

Financial Statements

City of Mountain Home, Idaho
Includes Supplementary Information
Year Ended September 30, 2024



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Mountain Home, Idaho, as of and for the year ended September 30, 2024, 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, 2024, 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* (GAS), 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 and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, 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 and employer contributions 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 combining and individual nonmajor fund financial statements and 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*, are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and 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 supplementary 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 5, 2025 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 5, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

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, 2024. 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 \$76,542,404 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$69,553,229. Resulting in an increase in net position of \$6,989,175. 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) Net investment in capital assets, of \$61,687,566 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 position of \$10,651,607 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
 - (3) Restricted net position of \$4,203,231 represent the portion reserved for development, construction, and debt service.
- The City's governmental funds reported total ending fund balance of \$8,276,890 this year. This compares to the prior year ending fund balance of \$7,985,089, showing an increase of \$291,801.
- At the end of the current fiscal year, the General Fund reflected a non-spendable balance of \$37,847, restricted balance of \$4,074,588, assigned balance of \$2,945,567, and unassigned balance of \$1,218,888, for a total General Fund balance of \$8,276,890. 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 decreased by \$3,341,828 from \$19,524,025 to \$16,182,197 during the fiscal year. This decrease was primarily due to payments made on the certificates of participation for the law enforcement building, payments on the DEQ water and wastewater notes payable and certificates of participation and decreases in the net pension liability.

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, 2024

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.

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 discretely presented 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 a 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. 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, 2024

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.

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 and, major special revenue 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.

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 2023-24, the City is able to report positive balances in three categories of net position for the government as a whole: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position, the third category of net position, had a positive 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, 2024

The City's net position for the fiscal year-end September 30, 2024, is \$76,542,404. This is a \$6,989,175 increase from last year's net position of \$69,553,229. 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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 19,705,131	\$ 18,038,697	\$ 11,988,543	\$ 12,934,600	\$ 31,693,674	\$ 30,973,297
Capital assets (net)	<u>30,639,733</u>	<u>28,651,419</u>	<u>38,459,716</u>	<u>36,385,511</u>	<u>69,099,449</u>	<u>65,036,930</u>
Total assets	<u>50,344,864</u>	<u>46,690,116</u>	<u>50,448,259</u>	<u>49,320,111</u>	<u>100,793,123</u>	<u>96,010,227</u>
Deferred outflows	912,820	1,584,043	252,185	469,306	1,165,005	2,053,349
Long-term liabilities	5,848,719	5,749,867	6,830,294	7,716,632	12,679,013	13,466,499
Other liabilities	<u>1,979,025</u>	<u>1,225,584</u>	<u>1,524,159</u>	<u>4,831,942</u>	<u>3,503,184</u>	<u>6,057,526</u>
Total liabilities	7,827,744	6,975,451	8,354,453	12,548,574	16,182,197	19,524,025
Deferred inflows	9,157,295	8,814,834	76,232	171,488	9,233,527	8,986,322
Net Position						
Net investment in capital assets	28,961,972	28,012,810	32,725,594	30,607,246	61,687,566	58,620,056
Restricted	4,074,588	1,349,635	128,643	116,948	4,203,231	1,466,583
Unrestricted	<u>1,236,085</u>	<u>3,121,429</u>	<u>9,415,522</u>	<u>6,345,161</u>	<u>10,651,607</u>	<u>9,466,590</u>
Total net position	<u>\$ 34,272,645</u>	<u>\$ 32,483,874</u>	<u>\$ 42,269,759</u>	<u>\$ 37,069,355</u>	<u>\$ 76,542,404</u>	<u>\$ 69,553,229</u>

The City reported changes in net position for both governmental and business-type activities. Net position increased \$1,788,771 for governmental activities and increased \$5,200,404 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, 2024

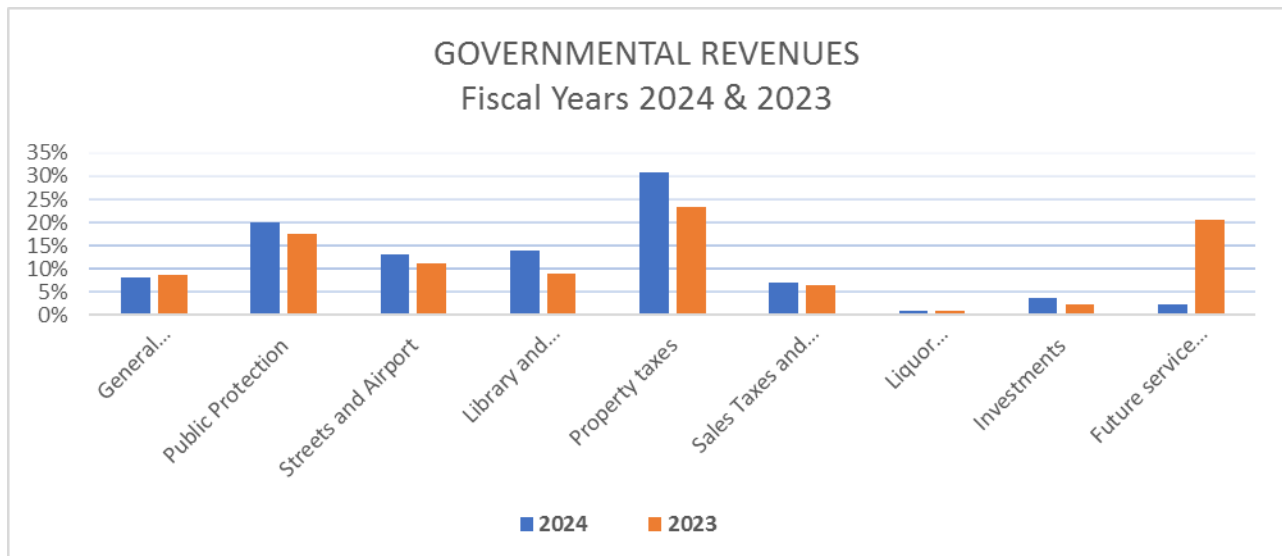
The following table provides a comparative summary of the City's change in net position at September 30 for both years:

	Summary of Change in Net Position					
	Governmental Activities		Business-type Activities		Totals	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Function and program revenues						
Operating grants and contributions	\$ 2,006,289	\$ 487,899	\$	\$	\$ 2,006,289	\$ 487,899
Capital grants and contributions	1,497,785	295,246	2,457,276		3,955,061	295,246
Fines and Fees & Charges for services	2,348,791	4,703,428	9,701,001	9,144,338	12,049,792	13,847,766
General revenues						
Property taxes	7,962,292	5,757,779			7,962,292	5,757,779
Revenue sharing	1,834,787	1,559,210			1,834,787	1,559,210
Liquor apportionment	219,472	226,906			219,472	226,906
Investment income	454,385	272,725	465,180	312,778	919,565	585,503
Other/Availability Fee	415,197	1,153,061	200,909	3,883,008	616,106	5,036,069
Total revenues	<u>16,738,998</u>	<u>14,456,254</u>	<u>12,824,366</u>	<u>13,340,124</u>	<u>29,563,364</u>	<u>27,796,378</u>
Expenses						
General government	2,121,656	2,105,021			2,121,656	2,105,021
Public protection	5,149,795	4,317,748			5,149,795	4,317,748
Streets and Airport	3,343,599	2,731,147			3,343,599	2,731,147
Health and Sanitation	166,393	143,734			166,393	143,734
Economic development		118,849				118,849
Library and recreation	3,614,779	2,210,815			3,614,779	2,210,815
Interest on debt	111,913	80,207			111,913	80,207
Golf Course			694,480	943,965	694,480	943,965
Water			3,308,047	3,222,285	3,308,047	3,222,285
Wastewater			2,560,787	2,534,810	2,560,787	2,534,810
Fiber			140,655	81,832	140,655	81,832
Sanitation			1,362,085	1,244,415	1,362,085	1,244,415
Total expenses	<u>14,508,135</u>	<u>11,707,521</u>	<u>8,066,054</u>	<u>8,027,307</u>	<u>22,574,189</u>	<u>19,734,828</u>
Increase (Decrease) in net position before transfers	<u>2,230,863</u>	<u>2,748,733</u>	<u>4,758,312</u>	<u>5,312,817</u>	<u>6,989,175</u>	<u>8,061,550</u>
Transfers	<u>(442,092)</u>	<u>(281,891)</u>	<u>442,092</u>	<u>281,891</u>		
Change in net position	1,788,771	2,466,842	5,200,404	5,594,708	6,989,175	8,061,550
Net position						
Beginning of year	<u>32,483,874</u>	<u>30,017,032</u>	<u>37,069,355</u>	<u>31,474,647</u>	<u>69,553,229</u>	<u>61,491,679</u>
End of year	<u>\$ 34,272,645</u>	<u>\$ 32,483,874</u>	<u>\$ 42,269,759</u>	<u>\$ 37,069,355</u>	<u>\$ 76,542,404</u>	<u>\$ 69,553,229</u>

CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

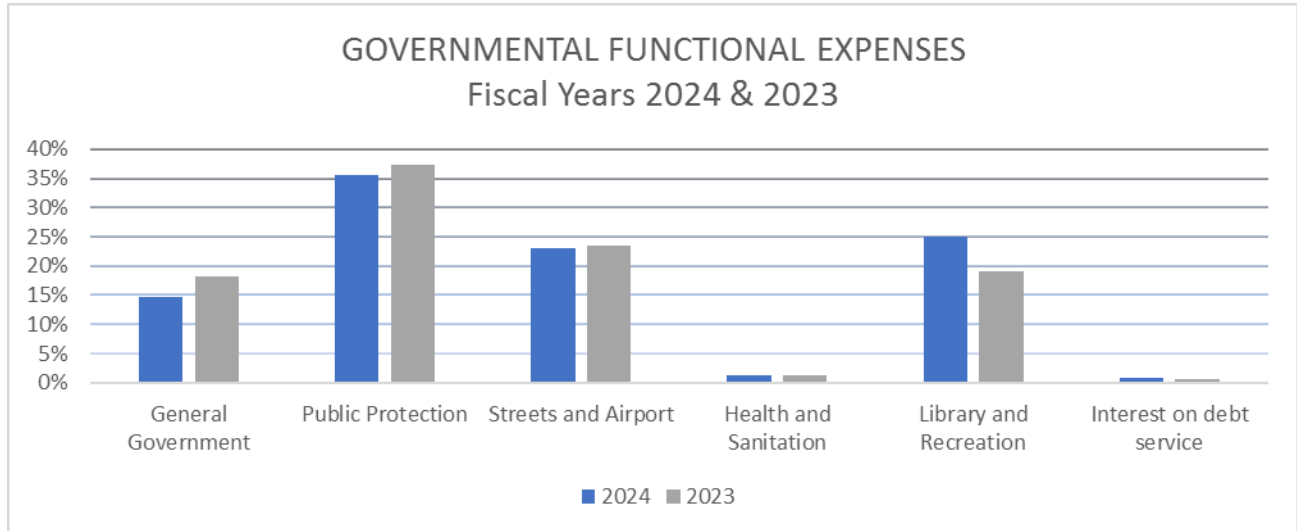
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities for the fiscal year 2024.

