,482,637		(1,482,637)
Debt proceeds		193,136	193,136
Transfers in	113,973	113,973	0
Transfers out	(927,560)	(1,113,514)	(185,954)
	<u>669,050</u>	<u>(806,405)</u>	<u>(1,475,455)</u>
Net Other Financing Sources (Uses)	669,050	(806,405)	(1,475,455)
Net Change in Fund Balance	<u>\$ 189,900</u>	1,016,422	<u>\$ 826,522</u>
Fund Balance, Beginning of Year		<u>3,347,506</u>	
Fund Balance, End of Year		<u>\$ 4,363,928</u>	

CITY OF MOUNTAIN HOME, IDAHO
STREET OILING SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2022

	Budget Original and Final	Actual	Variance
Revenues			
Property taxes	\$ 912,644	\$ 919,944	\$ 7,300
Highway users	725,000	700,938	(24,062)
County road apportionment	275,000	270,835	(4,165)
Refunds and reimbursements	265,000	5,954	(259,046)
Earnings on investments	10,000	11,531	1,531
Grant revenue	160,683	361,346	200,663
Miscellaneous	32,500	119,029	86,529
	<hr/>	<hr/>	<hr/>
Total Revenue	2,380,827	2,389,577	8,750
Expenditures			
Salaries	452,387	472,811	(20,424)
Benefits	262,384	216,701	45,683
Construction contracts	371,600	117,658	253,942
Supplies	92,600	86,384	6,216
Maintenance and operations	1,354,413	(71,405)	1,425,818
Grant Expenses	1,817,450	322,248	1,495,202
Capital outlay	60,000	426,564	(366,564)
Principal payments		47,249	(47,249)
Interest expense		2,186	(2,186)
	<hr/>	<hr/>	<hr/>
Total Expenditures	4,410,834	1,620,396	2,790,438
Excess (Deficiency) of Revenues Over Expenditures	(2,030,007)	769,181	2,799,188
Other Financing Sources (Uses)			
Net asset carryover	443,570		(443,570)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources	443,570		(443,570)
Net Change in Fund Balance	<u>\$ (1,586,437)</u>	769,181	<u>\$ 2,355,618</u>
Fund Balance, Beginning of Year		<hr/>	<hr/>
		1,019,228	
Fund Balance, End of Year		<u>\$ 1,788,409</u>	

**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND
EMPLOYER CONTRIBUTIONS**
For the Year Ended September 30, 2022

Schedule of Employer's Share of Net Pension Liability									
PERSI - Base Plan									
Last 10 - Fiscal Years *									
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Employer's portion of the net pension liability	0.1530947%	0.1550235%	0.1523739%	0.1464274%	0.1407257%	0.1394683%	0.1394683%	0.1331428%	0.1342843%
Employer's proportionate share of the net pension liability	\$ 1,127,017	\$ 2,041,471	\$ 3,088,853	\$ 2,301,587	\$ 2,075,730	\$ 1,591,992	\$ 3,240,523	\$ (105,154)	\$ 5,289,135
Employer's covered-employee payroll	\$ 3,742,362	\$ 4,384,181	\$ 4,411,880	\$ 4,523,955	\$ 4,503,780	\$ 4,710,187	\$ 4,961,919	\$ 4,964,710	\$ 5,321,557
Employer's proportionate share of net pension liability as a percentage of its covered-employee payroll	30.12%	46.56%	70.01%	50.88%	46.09%	33.80%	65.31%	-2.12%	99.39%
Plan fiduciary net position as a percentage of total pension liability	94.95%	94.25%	87.26%	90.68%	91.69%	91.69%	88.22%	100.36%	83.09%

* GASB Statement No.68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Data reported is measured as of June 30, 2022 (measurement date)