GOVERNMENTAL REVENUES
Fiscal Years 2024 & 2023



As graphically portrayed above and discussed earlier, the City is heavily reliant on property taxes to support governmental operations. Property taxes provided 31% and 23% of the City's total governmental revenues in fiscal years 2024 and 2023, respectively.

GOVERNMENTAL FUNCTIONAL EXPENSES
Fiscal Years 2024 & 2023



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 \$3,343,599 account for almost 23% of the \$14,508,135 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 businesses (cemeteries) or special taxing districts (for libraries, streets, fire protection or recreation).

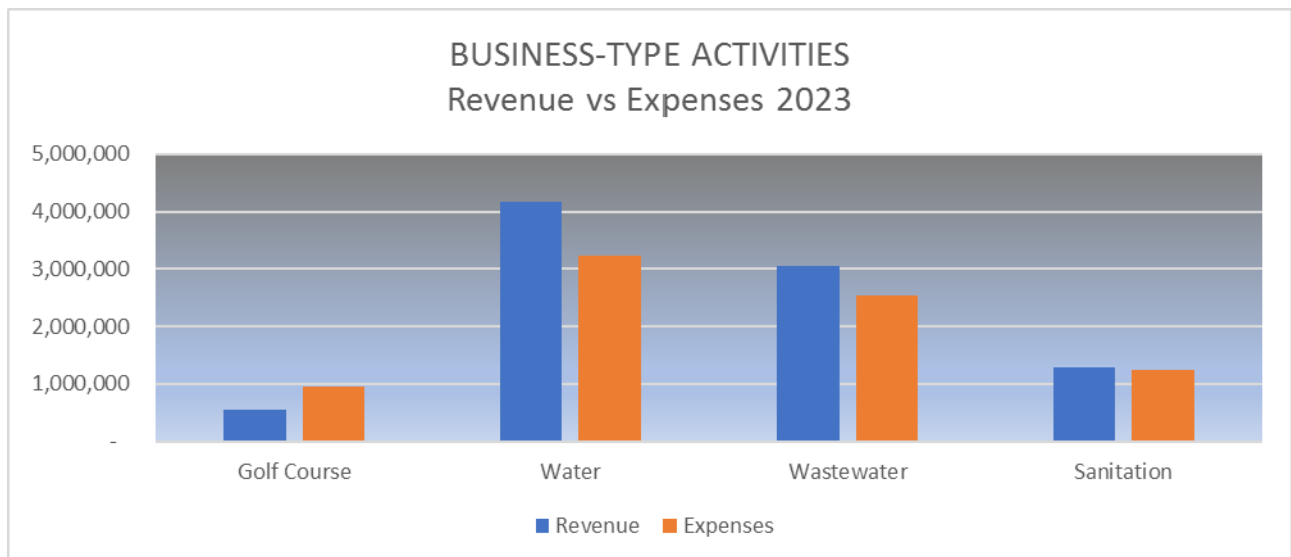
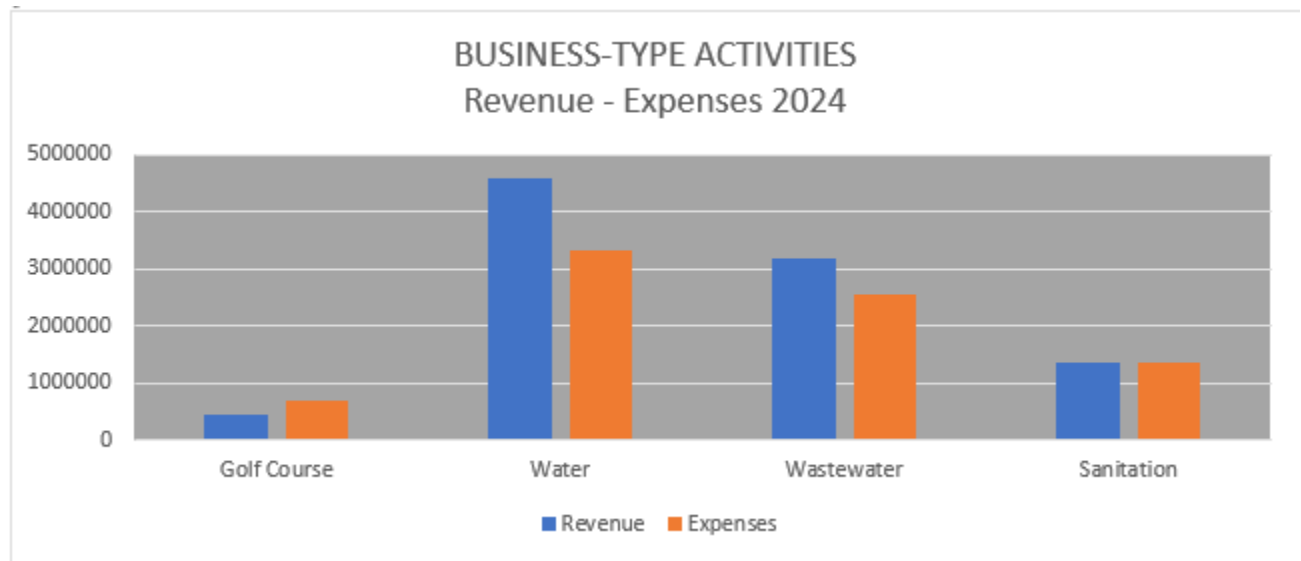
Significant capital expenses and other activity for this fiscal year in governmental funds included:

- City Hall made various changes with remodeling to improve its functionality and aesthetics. These highlights included the council room seating, breakroom updates, bathroom updates, recording equipment upgrades and compliance with ADA standards to create a welcoming space for public use, meetings and events.
- Police Department improved safety features with enhanced tasers and body cameras. By adopting more advanced technology it helps to ensure accountability, safety and effectiveness. Additionally, the primary servers were replaced to enhance security and protect sensitive data to ensure firewall upgrade meets operational and security needs.
- Animal Control updated their fleet vehicle customized to meet specific needs of animal control officers, ensuring humane treatment and secure transportation of animals.
- Fire Department made significant steps forward with the purchase of E-Hydraulic Rescue Tools. The purchase of these tools helps with portability, faster deployment, flexibility, reduced noise, safety, and efficiency. Applications will include vehicle extrications, structural collapses, and emergency entry.
- Parks Department capital purchases included the purchase of playground equipment. These traditional play structures included slides, swings and climbers that complied with Consumer Product Safety Commission guidelines and American Society for Testing and Materials standards. Additional upgrade to the parks included electrical upgrades to energy-efficient or solar powered lighting for nighttime safety. Tennis court resurfacing was essential to maintain safety, aesthetics, and playability for competition.

CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

- Street Department asphalt maintenance was improved with the purchase of a crack filler as a part of the preventative maintenance program to extend the lifespan of the roads and improve safety. The goal is to prevent water infiltration, which can cause damage like potholes or alligator cracking.
- Cemetery purchases included an additional niche wall for expanded burial options. Modernizing facilities allows for space constraints, consider alignment and organization, helps with financial resources and operational needs.
- The Recreation Department made a great investment in a tiny robot for lining athletic fields to save time and improve accuracy in marking the field. It helps with consistency with measurements and potentially reduce labor costs for staff. In addition, it makes the process more efficient, especially for large fields or complex layouts.
- Library facility recently underwent improvements. Improvements included stucco outside of the facility, restroom restorations to include new fixtures, better lighting, improved ventilation for better comfort and functionality. HVAC improvements involve upgrading the heating, and air conditioning systems for better climate control, energy efficiency, and air quality. Commons furniture was upgraded to improve comfort, appeal, and functionality in shared spaces. These improvements collectively aim to enhance the overall user experience, whether in terms of comfort, efficiency, or visual appeal.
- City Municipal Airport made significant improvements which included the following: FedEx Parking Lease, the city entered into an agreement with FedEx, allowing them to rent parking space for the large trucks. The dedicated areas for the logistic operations boosted the airport's revenue stream. Increase Flight Traffic: the airport is handling more flights, likely resulting from the customer service received through the Airport Manager. This improved traffic flow has established the airport as a key transportation hub. The Federal Aviation Administration has approved and praised the improvements made at the airport, particularly related to FedEx's operations. These improvements for the airport have increased growth and modernization, enhancing its role in both regional and national transportation networks.
- Golf Course improvements aim to elevate the overall golfing experience, attract more players, and maintain the course's long-term sustainability. Several improvements made to the golf course include clubhouse furnishings, canyon bridge replacement, and modernization of the golf course maintenance equipment. In addition, for operational efficiency a range ball dispenser was installed to help maintain the course revenue and customer service abilities.
- The Water Department continued with improvements of Well #17, including its associated facilities building. Several key components included Well #17 construction drilling, and upgrades. Housing equipment for water treatment, pumping and monitoring systems, such as electrical controls, filtration systems, or backup generators have all taken precedence during the construction of the facility. Infrastructure upgrades of pipelines, pumps, and other equipment needed to support water operations are monitored and improved during the budget cycle. Environmental and compliance standards, safety regulations for water quality and land use are top precedence for the staff and city operations.
- The Wastewater Department completed manhole inspections that are vital of identifying issues such as cracks, blockage, or corrosion in the wastewater systems. By checking the integrity of manholes, teams can address problems before they lead to significant infrastructure failures, helping with long-term maintenance and avoid costly repairs. Management of fleet vehicles or equipment was a budget item to be used for maintaining the wastewater system helps ensure that these vehicles and equipment are well-maintained, appropriately dispatched and available when needed for repairs, inspections or routine work reducing downtime, and ensuring compliance with environmental standards.
- The Fiber Optic Department has been established, which is an exciting development. Fiber optics represents a cutting edge technology, offering faster speeds, more reliable connections, and a variety of innovative applications. This is a key step forward in bringing the city into the 'new century' with modern communication infrastructure.
- 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 FY24 the City transferred \$427,007 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 an approved transfer from the General Fund.

CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

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 \$8,276,890. The ending fund balance consists of non-spendable, restricted and assigned funds in the amount of \$7,058,002 to be used for development, construction, and debt service; and unassigned funds of \$1,218,888 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 \$171,297 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 \$370,350 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.

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 \$3,652,174 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 \$773,546 this change is articulated in the depreciation schedule for year end.

The sanitation fund reflected an increase of \$31,249 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 increase in net position of \$287,811 for the current fiscal year, primarily due to decreases in incentive paid out to city contractors.

CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

General Fund Budgetary Highlights

The adopted General Fund budgeted revenue for fiscal year 2024 was \$13,532,415. This was an decrease of \$2,644,134 more than the previous year General Fund budget. This decrease was due to the City's expectation of grant 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, 2024, was \$30,639,733 and \$38,459,716 respectively. Construction in progress additions comprise the majority of current year increases. The city also purchased miscellaneous equipment in the fiscal year ending September 30, 2024. 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.

		Capital Assets Net of Accumulated Depreciation					
		Governmental Activities		Business-type Activities		Totals	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Non-Depreciable Assets							
Land	\$	2,465,215	\$ 2,353,487	\$ 3,936,007	\$ 3,936,007	\$ 6,401,222	\$ 6,289,494
Construction in progress		3,225,204	1,002,219	8,172,027	6,482,539	11,397,231	7,484,758
Intangibles				1,207,510	1,207,510	1,207,510	1,207,510
Depreciable Assets:							
Infrastructure		19,842,155	20,652,408	22,578,104	22,595,899	42,420,259	43,248,307
Buildings and Improvements		2,146,252	2,251,416	243,003	154,226	2,389,255	2,405,642
Equipment		2,921,555	2,304,953	2,299,001	1,942,211	5,220,556	4,247,164
Right of use lease equip		39,352	86,936	24,064	67,119	63,416	154,055
Total	\$	<u>30,639,733</u>	<u>\$ 28,651,419</u>	<u>\$ 38,459,716</u>	<u>\$ 36,385,511</u>	<u>\$ 69,099,449</u>	<u>\$65,036,930</u>

Long-term debt

At the end of the fiscal year, the City had total debt outstanding of \$7,853,380. The debt is a combination of 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.

CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

Economic Environment and Next Year's Forecasted Budget

The City of Mountain Home's Military Liaison Marty Anderson, C.MSgt, USAF (Ret) plays a crucial role in strengthening the city's economy by acting as the primary coordinator with the Air Force. Through strategic partnerships and resource allocation, the liaison facilitates defense-related investments, job creation, and infrastructure improvements. This collaboration not only enhances military readiness but also fuels local businesses, generates employment opportunities, and drives economic growth. As a vital link between the city and the Air Force, the liaison ensures that military initiatives translate into tangible benefits for the community. Mr. Anderson has developed communications and action plans with MHAFB Water Surface Projects, Advocate for Military Family Life Programs, awarded multiple grants including but not limited to PSMI grant for Stephenson Elementary School, MHSD grant for infrastructure improvements, city water infrastructure 6.5 million dollar grant, and has established critical partnerships with Idaho Defense Alliance, US Department of Commerce, Office of Local Defense Community Cooperation, Idaho Department of Childcare, Idaho Department of Occupational and Professional License, and Idaho Department of Water Resources. With partnership of the local leadership has advocated at the Pentagon to maintain the 389th Fighter Squadron, held critical meetings with the CODELS and Department of the Air Force. Mr. Anderson has established a presence in Washington D.C. through Congressional Delegation, served as the liaison to appropriate executives, legislative and military policy leaders on behalf of the City of Mountain Home advocating for Mountain Home Air Force Base mission, airmen, and their families. There is no mystical field that controls our destiny. The City works hard to create opportunities, puts the staff in active roles, and reaches forward to long-term, strategic, attainable projects.

For FY 2025:

- The city prioritizes responsible financial management, economic development, and employee satisfaction-key elements of effective local governance and community growth. Projects for staff will include building improvements, kitchenet/breakroom upgrades, phone system replacement, Laserfiche upgrades, HVAC improvements, security improvements and technology updates. Included in the planning is a software purchase of Civicplus to help staff with council meetings and record keeping.
- The Police Department includes several important projects and initiatives. Committed to safety and service, the department is dedicated to protecting the community, upholding the law, and fostering trust through professionalism, integrity and accountability. PD will continue to update equipment with the purchase of Lense Lock-Body Cameras, Motorola Flex TMS/CAD purchase, phone replacement, taser replacement and equipment upgrades.
- The Fire Department is recognized for their dedication, bravery, and unwavering commitment to our community. Primarily staffed by volunteer firefighters, they respond to not only fires but to medical emergencies, accidents, and disaster of all kinds. The department's projects and equipment acquisitions reflect a commitment to the safety and effectiveness of the fire department's operations. This budget cycle upgrades to equipment includes a fleet management with a squad vehicle, PPV fans, WIU fire engine and miscellaneous replacements and upgrades.
- Parks department plays a vital role in our community with parks and recreation play. Parks are more than just a green space-they are a place where families gather, children play, and people of all ages connect with nature and each other. They promote health, well-being, and a sense of belonging. As stewards of these public spaces, our mission is to enhance the quality of life for all residents by preserving natural beauty, expanding recreational opportunities, and ensuring that our parks remain safe, accessible, and welcoming for generations to come. As a part of this year's budget planning, we prioritized much-needed upgrades to our facilities, grounds, and buildings. These improvements include investments in power and technology, equipment as well as paving the parking lot to enhance accessibility and convenience for our visitors.
- Streets Department plays a vital role in our community by maintaining safe, reliable, and efficient infrastructure for our community. Our roads, sidewalks and public spaces are the backbone of daily life, connecting residents, businesses, and essential services. As part of this year's budget planning, we are focused on key improvements, including upgrades to equipment, roadway maintenance, and infrastructure enhancements to ensure safer and more accessible streets for our residents. These investments will not only improve mobility but also enhance the overall quality of life in our community.
- Cemetery serves as a place of remembrance, reflection, and history, and it is our responsibility to maintain them with care, respect, and efficiency. As a part of this year's planning, we are implementing key upgrades, including new cemetery management software to enhance record-keeping, streamline operations, and improve accessibility

for families and staff. Additionally, we will be installing new fencing to enhance security, protect the grounds, and preserve the dignity of this sacred space.

- The Recreation Department plays a vital role in enhancing the well-being of our residents by providing opportunities for fitness, leisure, and social connection. This department remains committed to creating safe, engaging, and inclusive spaces for all ages to enjoy. Whether through sports programs, community events, or facility improvements, they continue to invest in a healthier, more active future for our community. We are excited to announce that the new municipal pool will be opening this budget cycle. This facility represents more than just a place to swim—it's a space where families can create lasting memories, children can learn water safety, and residents of all ages can stay active and enjoy the summer months.
- Library is a welcoming space for our community. Filled with more than just books, our library is a hub of learning, connection, and innovation for people of all ages. As a part of our commitment to enhancing services, upgrades include improvement to the computer lab to better support the digital learning, new furniture to create a more comfortable and inviting environment, and a fresh exterior paint update to beautify the space for all who visit. These enhancements reflect our dedication to ensure that the library remains a welcoming and accessible resource for the entire community.
- Municipal Airport is continuing to grow and make improvements. Our airport has become more than just a transportation hub, we are developing into a gateway to economic development, connectivity, and opportunities for our community. As a part of our ongoing commitment to safety, efficiency, and modernization key upgrades are planned that include facilities upgrades and replacement of essential equipment. Cooperation with the BLM seat base construction will continue to increase the airport capacity and types of aircraft it can accommodate. We appreciate the support of our community, staff, and stakeholders in making these improvements possible.
- Municipal Golf Course has long been a valued part of our community, providing a place for recreation, competition, and connection for golfers of all ages and skill levels. Budget upgrades include remodeling the clubhouse, improving the driving range, and the replacement of essential equipment. The golf carts have been replaced with an increase in fleet capacity. These investments will not only improve the quality of play but also create a more enjoyable and welcoming environment for all who visit.
- The Water Department continued development and improvements of our water infrastructure and services. This department plays a critical role in ensuring that our community has access to clean, reliable water and that the infrastructure meets the growing needs of residents and businesses. Moving forward with the construction of the College Park pipe replacement project, which will enhance our distribution system, improve water flow, and ensure better service for that area. Additionally, continued prioritize fleet management improvements, including the addition of the mini excavator, a backhoe, and new equipment to ensure our team can respond efficiently to repairs and maintenance. These investments reflect our commitment to delivering high quality service while maintaining the reliability and safety of our infrastructure and staff for years to come.
- Wastewater management is crucial to protecting public health and the environment, and they continue to work diligently to ensure our systems remain efficient and reliable. This year's focus is improvements to the wastewater lagoons by beginning the lagoon cells aeration project, which will enhance the treatment process and help us maintain high standards of water quality. Additionally, we are collaborating with the Water Department to share critical equipment, ensuring both departments have the resources they need to respond effectively to operational challenges. They continue to improve fleet management and are adding booster hoist equipment to support better maintenance and handling of the wastewater systems. These efforts reflect our ongoing commitment to maintaining a high level of service while preserving the environment and infrastructure for future generations.
- Fiber Optic is advancing into today's world of reliable high-speed internet. We understand that the internet is no longer a luxury—it's a necessity for businesses, education, healthcare, and everyday life. Our commitment to expanding and improving fiber optic connectivity is a key step toward ensuring our community remains competitive, connected, and future ready. To support this effort, we have actively pursued grant funding opportunities to help offset costs and accelerate the expansion of fiber optic networks. These grants if awarded will allow us to enhance broadband access, improve service reliability, and provide faster connections for residents and businesses alike.

CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

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.

BASIC FINANCIAL STATEMENTS

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF NET POSITION
September 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Total
ASSETS AND DEFERRED OUTFLOWS				
Current Assets				
Cash and investments	\$ 8,439,181	\$ 10,135,538	\$ 18,574,719	\$ 2,234,240
Receivables				
Accounts		1,430,244	1,430,244	
Accrued interest	52,301	43,299	95,600	
Property tax	8,302,481		8,302,481	652,860
Sales tax	485,885		485,885	
Due from other governments	245,814		245,814	
Lease receivable	935,818	50,878	986,696	
Other	427,845	177,410	605,255	
Prepaid expenses	37,847	22,531	60,378	
Total Current Assets	18,927,172	11,859,900	30,787,072	2,887,100
Noncurrent Assets				
Restricted cash	777,959	128,643	906,602	
Capital assets, net of accumulated depreciation and amortization	30,639,733	38,459,716	69,099,449	669,626
Total Noncurrent Assets	31,417,692	38,588,359	70,006,051	669,626
Total Assets	50,344,864	50,448,259	100,793,123	3,556,726
Deferred Outflows of Resources				
Pension obligations	912,820	252,185	1,165,005	
Total Assets and Deferred Outflows of Resources	\$ 51,257,684	\$ 50,700,444	\$ 101,958,128	\$ 3,556,726