Schedule of Employer Contributions									
PERSI - Base Plan									
Last 10 - Fiscal Years *									
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Statutorily required contribution	\$ 419,003	\$ 501,202	\$ 452,950	\$ 493,771	\$ 516,570	\$ 543,701	\$ 598,692	\$ 598,749	\$ 632,274
Contributions in relation to statutorily required contribution	\$ 419,003	\$ 501,202	\$ 502,509	\$ 515,884	\$ 516,570	\$ 543,701	\$ 598,692	\$ 598,749	\$ 642,005
Contribution (deficiency) excess	-	-	49,559	22,113	-	-	-	-	9,731
Employer's covered-employee payroll	\$ 3,742,362	\$ 4,384,181	\$ 4,411,880	\$ 4,523,955	\$ 4,503,780	\$ 4,710,187	\$ 4,961,919	\$ 4,964,710	\$ 5,321,557
Contributions as a percentage of covered-employee payroll	11.20%	11.43%	11.43%	11.40%	11.47%	11.54%	12.07%	12.06%	12.06%

* GASB Statement No.68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Data reported is measured as of September 30, 2022 (The City's fiscal year end)

SUPPLEMENTARY INFORMATION

CITY OF MOUNTAIN HOME, IDAHO
WATER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2022

	Budget Original And Final	Actual	Variance
Operating Revenues			
Charges for services	\$ 3,795,500	\$ 4,375,718	\$ 580,218
Operating Expenses			
Salaries	630,789	612,167	18,622
Fringe benefits	302,779	269,624	33,155
Gas and oil	20,000	23,277	(3,277)
Professional fees	120,000	163,934	(43,934)
Postage and freight	16,500	22,571	(6,071)
Utilities and telephone	480,500	381,591	98,909
Repairs	573,624	219,851	353,773
Supplies	79,000	76,856	2,144
Education, dues, and assessments	60,500	44,386	16,114
Miscellaneous	39,600	53,113	(13,513)
Insurance	29,099	29,098	1
Operating lease	15,913	0	15,913
Capital outlay	2,207,000		2,207,000
Depreciation		922,897	(922,897)
	<u>4,575,304</u>	<u>2,819,365</u>	<u>1,755,939</u>
Total Operating Expenses			
Operating Income (Loss)	(779,804)	1,556,353	2,336,157
Non-Operating Revenues (Expenses)			
Interest income	35,000	26,752	(8,248)
Grants and contribution income	1,500,000	0	(1,500,000)
DEQ	(533,886)		533,886
Interest expense	(116,948)	(112,700)	4,248
Reserve for future development	(3,365,823)		3,365,823
Net pension revenue		(59,838)	(59,838)
Net asset carryover	3,261,461		(3,261,461)
	<u>779,804</u>	<u>(145,786)</u>	<u>(925,590)</u>
Total Non-operating Revenues (Expenses)			
Income Before Transfers		1,410,567	1,410,567
Operating Transfers			
Transfers in		325,834	325,834
		<u>325,834</u>	<u>325,834</u>
Total Operating Transfers In (Out)			
Change in Net Assets	<u>\$ 0</u>	1,736,401	<u>\$ 1,736,401</u>
Net Position, Beginning of Year		<u>15,989,126</u>	
Net Position, End of Year		<u>\$ 17,725,527</u>	

CITY OF MOUNTAIN HOME, IDAHO
SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2022

	Budget Original And Final	Actual	Variance
Operating Revenues			
Charges for services	\$ 2,541,000	\$ 2,807,473	\$ 266,473
Operating Expenses			
Salaries	577,378	623,220	(45,842)
Fringe benefits	259,820	258,814	1,006
Gas and oil	15,500	24,330	(8,830)
Professional fees	325,000	270,478	54,522
Postage and freight	15,500	16,082	(582)
Utilities and telephone	22,200	17,398	4,802
Repairs	410,124	235,218	174,906
Supplies	104,800	87,241	17,559
Education, dues, and assessments	12,500	6,167	6,333
Miscellaneous	1,133,319	36,274	1,097,045
Insurance	57,639	57,638	1
Operating lease	62,101	0	62,101
Capital outlay	44,868		44,868
Depreciation		869,849	(869,849)
Total Operating Expenses	<u>3,040,749</u>	<u>2,502,709</u>	<u>538,040</u>
Operating Income (Loss)	(499,749)	304,764	804,513
Non-Operating Revenues (Expenses)			
Interest income	6,500	9,894	3,394
Net pension revenue		(8,839)	(8,839)
Earnings on lease	95,000	92,471	(2,529)
Grants and contributions	1,527,750	0	(1,527,750)
DEQ loan payment	(420,000)		420,000
Interest expense		(101,693)	(101,693)
Net asset carryover	910,499		(910,499)
Total Non-operating Revenues (Expenses)	<u>2,119,749</u>	<u>(8,167)</u>	<u>(2,127,916)</u>
Income (Loss) Before Transfers	1,620,000	296,597	(1,323,403)
Operating Transfers			
Transfer in			
Total Operating Transfers In (Out)			
Change in Net Assets	<u>\$ 1,620,000</u>	296,597	<u>\$ (1,323,403)</u>
Net Position, Beginning of Year		<u>10,597,500</u>	
Net Position, End of Year		<u>\$ 10,894,097</u>	

CITY OF MOUNTAIN HOME, IDAHO
SANITATION ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2022

	Budget Original And Final	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,164,200	\$ 1,214,163	\$ 49,963
Operating Expenses			
Salaries	45,228	43,300	1,928
Fringe benefits	22,162	19,557	2,605
Professional fees	1,038,925	1,051,923	(12,998)
Postage and freight	16,000	16,076	(76)
Repairs	7,500	6,178	1,322
Miscellaneous	120,500	26,512	93,988
Depreciation			
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	1,250,315	1,163,546	86,769
Operating Income (Loss)	(86,115)	50,617	136,732
Non-Operating Revenues (Expenses)			
Interest income	1,500	2,902	1,402
Net pension revenue		19,653	19,653
Contributions	2,000		(2,000)
Reserve for future development	(135,553)		135,553
Net asset carryover	218,168		(218,168)
	<hr/>	<hr/>	<hr/>
Total Non-operating Revenues (Expenses)	86,115	22,555	(63,560)
Change in Net Assets	<u>\$ 0</u>	73,172	<u>\$ 73,172</u>
Net Position, Beginning of Year		<hr/>	464,858
Net Position, End of Year		<u>\$</u>	<u>538,030</u>

**CITY OF MOUNTAIN HOME, IDAHO
GOLF COURSE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2022**

	Budget Original And Final	Actual	Variance
Operating Revenues			
Charges for services	\$ 384,500	\$ 472,661	\$ 88,161
Rental income	<u>30,000</u>	<u>12,707</u>	<u>(17,293)</u>
 Total Operating Revenues	 414,500	 485,368	 70,868
Operating Expenses			
Salaries	341,752	352,024	(10,272)
Fringe benefits	85,014	77,500	7,514
Gas and oil	12,000	18,900	(6,900)
Professional fees	2,000		2,000
Utilities and telephone	31,600	28,306	3,294
Repairs	157,322	87,195	70,127
Supplies	102,606	59,372	43,234
Education, dues, and assessments	8,000	6,083	1,917
Miscellaneous	7,750	5,583	2,167
Capital outlay	39,500		39,500
Depreciation		<u>73,780</u>	<u>(73,780)</u>
 Total Operating Expenses	 <u>787,544</u>	 <u>708,743</u>	 <u>78,801</u>
 Operating Loss	 (373,044)	 (223,375)	 149,669
Non-Operating Revenues (Expenses)			
Contributions and grants	(5,000)		5,000
Interest expense		(3,032)	(3,032)
Net pension revenue		(98,021)	(98,021)
Miscellaneous	3,700	(8,224)	(11,924)
Net asset carryover	<u>160,757</u>		<u>(160,757)</u>
 Total Non-operating Revenue (Expenses)	 <u>159,457</u>	 <u>(109,277)</u>	 <u>(268,734)</u>
 Loss Before Transfers	 (213,587)	 (332,652)	 (119,065)
Operating Transfers In	<u>213,587</u>	<u>213,587</u>	
 Change in Net Assets	 <u>\$ 0</u>	 (119,065)	 <u>\$ (119,065)</u>
 Net Position, Beginning of Year		 <u>2,074,133</u>	
Net Position, End of Year		<u>\$ 1,955,068</u>	