See accompanying notes to basic financial statements

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF NET POSITION (Continued)
September 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Total
LIABILITIES AND DEFERRED INFLOWS				
Current Liabilities				
Accounts payable	\$ 1,903,575	\$ 949,063	\$ 2,852,638	\$
Accrued interest payable	54,248	14,495	68,743	
Unearned revenue	5,840	560,601	566,441	
Other current liabilities	5,362		5,362	
Deposits payable	<u>10,000</u>		<u>10,000</u>	
Total Current Liabilities	1,979,025	1,524,159	3,503,184	
Noncurrent Liabilities				
Due Within One Year				
Lease liabilities	198,640	80,267	278,907	
Bonds payable		135,000	135,000	
Notes payable		514,230	514,230	
Certificates of participation	90,000		90,000	
Due in More Than One Year				
Accrued compensated absences	389,913	51,584	441,497	
Lease liabilities	614,121	141,121	755,242	
Bond payable		285,000	285,000	
Notes payable		4,578,504	4,578,504	
Certificates of participation	775,000		775,000	
Net pension liability	<u>3,781,045</u>	<u>1,044,588</u>	<u>4,825,633</u>	
	<u>5,848,719</u>	<u>6,830,294</u>	<u>12,679,013</u>	
Total Liabilities	7,827,744	8,354,453	16,182,197	
Deferred Inflows				
Deferred tax revenue	8,116,794		8,116,794	
Lease related items	873,362	30,057	903,419	
Pensions	<u>167,139</u>	<u>46,175</u>	<u>213,314</u>	<u>652,860</u>
Total Deferred Inflows	9,157,295	76,232	9,233,527	652,860
NET POSITION				
Net investment in capital assets	28,961,972	32,725,594	61,687,566	669,626
Restricted	4,074,588	128,643	4,203,231	2,234,240
Unrestricted	<u>1,236,085</u>	<u>9,415,522</u>	<u>10,651,607</u>	
Total Net Position	<u>34,272,645</u>	<u>42,269,759</u>	<u>76,542,404</u>	<u>2,903,866</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 51,257,684</u>	<u>\$ 50,700,444</u>	<u>\$ 101,958,128</u>	<u>\$ 3,556,726</u>

See accompanying notes to basic financial statements

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

PROGRAM REVENUES				
	<u>Expenses</u>	<u>Fees, Fines & Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>
Functions/Programs				
Governmental Activities				
General government	\$ 2,121,656	\$ 438,977	\$ 7,553	\$
Public protection	5,149,795	376,720	9,694	
Streets and airport	3,343,599	266,729	1,868,382	1,154,573
Health and sanitation	166,393	937,485	73,993	
Library and recreation	3,614,779	328,880	46,667	343,212
Interest on long-term debt	<u>111,913</u>	<u></u>	<u></u>	<u></u>
Total Governmental Activities	14,508,135	2,348,791	2,006,289	1,497,785
Business-Type Activities				
Water	3,308,047	4,595,653		1,973,172
Sewer	2,560,787	3,165,751		
Sanitation	1,362,085	1,367,529		
Fiber	140,655	122,955		484,104
Golf course	<u>694,480</u>	<u>449,113</u>	<u></u>	<u></u>
Total Business-Type Activities	<u>8,066,054</u>	<u>9,701,001</u>	<u></u>	<u>2,457,276</u>
Total Primary Government	<u>22,574,189</u>	<u>12,049,792</u>	<u>2,006,289</u>	<u>3,955,061</u>
Component Units				
Urban Renewal Agency	<u>555,592</u>	<u>6,325</u>	<u></u>	<u></u>
General Revenues and Transfers				
Property taxes				
Sales taxes /revenue sharing				
Liquor apportionment				
Franchise fees				
Earnings on investments				
Miscellaneous				
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 Unit
Governmental Activities	Business-Type Activities	Total	Total
\$ (1,675,126)	\$	\$ (1,675,126)	\$
(4,763,381)		(4,763,381)	
(53,915)		(53,915)	
845,085		845,085	
(2,896,020)		(2,896,020)	
<u>(111,913)</u>		<u>(111,913)</u>	
(8,655,270)		(8,655,270)	
	3,260,778	3,260,778	
	604,964	604,964	
	5,444	5,444	
	466,404	466,404	
	<u>(245,367)</u>	<u>(245,367)</u>	
	4,092,223	4,092,223	
<u>(8,655,270)</u>	<u>4,092,223</u>	<u>(4,563,047)</u>	
			<u>(549,267)</u>
7,962,292		7,962,292	685,748
1,834,787		1,834,787	
219,472		219,472	
269,209		269,209	
454,385	465,180	919,565	52,920
145,988	200,909	346,897	
<u>(442,092)</u>	<u>442,092</u>		
<u>10,444,041</u>	<u>1,108,181</u>	<u>11,552,222</u>	<u>738,668</u>
1,788,771	5,200,404	6,989,175	189,401
<u>32,483,874</u>	<u>37,069,355</u>	<u>69,553,229</u>	<u>2,714,465</u>
<u>\$ 34,272,645</u>	<u>\$ 42,269,759</u>	<u>\$ 76,542,404</u>	<u>\$ 2,903,866</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
BALANCE SHEET -GOVERNMENTAL FUNDS
September 30, 2024

	MAJOR FUNDS		NON-MAJOR FUNDS	TOTAL
	General Fund	Street Oiling Fund		
ASSETS				
Cash and investments	\$ 1,908,963	\$ 1,834,427	\$ 4,695,791	\$ 8,439,181
Restricted cash	205,103		572,856	777,959
Receivables				
Property taxes	6,151,838	122,094	2,028,549	8,302,481
Sales tax	485,885			485,885
Other governments	45,060	200,754		245,814
Accrued interest	21,110	8,506	22,685	52,301
Other receivables	70,683	24,705	332,457	427,845
Lease receivable	925,506		10,312	935,818
Prepaid expenses	<u>31,419</u>	<u>243</u>	<u>6,185</u>	<u>37,847</u>
Total Assets	<u>\$ 9,845,567</u>	<u>\$ 2,190,729</u>	<u>\$ 7,668,835</u>	<u>\$ 19,705,131</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 251,346	\$ 90,195	\$ 1,562,034	\$ 1,903,575
Accrued expense	5,362			5,362
Unearned revenue	5,840			5,840
Deposits payable	<u>10,000</u>	<u></u>	<u></u>	<u>10,000</u>
Total Liabilities	272,548	90,195	1,562,034	1,924,777
Deferred Inflows of Resources				
Unavailable revenue - leases	863,410		9,952	873,362
Unavailable revenue - property taxes	6,130,855	121,667	2,022,421	8,274,943
Unavailable revenue - other	<u>4,320</u>	<u>24,705</u>	<u>326,134</u>	<u>355,159</u>
Total Deferred Inflows of Resources	6,998,585	146,372	2,358,507	9,503,464
Fund Balances				
Nonspendable	31,419	243	6,185	37,847
Restricted	205,103	1,953,919	1,915,566	4,074,588
Assigned			2,945,567	2,945,567
Unassigned	<u>2,337,912</u>	<u></u>	<u>(1,119,024)</u>	<u>1,218,888</u>
Total Fund Balances	<u>2,574,434</u>	<u>1,954,162</u>	<u>3,748,294</u>	<u>8,276,890</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,845,567</u>	<u>\$ 2,190,729</u>	<u>\$ 7,668,835</u>	<u>\$ 19,705,131</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2024

Total fund balance - total governmental funds	\$	8,276,890
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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.		30,639,733
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Some of the City's revenues 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.

Property taxes	158,149	
Grant revenues	<u>355,159</u>	
		513,308

Deferred outflows of resources are not available to pay for current
period expenditures, and certain deferred inflows of resources are not
due and payable in the current period, and therefore, are not reported
in the funds.

Pension related deferred outflows	912,820	
Pension related deferred inflows	<u>(167,139)</u>	
		745,681

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(54,248)
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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:

Lease liabilities	(812,761)	
Certificates of participation	(865,000)	
Compensated absences payable	(389,913)	
Net pension liability	<u>(3,781,045)</u>	
Total long term liabilities		<u>(5,848,719)</u>

Total net position of governmental activities	\$	<u><u>34,272,645</u></u>
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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, 2024

	MAJOR FUNDS		NON-MAJOR FUNDS	TOTAL
	General Fund	Street Oiling Fund		
REVENUES				
Property taxes	\$ 6,066,725	\$ 123,254	\$ 1,786,692	\$ 7,976,671
Sales tax / revenue sharing	1,409,793		424,994	1,834,787
Highway users		1,571,113		1,571,113
County road apportionment		297,269		297,269
State liquor apportionment	219,472			219,472
Franchise fees	269,209			269,209
Licenses, permits, and fees	370,966	1,800		372,766
Court revenue	60,535			60,535
Charges for services			1,583,810	1,583,810
Earnings on investments	145,419	76,487	234,999	456,905
Earnings on leases	68,011		43,739	111,750
Refunds and reimbursements	121,363	50,319	48,248	219,930
Grant revenue				
Federal		469,396	393,438	862,834
State	7,553	291,739		299,292
Local	73,993			73,993
Contributions	9,694		5,986	15,680
Sponsorship			40,681	40,681
Miscellaneous	<u>44,759</u>	<u>5,736</u>	<u>95,493</u>	<u>145,988</u>
Total Revenues	8,867,492	2,887,113	4,658,080	16,412,685

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, 2024

	MAJOR FUNDS		NON-MAJOR FUNDS	TOTAL
	General Fund	Street Oiling Fund		
EXPENDITURES				
Current				
General government	1,383,509			1,383,509
Public protection	5,058,795			5,058,795
Streets and airport		1,373,689	593,930	1,967,619
Health and sanitation			149,913	149,913
Library and recreation	846,170		2,258,425	3,104,595
Debt service				
Principal	362,415	124,122	45,711	532,248
Interest	65,711	9,928	5,536	81,175
Capital outlay	<u>642,906</u>	<u>1,501,066</u>	<u>1,884,242</u>	<u>4,028,214</u>
Total Expenditures	<u>8,359,506</u>	<u>3,008,805</u>	<u>4,937,757</u>	<u>16,306,068</u>
Excess (Deficiency) of Revenues Over Expenditures	507,986	(121,692)	(279,677)	106,617
OTHER FINANCING SOURCES (USES)				
Lease proceeds	90,318	507,127	26,181	623,626
Sales of assets			3,650	3,650
Transfers out	<u>(427,007)</u>	<u>(15,085)</u>		<u>(442,092)</u>
Net Other Financing Sources (Uses)	<u>(336,689)</u>	<u>492,042</u>	<u>29,831</u>	<u>185,184</u>
Net Change in Fund Balances	171,297	370,350	(249,846)	291,801
FUND BALANCES, Beginning of Year	<u>2,403,137</u>	<u>1,583,812</u>	<u>3,998,140</u>	<u>7,985,089</u>
FUND BALANCES, End of Year	<u>\$ 2,574,434</u>	<u>\$ 1,954,162</u>	<u>\$ 3,748,294</u>	<u>\$ 8,276,890</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, 2024

Net change in fund balances - total governmental funds \$ 291,801

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 do not provide current financial resources and are deferred in the
governmental funds.

Property taxes	(16,899)	
Grant revenues	<u>343,212</u>	326,313

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	4,028,214	
Net loss on disposal of assets, lease terminations, and adjustments to capital assets	(13,018)	
Amortization expense	(22,584)	
Depreciation expense	<u>(1,967,576)</u>	
Excess of capital outlay over depreciation expense		2,025,036

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

Lease proceeds	(623,626)	
Certificates of participation payments	85,000	
Lease liability payments	<u>447,248</u>	(91,378)

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.

Pension expense	(656,079)	
Increase in accrued interest payable	(30,738)	
Increase in compensated absence payable	<u>(76,184)</u>	
		<u>(763,001)</u>

Change in Net Position of Governmental Activities	<u>\$ 1,788,771</u>
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See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
September 30, 2024

	Water	Sewer	Sanitation	Golf		Non Major	
	Fund	Fund	Fund	Course	Fiber	Tap	Total
	Fund	Fund	Fund	Fund	Fund	Deposit	Fund
ASSETS							
Current Assets							
Cash and cash equivalents	\$ 7,158,006	\$ 1,696,107	\$ 556,012	\$ 246,947	\$ 303,121	\$ 175,345	\$10,135,538
Receivables							
Accounts (net)	1,022,309	275,405	125,693		6,837		1,430,244
Accrued interest	32,682	8,260	2,350		7		43,299
Other	127,907	45,021		4,482			177,410
Leases		48,426			2,452		50,878
Due from other funds						36,293	36,293
Prepaid expenses	<u>12,545</u>	<u>8,214</u>	<u></u>	<u>1,479</u>	<u>293</u>	<u></u>	<u>22,531</u>
Total Current Assets	8,353,449	2,081,433	684,055	252,908	312,710	211,638	11,896,193
Non-current Assets							
Capital Assets							
Land and sewer lagoons	1,085,024	1,104,349	69,205	1,677,429			3,936,007
Buildings and improvements	397,343	192,679	58,616	296,555	60,165		1,005,358
Systems and equipment	2,015,503	2,022,528	32,819	878,724	349,547		5,299,121
Intangibles	1,207,510						1,207,510
Construction in progress	6,891,328	274,448			1,006,251		8,172,027
Infrastructure	26,332,458	23,101,285		289,030			49,722,773
Right of use asset - leases	8,871	8,871		71,736			89,478
Less accumulated depreciation	<u>(15,749,209)</u>	<u>(14,051,932)</u>	<u>(90,891)</u>	<u>(989,412)</u>	<u>(91,114)</u>	<u></u>	<u>(30,972,558)</u>
Total capital assets, net of accumulated depreciation	22,188,828	12,652,228	69,749	2,224,062	1,324,849		38,459,716
Restricted cash	<u>128,643</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u>128,643</u>
Total Assets	30,670,920	14,733,661	753,804	2,476,970	1,637,559	211,638	50,484,552
Deferred outflows							
Pension related items	<u>101,678</u>	<u>81,571</u>	<u>6,894</u>	<u>62,042</u>	<u></u>	<u></u>	<u>252,185</u>
Total Assets and Deferred Outflows	<u>\$30,772,598</u>	<u>\$14,815,232</u>	<u>\$ 760,698</u>	<u>\$ 2,539,012</u>	<u>\$ 1,637,559</u>	<u>\$ 211,638</u>	<u>\$50,736,737</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF NET POSITION – Proprietary Funds (Continued)
September 30, 2024

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Golf Course Fund</u>	<u>Fiber Fund</u>	<u>Non Major Tap Deposit Fund</u>	<u>Total</u>
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable	\$ 483,851	\$ 63,271	\$ 105,056	\$ 17,943	\$ 67,304	\$ 211,638	\$ 949,063
Accrued interest payable	6,352	6,930		1,213			14,495
Due to other funds	36,293						36,293
Unearned revenue	343,349			12,015	205,237		560,601
Current portion of lease liabilities	16,113	16,112		48,042			80,267
Current portion of bonds payable	135,000						135,000
Current portion of notes payable	<u>158,267</u>	<u>355,963</u>					<u>514,230</u>
Total Current Liabilities	1,179,225	442,276	105,056	79,213	272,541	211,638	2,289,949
NON-CURRENT LIABILITIES							
Accrued compensated balances	29,507	15,288		6,789			51,584
Net pension liability	421,167	337,880	28,554	256,987			1,044,588
Long-term portion of lease liabilities	37,937	37,938		65,246			141,121
Long-term portion of bond payable	285,000						285,000
Long-term portion of notes payable	<u>3,025,871</u>	<u>1,552,633</u>					<u>4,578,504</u>
Total Noncurrent Liabilities	<u>3,799,482</u>	<u>1,943,739</u>	<u>28,554</u>	<u>329,022</u>			<u>6,100,797</u>
Total Liabilities	4,978,707	2,386,015	133,610	408,235	272,541	211,638	8,390,746
DEFERRED INFLOWS							
Pension related items	18,617	14,936	1,262	11,360			46,175
Lease related items		<u>27,674</u>			<u>2,383</u>		<u>30,057</u>
Total Deferred Inflows	<u>18,617</u>	<u>42,610</u>	<u>1,262</u>	<u>11,360</u>	<u>2,383</u>		<u>76,232</u>
NET POSITION							
Net investment in capital assets	18,530,640	10,689,582	69,749	2,110,774	1,324,849		32,725,594
Restricted	128,643						128,643
Unrestricted	<u>7,115,991</u>	<u>1,697,025</u>	<u>556,077</u>	<u>8,643</u>	<u>37,786</u>		<u>9,415,522</u>
Total Net Position	<u>25,775,274</u>	<u>12,386,607</u>	<u>625,826</u>	<u>2,119,417</u>	<u>1,362,635</u>		<u>42,269,759</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$30,772,598</u>	<u>\$14,815,232</u>	<u>\$ 760,698</u>	<u>\$ 2,539,012</u>	<u>\$ 1,637,559</u>	<u>\$ 211,638</u>	<u>\$50,736,737</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – Proprietary Funds
For the Year Ended September 30, 2024

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Golf Course Fund</u>	<u>Fiber Fund</u>	<u>Tap Deposit Fund</u>	<u>Total</u>
Operating Revenues							
Charges for services	\$ 4,595,653	\$ 3,052,400	\$ 1,367,529	\$ 411,771	\$ 122,955	\$	\$ 9,550,308
Rental income		<u>113,351</u>		<u>37,342</u>			<u>150,693</u>
Total Operating Revenues	4,595,653	3,165,751	1,367,529	449,113	122,955		9,701,001
Operating Expenses							
Salaries	745,186	656,584	55,658	216,008	9,848		1,683,284
Fringe benefits	292,552	250,751	20,126	87,495	2,387		653,311
Gas and oil	21,470	17,382		12,882			51,734
Professional fees	114,820	152,432	1,207,002	83,344	11,279		1,568,877
Postage and freight	24,014	17,066	16,564				57,644
Utilities and telephone	495,138	22,062		37,382			554,582
Repairs	352,183	224,384	9,365	159,237	86,389		831,558
Supplies	115,158	155,583	447	14,156	38,137		323,481
Education, dues, and assessments	38,460	19,215		6,073	55		63,803
Miscellaneous expense	1,978	20,678	61,614	3,341	12,517		100,128
Insurance	41,232	81,673					122,905
Depreciation	<u>918,583</u>	<u>894,299</u>		<u>74,562</u>	<u>36,155</u>		<u>1,923,599</u>
Total Operating Expenses	<u>3,160,774</u>	<u>2,512,109</u>	<u>1,370,776</u>	<u>694,480</u>	<u>196,767</u>		<u>7,934,906</u>
Operating Income (Loss)	1,434,879	653,642	(3,247)	(245,367)	(73,812)		1,766,095
Non-operating Revenues (Expenses)							
Investment earnings (loss)	345,383	93,558	26,241		(2)		465,180
Grant revenue	1,973,172				484,104		2,457,276
Net pension expense	(36,507)	28,147	8,691	60,063			60,394
Interest expense	(110,766)	(76,825)		(3,951)			(191,542)
Miscellaneous income (expense)	<u>38,271</u>	<u>67,681</u>	<u>(436)</u>	<u>50,059</u>	<u>45,334</u>		<u>200,909</u>
Total Non-operating Revenues (Expenses)	<u>2,209,553</u>	<u>112,561</u>	<u>34,496</u>	<u>106,171</u>	<u>529,436</u>		<u>2,992,217</u>
Income (Loss) Before Transfers	3,644,432	766,203	31,249	(139,196)	455,624		4,758,312
Operating Transfers In (Out)							
Transfers in	<u>7,742</u>	<u>7,343</u>		<u>427,007</u>			<u>442,092</u>
Total Operating Transfers In (Out)	<u>7,742</u>	<u>7,343</u>		<u>427,007</u>			<u>442,092</u>
Change in Net Position	3,652,174	773,546	31,249	287,811	455,624		5,200,404
Net Position, Beginning of Year	<u>22,123,100</u>	<u>11,613,061</u>	<u>594,577</u>	<u>1,831,606</u>	<u>907,011</u>		<u>37,069,355</u>
Net Position, End of Year	<u>\$25,775,274</u>	<u>\$12,386,607</u>	<u>\$ 625,826</u>	<u>\$ 2,119,417</u>	<u>\$ 1,362,635</u>	<u>\$</u>	<u>\$42,269,759</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, 2024

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Golf Course Fund</u>	<u>Fiber Fund</u>	<u>Non Major Tap Deposit Fund</u>	<u>Total</u>
Cash Flow From Operating Activities							
Cash received from customers	\$ 4,407,692	\$ 3,043,020	\$ 1,353,086	\$ 447,948	\$ 117,182	\$	\$ 9,368,928
Cash payments to suppliers for goods	(1,834,307)	(1,463,385)	(1,305,966)	(452,213)	(153,808)		(5,209,679)
Cash payments to employees for services	<u>(699,453)</u>	<u>(683,964)</u>	<u>(64,070)</u>	<u>(272,588)</u>	<u>(9,848)</u>		<u>(1,729,923)</u>
Net Cash Provided By (Used in) Operating Activities	1,873,932	895,671	(16,950)	(276,853)	(46,474)		2,429,326
Cash Flows From Noncapital Financing Activities							
Operating transfers	11,316	7,343		427,007		742	446,408
Other non-operating income (loss)	<u>5,312</u>	<u>99,377</u>	<u>8,236</u>	<u>152,596</u>	<u>45,325</u>		<u>310,846</u>
Net Cash Provided By (Used in) Noncapital Financing Activities	16,628	106,720	8,236	579,603	45,325	742	757,254
Cash Flow From Capital and Related Financing Activities							
Acquisition of capital assets	(1,608,147)	(1,763,067)		(230,863)	(445,278)		(4,047,355)
Proceeds from grant funding	105,145						105,145
Proceeds from notes payable	46,700	46,700		84,296			177,696
Principal payments on long-term debt	(356,789)	(363,753)		(63,519)			(784,061)
Interest payments on long-term debt	<u>(110,490)</u>	<u>(76,865)</u>		<u>(4,053)</u>			<u>(191,408)</u>
Net Cash Used in Capital and Related Financing Activities	(1,923,581)	(2,156,985)		(214,139)	(445,278)		(4,739,983)
Cash Flows From Investing Activities							
Interest on investments	<u>312,701</u>	<u>85,298</u>	<u>23,891</u>				<u>421,890</u>
Net Increase (Decrease) in Cash and Cash Equivalents	279,680	(1,069,296)	15,177	88,611	(446,427)	742	(1,131,513)
Cash and Cash Equivalents Beginning of Year	<u>7,006,969</u>	<u>2,765,403</u>	<u>540,835</u>	<u>158,336</u>	<u>749,548</u>	<u>174,603</u>	<u>11,395,694</u>
Cash and Cash Equivalents End of Year	<u>\$ 7,286,649</u>	<u>\$ 1,696,107</u>	<u>\$ 556,012</u>	<u>\$ 246,947</u>	<u>\$ 303,121</u>	<u>\$ 175,345</u>	<u>\$10,264,181</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, 2024