CITY OF MOUNTAIN HOME, IDAHO
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2022

ASSETS	SPECIAL REVENUE FUNDS						
	Cemetery	Recreation	Library	Airport	Street Lighting	Water Availability	Sewer Availability
Cash and investments	\$ 48,688	\$ 775,958	\$ 43,473	\$	\$ 40,973	\$ 59,994	\$ 729,425
Restricted cash						181,900	419,706
Prepaid expense		0	1,921	1,408			
Receivables							
Property tax	143,642	531,377	583,394	52,284	132,636		
Other receivable	0	945		490,672	12,681		
Accrued interest	85	1,353	75		71	655	1,747
Total Assets	\$ 192,415	\$ 1,309,633	\$ 628,863	\$ 544,364	\$ 186,361	\$ 242,549	\$ 1,150,878
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 4,884	\$ 17,999	\$ 14,161	\$ 367,841	\$ 5,458	\$ 46,747	\$ 129
Due to other funds							
Accrued interest payable							
Advanced tax revenue	1,374	6,354	9,995	4,882	2,473		
Total Liabilities	6,258	24,353	24,156	372,723	7,931	46,747	129
Deferred Inflows	142,109	524,290	572,246	51,746	129,878		
Fund Balances							
Nonspendable			1,921	1,408			
Restricted					48,552	181,900	419,706
Committed							
Assigned	44,048	760,990	30,540	118,487		13,902	731,043
Unassigned							
Total Fund Balances	44,048	760,990	32,461	119,895	48,552	195,802	1,150,749
Total Liabilities, Deferred Inflows and fund balances	\$ 192,415	\$ 1,309,633	\$ 628,863	\$ 544,364	\$ 186,361	\$ 242,549	\$ 1,150,878

SPECIAL REVENUE FUNDS			TOTAL SPECIAL REVENUE FUNDS	LIBRARY DEBT SERVICE FUND	TOTAL
Fire Development	Police Development	Street Development			
\$ 113,661	\$ 72,867	\$ 200,183	\$ 2,085,222	\$ 13,941	\$ 2,099,163
			601,606		601,606
			3,329		3,329
			1,443,333		1,443,333
			504,298	0	504,298
<u>197</u>			<u>4,183</u>		<u>4,183</u>
<u>\$ 113,858</u>	<u>\$ 72,867</u>	<u>\$ 200,183</u>	<u>\$ 4,641,971</u>	<u>\$ 13,941</u>	<u>\$ 4,655,912</u>
\$	\$	\$	\$ 457,219	\$	\$ 457,219
			25,078		25,078
			482,297		482,297
			<u>1,420,269</u>		<u>1,420,269</u>
			3,329		3,329
113,858	72,867	200,183	1,037,066	13,941	1,051,007
			-		-
			1,699,010		1,699,010
<u>113,858</u>	<u>72,867</u>	<u>200,183</u>	<u>2,739,405</u>	<u>13,941</u>	<u>2,753,346</u>
<u>\$ 113,858</u>	<u>\$ 72,867</u>	<u>\$ 200,183</u>	<u>\$ 4,641,971</u>	<u>\$ 13,941</u>	<u>\$ 4,655,912</u>

CITY OF MOUNTAIN HOME, IDAHO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