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Golf Course Fund</u>	<u>Fiber Fund</u>	<u>Non Major Tap Deposit Fund</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) To							
Net Cash Provide by (Used in) Operating Activities							
Operating Income (Loss)	\$ 1,434,879	\$ 653,642	\$ (3,247)	\$ (245,367)	\$ (73,812)	\$	\$ 1,766,095
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities							
Depreciation and Amortization	918,583	894,299		74,562	36,155		1,923,599
Deferred Outflows-Pensions	86,864	65,984	5,402	58,871			217,121
Deferred Inflows - Pensions	6,580	5,516	477	3,640			16,213
Deferred Inflows - Leases		(110,696)			(773)		(111,469)
Change in Assets and Liabilities:							
(Increase) decrease in accounts receivable	(114,478)	(23,624)	(16,110)		(5,740)		(159,952)
(Increase) decrease in prepaid expense	11,607	33,664		750	(293)		45,728
(Increase) decrease in other receivables	(73,483)	(34,884)	1,667	(1,165)			(107,865)
(Increase) decrease in lease receivables		46,473			740		47,213
Increase (decrease) in accounts payable	(348,909)	(535,823)	9,152	(49,053)	(2,751)		(927,384)
Increase (decrease) in net pension liability	(52,805)	(96,332)	(14,291)	(120,052)			(283,480)
Increase (decrease) in accrued compensated absences payable	5,094	(2,548)		961			3,507
Net Cash Provided By (Used in) Operating Activities	<u>\$ 1,873,932</u>	<u>\$ 895,671</u>	<u>\$ (16,950)</u>	<u>\$ (276,853)</u>	<u>\$ (46,474)</u>	<u>\$</u>	<u>\$ 2,429,326</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.

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 *Fiber Optic Fund* is used to account for revenues and costs necessary to operate the City's broadband 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.

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

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Budgetary Control (Continued)

3. Prior to September 1, the budget is legally enacted through passage of an ordinance.
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 acquisition cost 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:

Net investment in capital assets – 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 2024 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, 2024, 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, 2024, the City’s cash and investments excluding the component unit consisted of the following:

Cash, Investments, and Restricted Cash	<u>Bank Balance</u>	<u>Carrying Amount</u>
Bank deposits	\$ 1,556,241	\$ 1,061,609
Cash on hand	N/A	400
Local Government Investment Pool	<u>18,419,312</u>	<u>18,419,312</u>
Total Cash, Investments and Restricted Cash	<u>\$ 19,975,553</u>	<u>\$ 19,481,321</u>

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note B – Cash and Investments (Continued)

Investment in State Investment Pools

The City is a voluntary participant in the State of Idaho Local Government Investment Pool (LGIP). The LGIP is regulated by State of Idaho code under the oversight of the Treasurer of the State of Idaho. Investments in LGIP are valued using the net asset per share as they do not have readily obtainable fair values and are instead valued based on the District's pro-rata share of the pool's net position. The District values these investments based on information provided by the State of Idaho's Treasurer's Office.

The LGIP is not rated for by a national recognized rating agency for the purpose of credit risk. The State Treasurer is responsible of insuring and collateralizing deposits and investments in LGIP. The following table presents unfunded commitments, redemption frequency and the redemption notice period for the District's investments measured at net asset value

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
				3 Days; Over
Local Government Investment Pool	\$ 18,419,312	None	Next Business Day	\$10,000,000

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, 2024, \$947,693 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 Local Government Investment Pool (LGIP) is not rated. 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..

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. At September 30, 2024, the reserve account held \$205,103. In addition, 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.. The City has reserves funds totaling \$572,856 as of September 30, 2024 associated with DEQ loans.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note C – Capital Assets

Capital asset activity for the year ended September 30, 2024 is as follows:

Governmental Activities

	Balance September 30, 2023	Adjustments	Additions	Deletions	Balance September 30, 2024
Capital assets not being depreciated					
Land	\$ 2,353,487	\$	\$ 111,728	\$	\$ 2,465,215
Construction in progress	1,002,219		2,261,379	(38,394)	3,225,204
Total capital assets, not being depreciated	3,355,706		2,373,107	(38,394)	5,690,419
Capital assets being depreciated					
Building and Improvements	6,148,517		140,837		6,289,354
Systems and Equipment	8,334,732		1,097,814	(72,148)	9,360,398
Infrastructure	94,988,533	(5,983)	454,850	(15,127)	95,422,273
Total capital assets, being depreciated	109,471,782	(5,983)	1,693,501	(87,275)	111,072,025
Less accumulated depreciation for:					
Buildings and Improvements	(3,897,101)		(246,001)		(4,143,102)
Systems and Equipment	(6,029,779)		(476,069)	67,005	(6,438,843)
Infrastructure	(74,336,125)		(1,245,506)	1,513	(75,580,118)
Total accumulated depreciation	(84,263,005)		(1,967,576)	68,518	(86,162,063)
Right to use leased assets being amortized					
Right of use leased building	204,133			(89,866)	114,267
Total right to use leased assets being amortized	204,133			(89,866)	114,267
Accumulated amortization	(117,197)	430	(22,583)	64,435	(74,915)
Net right of use leased assets	86,936	430	(22,583.00)	(25,431)	39,352
Total capital assets, net	<u>\$ 28,651,419</u>	<u>\$ (5,553)</u>	<u>\$ 2,076,449</u>	<u>\$ (82,582)</u>	<u>\$ 30,639,733</u>

For governmental activities depreciation and amortization expense was charged to functions/programs as follows:

Governmental Activities

General Government	\$ 62,968
Public Protection	284,669
Streets and Airport	1,333,865
Library and Recreation	292,178
Health and Safety	16,479
Total depreciation and amortization expense	<u>\$ 1,990,159</u>

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note C – Capital Assets (Continued)

Business-Type Activities

	Balance September 30, 2023	Adjustments	Additions	Deletions	Balance September 30, 2024
Capital assets not being depreciated					
Land and Sewer Lagoons	\$ 3,936,007	\$	\$	\$	\$ 3,936,007
Construction in progress	6,713,747	(21,807)	2,364,841	(884,754)	8,172,027
Intangibles	1,207,510				1,207,510
Total capital assets, not being depreciated	11,857,264	(21,807)	2,364,841	(884,754)	13,315,544
Capital assets being depreciated					
Building and Improvements	897,461	12,286	95,611		1,005,358
Systems and Equipment	4,630,666	147,810	520,645		5,299,121
Infrastructure	47,910,032	(138,270)	1,951,011		49,722,773
Total capital assets, being depreciated	53,438,159	21,826	2,567,267		56,027,252
Less accumulated depreciation for:					
Buildings and Improvements	(743,236)	7	(19,126)		(762,355)
Systems and Equipment	(2,688,455)	(1,147)	(310,518)		(3,000,120)
Infrastructure	(25,545,340)	(29,567)	(1,569,762)		(27,144,669)
Total accumulated depreciation	(28,977,031)	(30,707)	(1,899,406)		(30,907,144)
Right to use leased assets being amortized					
Right of use leased building	151,347			(61,869)	89,478
Total right to use leased assets being amortized	151,347			(61,869)	89,478
Accumulated amortization	(84,228)	(11,768)	(24,193)	54,775	(65,414)
Net right of use leased assets	67,119	(11,768)	(24,193)	(7,094)	24,064
Total capital assets, net	\$ 36,385,511	\$ (42,456)	\$ 3,008,509	\$ (891,848)	\$ 38,459,716

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note D – Receivables

Amounts due from other governments and other receivables as of September 30, 2024 consist of the following:

Governmental Activities

	<u>Due From Other Governments</u>			
	<u>General</u>	<u>Street Oiling</u>	<u>Non-Major Funds</u>	<u>Total</u>
State of Idaho				
Liquor apportionment	\$ 45,060	\$	\$	\$ 45,060
Highway user revenue		200,754		200,754
Totals	<u>\$ 45,060</u>	<u>\$ 200,754</u>		<u>\$ 245,814</u>

Other Receivables

	<u>General</u>	<u>Street Oiling</u>	<u>Non-Major Funds</u>	<u>Total</u>
User Fees	\$ 27,334	\$	\$ 6,323	\$ 33,657
State Grants		24,705	326,134	350,839
Franchise fees	43,349			43,349
Totals	<u>\$ 70,683</u>	<u>\$ 24,705</u>	<u>\$ 332,457</u>	<u>\$ 427,845</u>

Business-Type Activities

	<u>Other Receivables</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Golf</u>	<u>Total</u>
User Fees	\$ 22,761	\$ 45,021	\$ 4,482	72,264
State Grant	105,146			105,146
Totals	<u>\$ 127,907</u>	<u>\$ 45,021</u>	<u>\$ 4,482</u>	<u>\$ 177,410</u>

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note E – Government Fund Balances

As of September 30, 2024, 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, 2024, fund balances are comprised of the following:

	General <u>Fund</u>	Street Oiling <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Nonspendable				
Prepaid items	\$ 31,419	\$ 243	\$ 6,185	\$ 37,847
Restricted:				
Debt Service	205,103		26,560	231,663
Water Availability			153,150	153,150
Sewer Availability			419,706	419,706
Parks Development			180,760	180,760
Fire Development			348,723	348,723
Police Development			236,660	236,660
Street Development		1,953,919	524,471	2,478,390
Other			25,536	25,536
	205,103	1,953,919	1,915,566	4,074,588
Assigned				
General government			2,945,567	2,945,567
Unassigned	2,337,912		(1,119,024)	1,218,888
Total Fund Balances	\$ 2,574,434	\$ 1,954,162	\$ 3,748,294	\$ 8,276,890

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note F – Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2024 is as follows:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
TAP Deposit Fund	Water fund	<u>\$ 36,293</u>

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, 2024, interfund transfers consisted of the following:

	<u>General Fund</u>	<u>Street Oiling Fund</u>	<u>Total</u>
Transfer to:			
Golf course fund	\$ 427,007	\$	\$ 427,007
Water fund		7,742	7,742
Sewer fund		7,343	7,343
	<u>\$ 427,007</u>	<u>\$ 15,085</u>	<u>\$ 442,092</u>

Note F – Leases

Lessee Activities: The City has entered into various non-cancelable leases, primarily for equipment. Such leases expire at various times through 2026. The lease liabilities are valued using discount rates of 3.5% which was based on the City's incremental borrowing rate. Remaining principal and interest payments on the leases are as follows:

<u>Maturity Date</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 25,950	\$ 957	\$ 22,472	\$ 370
2026	<u>15,360</u>	<u>136</u>	<u>2,412</u>	<u>21</u>
	<u>\$ 41,310</u>	<u>\$ 1,093</u>	<u>\$ 24,884</u>	<u>\$ 391</u>

Lessor Activities: The City has accrued a lease receivable for ten Airport Hanger land leases and one storage lease. The remaining receivable for these leases was \$986,696 for the year ended September 30, 2024. Deferred inflows related to the leases were \$903,419. There are no variable payments associated with any of the leases. Interest revenue recognized on these leases was \$36,465 and the City recognized \$141,600 in lease revenue for the year ended September 30, 2024. The interest rates on the leases is 3.5%. Final receipt is expected in fiscal year 2079.