Revenues	SPECIAL REVENUE FUNDS						
	<u>Cemetery</u>	<u>Recreation</u>	<u>Library</u>	<u>Airport</u>	<u>Street Lighting</u>	<u>Water Availability</u>	<u>Sewer Availability</u>
Property taxes	\$ 66,593	\$ 309,742	\$ 486,915	\$ 238,253	\$ 120,417	\$	\$
Sales taxes	0	225,000			0		
Refunds and reimbursements	458		7,558	30	17,226		0
Charges for services	35,222	171,574	7,227				
Earnings on investments	347	4,931	338		274		
Earnings on leases			6,298	6,605			
Federal		0	0	627,832			
Contributions		1,350	7,704				
Sponsorships		18,442					
Future service availability fees						146,266	250,740
Future service availability fees interest						2,801	6,140
Miscellaneous		<u>24,814</u>	<u>15,717</u>	<u>1,973</u>			
Total Revenue	<u>102,620</u>	<u>755,853</u>	<u>531,757</u>	<u>874,693</u>	<u>137,917</u>	<u>149,067</u>	<u>256,880</u>
Expenditures							
Current							
Streets and airport				85,678	121,404		
Health and sanitation	145,805					22,365	13,386
Library and recreation		611,109	602,852				
Capital outlay		<u>145,828</u>		<u>817,410</u>			
Total Expenditures	<u>145,805</u>	<u>756,937</u>	<u>602,852</u>	<u>903,088</u>	<u>121,404</u>	<u>22,365</u>	<u>13,386</u>
Excess (Deficiency) of Revenues over Expenditures	(43,185)	(1,084)	(71,095)	(28,395)	16,513	126,702	243,494
Other Financing Sources (Uses)							
Transfers in		600,000	16,632	169,322			
Debt proceeds		17,417					
Transfers out						(325,618)	(216)
Total Other Financing Sources and Uses		<u>617,417</u>	<u>16,632</u>	<u>169,322</u>		<u>(325,618)</u>	<u>(216)</u>
Net Change in Fund Balance	(43,185)	616,333	(54,463)	140,927	16,513	(198,916)	243,278
Fund Balance, Beginning of Year	<u>87,233</u>	<u>144,657</u>	<u>86,924</u>	<u>(21,032)</u>	<u>32,039</u>	<u>394,718</u>	<u>907,471</u>
Fund Balance, End of Year	<u>\$ 44,048</u>	<u>\$ 760,990</u>	<u>\$ 32,461</u>	<u>\$ 119,895</u>	<u>\$ 48,552</u>	<u>\$ 195,802</u>	<u>\$ 1,150,749</u>

<u>SPECIAL REVENUE FUNDS</u>			<u>TOTAL SPECIAL REVENUE FUNDS</u>	<u>LIBRARY DEBT SERVICE FUND</u>	<u>TOTAL</u>
<u>Fire Development</u>	<u>Police Development</u>	<u>Street Development</u>			
\$	\$	\$	\$ 1,221,920	\$ 910	\$ 1,222,830
			225,000		225,000
			25,272		25,272
			214,023		214,023
623			6,513		6,513
			12,903		12,903
			627,832		627,832
			9,054		9,054
			18,442		18,442
			397,006		397,006
			8,941		8,941
<u>65,654</u>	<u>57,023</u>	<u>117,409</u>	<u>282,590</u>		<u>282,590</u>
66,277	57,023	117,409	3,049,496	910	3,050,406
			207,082		207,082
			181,556		181,556
			1,213,961	10,554	1,224,515
			<u>963,238</u>		<u>963,238</u>
			<u>2,565,837</u>	<u>10,554</u>	<u>2,576,391</u>
66,277	57,023	117,409	483,659	(9,644)	474,015
			785,954		785,954
			17,417		17,417
			<u>(325,834)</u>		<u>(325,834)</u>
			<u>477,537</u>		<u>477,537</u>
66,277	57,023	117,409	961,196	(9,644)	951,552
<u>47,581</u>	<u>15,844</u>	<u>82,774</u>	<u>1,778,209</u>	<u>23,585</u>	<u>1,801,794</u>
<u>\$ 113,858</u>	<u>\$ 72,867</u>	<u>\$ 200,183</u>	<u>\$ 2,739,405</u>	<u>\$ 13,941</u>	<u>\$ 2,753,346</u>

FEDERAL REPORTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
City of Mountain Home, Idaho
Mountain Home, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General in the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Mountain Home, 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 Mountain Home, Idaho's basic financial statements and have issued our report thereon dated March 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Mountain Home, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Mountain Home, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Mountain Home, 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 the 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mountain Home, Idaho's financial statements are free of 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 on noncompliance that are required to be reported under *Government Auditing Standards*.





Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Meridian, Idaho
March 27, 2023

Harris CPAs



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the City Council
City of Mountain Home, Idaho
Mountain Home, Idaho

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Driggs, Idaho's compliance with the types of compliance requirements¹ identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Mountain Home, Idaho's major federal programs for the year ended September 30, 2022. City of Mountain Home, Idaho's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Mountain Home, Idaho complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Mountain Home, Idaho and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Mountain Home, Idaho's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Mountain Home, Idaho's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Mountain Home, Idaho's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the





compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Mountain Home, Idaho's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Mountain Home, Idaho's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Mountain Home, Idaho's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Mountain Home, Idaho's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Meridian, Idaho
March 27, 2023

Harris CPAs

CITY OF MOUNTAIN HOME, IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2022

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HELATH & HUMAN SERVICES Block Grants – Prevention and Treatment Of Substance Abuse	93.959	B18DC160001	\$ 3,156
U.S. DEPARTMENT OF Justice: Bulletproof Vest	16.607	N/A	4,445
U.S. DEPARTMENT OF TRANSPORTATION: Pass through from State of Idaho <i>Highway Safety Cluster:</i> State and Community Highway Safety National Priority Safety Programs	20.600 20.616	1290202009085908000300 1290202009285910000140	629 <u>880</u>
Total Highway Safety Cluster			1,509
Direct Program: Airport Improvement Program	20.106	N/A	<u>632,742</u>
Total US Department of Transportation			<u>634,251</u>
U.S. DEPARTMENT OF THE TREASURY: Coronavirus State and Local Fiscal Recovery	21.027	118120200811P824000090	333,524
ENVIRONMENTAL PROTECTION AGENCY: Pass through from State of Idaho (DEQ) <i>DWSRF Cluster:</i> Drinking Water State Revolving Fund	66.468	DW-1105, 1801 & 1899	6,710,548
NATIONAL ENDOWMENT FOR THE HUMANITIES: Pass through from State of Idaho Grants to States	45.310	LS-00-19-0013-20	<u>3,000</u>
Total expenditures of federal awards			<u>\$ 7,688,924</u>

See notes to the schedule of expenditures of federal awards

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2022

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Mountain Home, Idaho and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the City of Mountain Home, Idaho, it is not intended to and does not present the financial position, changes in net position, or cash flows to the City of Mountain Home, Idaho.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

The City of Mountain Home, Idaho has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D – Loan Balances

The City had the following loan balances outstanding at September 30, 2022. The loan balances have continuing compliance requirements and are also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
DWSRF Cluster: Drinking Water State Revolving Fund	66.468	\$ 6,187,274

CITY OF MOUNTAIN HOME, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2022

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unmodified
Internal control over financial reporting:

- Material weakness identified? _____ yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to the financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness identified? _____ yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of the Uniform Guidance? _____ yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.468	Drinking Water State Revolving Fund

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

Auditee qualified as a low-risk auditee? X yes _____ no

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings related to the financial statements were noted which would be required to be reported under generally accepted governmental auditing standards (GAGAS).

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings related to the financial statements were noted which would be required to be reported under generally accepted governmental auditing standards (GAGAS).

CITY OF MOUNTAIN HOME, IDAHO
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2022

There were no prior audit findings.