CITY OF MOUNTAIN HOME, IDAHO

NOTES TO FINANCIAL STATEMENTS

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.

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, 2024 it was 6.71% for general employees and 9.83% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% general employees and 13.26% for police and firefighters. City of Mountain Home, Idaho's contributions were \$734,997 for the year ended September 30, 2024.

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

At September 30, 2024, 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, 2024, 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, 2024, the City's proportion was 0.12900537 percent.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note G – Pension Plan (Continued)

For the year ended September 30, 2024, City of Mountain Home, Idaho recognized net pension expense of \$605,938. At September 30, 2024 City of Mountain Home, Idaho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 768,285	\$ 87,593
Net difference between projected and actual earnings on pension plan investments	191,167	
Changes in the City's proportion and differences between the City's contributions and the employer's proportionate contributions	12,685	125,721
City's contributions subsequent to the measurement date	<u>192,868</u>	<u> </u>
Total	<u>\$ 1,165,005</u>	<u>\$ 213,314</u>

\$192,868 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, 2025.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2023 the beginning of the measurement period ended June 30, 2024 is 4.4 and 4.4 for the measurement period June 30, 2023.

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

Year Ending <u>September 30:</u>	<u>Amount</u>
2025	\$ 191,797
2026	863,839
2027	(176,514)
2028	(120,299)

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, 2024 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, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

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 2023.

<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 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	<u>1% Decrease (5.35%)</u>	<u>Current Discount Rate (6.35%)</u>	<u>1% Increase (7.35%)</u>
Employer's proportionate share of the net pension liability	<u>\$ 9,170,206</u>	<u>\$ 4,825,633</u>	<u>\$ 1,277,224</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, 2024, 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 Obligations

Changes in Long-Term Liabilities

During the year ended September 30, 2024, the following changes occurred in long-term debt:

	<u>October 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>September 30, 2024</u>	<u>Due within a year</u>
<u>Governmental activities</u>					
Certificates of Participation	\$ 950,000	\$	\$ (85,000)	\$ 865,000	\$ 90,000
Lease Liabilities -Notes	595,073	623,626	(447,248)	771,451	172,690
Lease Liabilities	77,694		(36,384)	41,310	25,950
Compensated Absences	313,729	76,184		389,913	
Total	<u>\$ 1,936,496</u>	<u>\$ 699,810</u>	<u>\$ (568,632)</u>	<u>\$ 2,067,674</u>	<u>\$ 288,640</u>

	<u>October 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>September 30, 2024</u>	<u>Due within a year</u>
<u>Business-Type activities</u>					
Lease Liabilities	\$ 64,206	\$	\$ (39,322)	\$ 24,884	\$ 22,472
Lease Liabilities-Notes	83,250	177,696	(64,442)	196,504	57,795
Notes Payable-DEQ	5,648,031		(555,297)	5,092,734	514,230
Revenue Bond	545,000		(125,000)	420,000	135,000
Compensated absences	48,077	3,507		51,584	
Total	<u>\$ 6,388,564</u>	<u>\$ 181,203</u>	<u>\$ (784,061)</u>	<u>\$ 5,785,706</u>	<u>\$ 729,497</u>

Compensated absences are liquidated in the fund the services were provided by the employee.

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:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 90,000	\$ 43,250
2026	95,000	38,750
2027	100,000	34,000
2028	100,000	29,000
2029	105,000	24,000
2030-2031	<u>375,000</u>	<u>32,000</u>
	<u>\$ 865,000</u>	<u>\$ 201,000</u>

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note H – Long-Term Obligations(Continued)

Leases Liabilities-Notes: 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 2030. The schedule of debt service requirements until maturity is as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 172,690	\$ 45,086
2026	136,958	35,829
2027	145,104	27,683
2028	124,541	19,051
2029	111,137	11,574
2030	<u>81,021</u>	<u>4,965</u>
	<u>\$ 771,451</u>	<u>\$ 144,188</u>

Business-Type Activities

Revenue Bonds Series 2012B: During fiscal year 2012, the City refinanced and consolidated Water Loan #1 and Water Loan #2 through the issuance of Revenue Bonds Series 2012B. 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>
2025	\$ 135,000	\$ 18,150
2026	140,000	11,400
2027	<u>145,000</u>	<u>5,800</u>
	<u>\$ 420,000</u>	<u>\$ 35,350</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>
2025	\$ 355,963	\$ 63,743
2026	368,530	51,176
2027	381,542	38,164
2028	394,955	24,751
2029	<u>407,605</u>	<u>10,749</u>
	<u>\$ 1,908,595</u>	<u>\$ 188,583</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>
2025	\$ 100,409	\$ 16,539
2026	102,174	14,774
2027	103,969	12,978
2028	105,768	11,180
2029	107,656	9,292
2030-2034	<u>449,873</u>	<u>17,918</u>
	<u>\$ 969,849</u>	<u>\$ 82,681</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>Principal</u>	<u>Interest</u>
2025	\$ 57,858	\$ 30,363
2026	117,943	58,500
2027	121,208	55,234
2028	124,425	51,154
2029	128,010	48,433
2030-2034	695,114	187,099
2035-2039	796,872	84,360
2040	<u>172,860</u>	<u>3,583</u>
	<u>\$ 2,214,289</u>	<u>\$ 518,726</u>

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note H – Long-Term Debt (Continued)

Lease Liabilities-Notes : 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>
2025	\$ 57,796	\$ 10,177
2026	38,655	7,739
2027	25,081	5,764
2028	26,279	4,566
2029	<u>48,693</u>	<u>3,306</u>
	<u>\$ 196,504</u>	<u>\$ 31,552</u>

Note I – 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.

Note J – Deficit Fund Balances

The City has deficit fund balances in the Recreation, Library, and Airport special revenues funds totaling (\$11,210), (\$95), and (\$1,101,534) respectively. The deficit fund balances are expected to be recovered through the normal course of operations in the subsequent fiscal year.

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, 2024

	Budget Original and Final	Actual	Variance
Revenues			
Property taxes	\$ 5,969,138	\$ 6,066,725	\$ 97,587
Sales tax / Revenue sharing	1,596,549	1,409,793	(4,559,345)
State liquor apportionment	223,900	219,472	(4,428)
Franchise fees	217,500	269,209	51,709
Licenses, permits, and fees	540,000	370,966	(169,034)
Court revenue	75,000	60,535	(14,465)
Earnings on investments	30,000	145,419	115,419
Earnings on leases	50,000	68,011	18,011
Refunds and Reimbursements	151,000	121,363	(29,637)
Grant revenue			
State	947,628	7,553	(940,075)
Local	50,000	73,993	23,993
Contributions	77,100	9,694	(67,406)
Miscellaneous	<u>3,604,600</u>	<u>44,759</u>	<u>(3,559,841)</u>
 Total Revenue	 13,532,415	 8,867,492	 (4,664,923)
 Expenditures			
Administration			
Salaries	311,278	307,731	3,547
Benefits	147,613	126,983	20,630
Insurance	113,758	113,758	
Professional fees	240,000	185,355	54,645
Supplies	64,500	57,459	7,041
Maintenance and operations	4,127,750	536,873	3,590,877
Miscellaneous	454,891	55,350	399,541
Capital outlay	<u>230,500</u>	<u>104,511</u>	<u>125,989</u>
 Total Administration	 5,690,290	 1,488,020	 4,202,270

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, 2024

	Budget Original and Final	Actual	Variance
Expenditures (Continued)			
Building Inspection			
Salaries	310,458	271,868	38,590
Benefits	144,606	103,050	41,556
Supplies	25,500	16,815	8,685
Professional fees	108,325	15,883	92,442
Maintenance and operations	138,300	77,986	60,314
Miscellaneous	800	393	407
Capital outlay	11,358		11,358
Principal payments		10,480	(10,480)
Interest payments		359	(359)
Total Building Inspection	739,347	496,834	242,513
Prosecution			
Attorney fees	220,000	175,500	44,500
Total Prosecution	220,000	175,500	44,500
Police Department			
Salaries	2,346,087	2,157,430	188,657
Benefits	1,074,923	844,940	229,983
Supplies	121,100	202,598	(81,498)
Professional fees	5,000		5,000
Maintenance and operations	842,817	355,711	487,106
Capital outlay	222,717	100,210	122,507
Principal payments	131,650	288,758	(157,108)
Interest payments		62,433	(62,433)
Miscellaneous	700	695	5
Total Police Department	4,744,994	4,012,775	732,219
Animal Shelter			
Salaries	157,662	154,607	3,055
Benefits	86,487	60,618	25,869
Supplies	9,450	2,678	6,772
Miscellaneous	1,300	298	1,002
Maintenance and operations	95,290	28,550	66,740
Capital outlay	38,000	47,580	(9,580)
Total Animal Shelter	388,189	294,331	93,858

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, 2024

	Budget Original and Final	Actual	Variance
Expenditures (Continued)			
Fire Department			
Salaries	380,466	303,121	77,345
Benefits	151,422	109,309	42,113
Professional fees	250		250
Supplies	32,000	32,793	(793)
Maintenance and operations	550,791	107,349	443,442
Capital outlay	199,900	9,451	190,449
Principal payments		41,631	(41,631)
Interest expense		2,973	(2,973)
Total Fire Department	1,314,829	606,627	708,202
Parks Department			
Salaries	459,774	399,295	60,479
Benefits	184,829	149,100	35,729
Supplies	22,750	15,729	7,021
Professional fees	6,500	3,000	3,500
Maintenance and operations	357,200	278,503	78,697
Miscellaneous	500	543	(43)
Principal payments		21,546	(21,546)
Interest expense		2,919	(2,919)
Capital outlay	605,966	414,784	191,182
Total Parks Department	1,637,519	1,285,419	352,100
Total Expenditures	14,735,168	8,359,506	6,375,662
Excess (Deficiency) of Revenues Over Expenditures	(1,202,753)	507,986	1,710,739
Other Financing Sources (Uses)			
Fund balance carryover			-
Leases proceeds		90,318	90,318
Transfers out	(427,007)	(427,007)	
Net Other Financing Sources (Uses)	(427,007)	(336,689)	90,318
Net Change in Fund Balance	(1,629,760)	171,297	1,801,057
Fund Balance, Beginning of Year	1,629,760	2,403,137	773,377
Fund Balance, End of Year	<u>\$</u>	<u>\$</u> 2,574,434	<u>\$</u> 2,574,434

CITY OF MOUNTAIN HOME, IDAHO
STREET OLING SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For The Year Ended September 30, 2024

	Budget Original and Final	Actual	Variance
Revenues			
Property taxes	\$ 121,029	\$ 123,254	\$ 2,225
Licenses and permits	4,500	1,800	(2,700)
Highway users	838,890	1,571,113	732,223
County road apportionment	300,000	297,269	(2,731)
Refunds and reimbursements	10,500	50,319	39,819
Earnings on investments	20,000	76,487	56,487
Grant revenue	2,630,773	761,135	(1,869,638)
Miscellaneous	<u>294,786</u>	<u>5,736</u>	<u>(289,050)</u>
Total Revenue	4,220,478	2,887,113	(1,333,365)
Expenditures			
Salaries	538,887	493,141	45,746
Benefits	307,387	189,125	118,262
Construction contracts	100,000	50,647	49,353
Supplies	24,600	20,928	3,672
Maintenance and operations	1,359,178	619,848	739,330
Capital outlay	2,888,627	1,501,066	1,387,561
Principal payments		124,122	(124,122)
Interest expense	<u></u>	<u>9,928</u>	<u>(9,928)</u>
Total Expenditures	<u>5,218,679</u>	<u>3,008,805</u>	<u>2,209,874</u>
Excess (Deficiency) of Revenues Over Expenditures	(998,201)	(121,692)	876,509
Other Financing Sources (Uses)			
Transfers in			-
Transfers out		(15,085)	(15,085)
Lease proceeds	<u></u>	<u>507,127</u>	<u>507,127</u>
Total Other Financing Sources	<u></u>	<u>492,042</u>	<u>492,042</u>
Net Change in Fund Balance	(998,201)	370,350	1,368,551
Fund Balance, Beginning of Year	<u>998,201</u>	<u>1,583,812</u>	<u>585,611</u>
Fund Balance, End of Year	<u>\$</u>	<u>\$ 1,954,162</u>	<u>\$ 1,954,162</u>

CITY OF MOUNTAIN HOME, IDAHO
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND EMPLOYER CONTRIBUTIONS
For the Year Ended September 30, 2024

Schedule of Employer's Share of Net Pension Liability

PERSI - Base Plan

Last 10 - Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Employer's portion of the net pension liability	0.1550235%	0.1523739%	0.1464274%	0.1407257%	0.1394683%	0.1394683%	0.1331428%	0.1342843%	0.1288365%	0.1288365%
Employer's proportionate share of the net pension liability	\$ 2,041,471	\$ 3,088,853	\$ 2,301,587	\$ 2,075,730	\$ 1,591,992	\$ 3,240,523	\$ (105,154)	\$ 5,289,134	\$ 5,141,439	\$ 4,825,633
Employer's covered payroll	\$ 4,342,164	\$ 4,456,475	\$ 4,547,933	\$ 4,527,659	\$ 4,490,938	\$ 4,969,188	\$ 4,968,710	\$ 5,295,427	\$ 5,850,403	\$ 5,909,766
Employer's proportionate share of net pension liability as a percentage of its covered payroll	47.02%	69.31%	50.61%	45.85%	35.45%	65.21%	-2.12%	99.88%	87.88%	81.66%
Plan fiduciary net position as a percentage of total pension liability	94.25%	87.26%	90.68%	91.69%	91.69%	88.22%	100.36%	83.09%	83.83%	85.54%

Data reported is measured as of June 30, 2024 (measurement date)

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution	\$ 501,202	\$ 452,950	\$ 493,771	\$ 516,570	\$ 543,701	\$ 598,692	\$ 598,749	\$ 632,274	\$ 654,075	\$ 734,997
Contributions in relation to statutorily required contribution	\$ 501,202	\$ 452,950	\$ 493,771	\$ 516,570	\$ 543,701	\$ 598,692	\$ 598,749	\$ 632,274	\$ 654,075	\$ 734,997
Contribution (deficiency) excess	-	-	-	-	-	-	-	-	-	-
Employer's covered payroll	\$ 4,384,181	\$ 4,411,880	\$ 4,523,955	\$ 4,503,780	\$ 4,710,187	\$ 4,961,919	\$ 4,964,710	\$ 5,321,557	\$ 5,505,853	\$ 6,076,438
Contributions as a percentage of covered payroll	11.43%	11.43%	10.91%	11.47%	11.54%	12.07%	12.06%	11.88%	11.88%	12.10%

Data reported is measured as of September 30, 2024 (The City's fiscal year end)

SUPPLEMENTARY INFORMATION

CITY OF MOUNTAIN HOME, IDAHO
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2024

ASSETS	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>
Cash and investments	\$ 42,740	\$ 77,512	\$ 14,549	\$ 262,574	\$ 43,813	\$ 833,047	\$ 2,063,864
Restricted cash						153,150	419,706
Prepaid expense		981	5,204				
Receivables							
Property tax	234,356	812,896	771,957	79,482	129,858		
Other receivable		327,457		5,000			
Leases receivable				10,312			
Accrued interest	<u>112</u>	<u></u>	<u></u>	<u>183</u>	<u>146</u>	<u>4,656</u>	<u>11,484</u>
Total Assets	<u>\$ 277,208</u>	<u>\$ 1,218,846</u>	<u>\$ 791,710</u>	<u>\$ 357,551</u>	<u>\$ 173,817</u>	<u>\$ 990,853</u>	<u>\$ 2,495,054</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	<u>\$ 10,795</u>	<u>\$ 93,605</u>	<u>\$ 22,186</u>	<u>\$ 1,369,900</u>	<u>\$ 18,926</u>	<u>\$</u>	<u>\$</u>
Total Liabilities	10,795	93,605	22,186	1,369,900	18,926		
Deferred Inflows							
Unavailable revenue - leases				9,952			
Unavailable revenue							
property taxes	233,897	810,317	769,619	79,233	129,355		
Unavailable revenue - other	<u></u>	<u>326,134</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Total Deferred Inflows							
of Resources	233,897	1,136,451	769,619	89,185	129,355		
Fund Balances							
Nonspendable		981	5,204				
Restricted					25,536	153,150	419,706
Committed							
Assigned	32,516					837,703	2,075,348
Unassigned	<u></u>	<u>(12,191)</u>	<u>(5,299)</u>	<u>(1,101,534)</u>	<u></u>	<u></u>	<u></u>
Total Fund Balances	<u>32,516</u>	<u>(11,210)</u>	<u>(95)</u>	<u>(1,101,534)</u>	<u>25,536</u>	<u>990,853</u>	<u>2,495,054</u>
Total Liabilities, Deferred							
Inflows and fund balance:	<u>\$ 277,208</u>	<u>\$ 1,218,846</u>	<u>\$ 791,710</u>	<u>\$ 357,551</u>	<u>\$ 173,817</u>	<u>\$ 990,853</u>	<u>\$ 2,495,054</u>

SPECIAL REVENUE FUNDS				TOTAL SPECIAL REVENUE FUNDS	LIBRARY DEBT SERVICE FUND	TOTAL
Parks Development	Fire Development	Police Development	Street Development			
\$ 179,856	\$ 357,883	\$ 245,541	\$ 547,739	\$ 4,669,118	\$ 26,673	\$ 4,695,791
				572,856		572,856
				6,185		6,185
				2,028,549		2,028,549
				332,457		332,457
				10,312		10,312
904	1,674	1,114	2,412	22,685		22,685
<u>\$ 180,760</u>	<u>\$ 359,557</u>	<u>\$ 246,655</u>	<u>\$ 550,151</u>	<u>\$ 7,642,162</u>	<u>\$ 26,673</u>	<u>\$ 7,668,835</u>
\$	\$ 10,834	\$ 9,995	\$ 25,680	\$ 1,561,921	\$ 113	\$ 1,562,034
	10,834	9,995	25,680	1,561,921	113	1,562,034
				9,952		9,952
				2,022,421		2,022,421
				326,134		326,134
				2,358,507		2,358,507
				6,185		6,185
180,760	348,723	236,660	524,471	1,889,006	26,560	1,915,566
				2,945,567		2,945,567
				(1,119,024)		(1,119,024)
180,760	348,723	236,660	524,471	3,721,734	26,560	3,748,294
<u>\$ 180,760</u>	<u>\$ 359,557</u>	<u>\$ 246,655</u>	<u>\$ 550,151</u>	<u>\$ 7,642,162</u>	<u>\$ 26,673</u>	<u>\$ 7,668,835</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, 2024

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	\$ 132,217	\$ 746,475	\$ 674,798	\$ 72,912	\$ 145,064	\$	\$
Sales taxes		424,994					
Refunds and reimbursements		115	10,221	37,912			
Charges for services	28,570	130,953	6,251	8,280		345,695	563,220
Earnings (loss) on investments	3,228	24,186	4,266	(184)	2,402	39,995	105,760
Earnings on leases			7,502	36,237			
Federal				393,438			
Contributions		1,000	4,986				
Sponsorships		18,500	22,181				
Miscellaneous		<u>85,071</u>	<u>6,972</u>	<u>3,450</u>			
Total Revenue	164,015	1,431,294	737,177	552,045	147,466	385,690	668,980
Expenditures							
Current							
Streets and airport				446,598	147,332		
Health and sanitation	149,913						
Library and recreation		1,531,563	724,015				
Debt Service							
Principal payment	13,979	12,755		18,977			
Interest expense	2,139	2,038		1,359			
Capital outlay	<u>46,373</u>	<u>353,171</u>	<u>31,978</u>	<u>1,452,720</u>			
Total Expenditures	<u>212,404</u>	<u>1,899,527</u>	<u>755,993</u>	<u>1,919,654</u>	<u>147,332</u>		
Excess (Deficiency) of Revenues over Expenditures	(48,389)	(468,233)	(18,816)	(1,367,609)	134	385,690	668,980
Other Financing Sources (Uses)							
Lease proceeds		26,181					
Sales of assets				3,650			
Total Other Financing Source		<u>26,181</u>		<u>3,650</u>			
Net Change in Fund Balance	(48,389)	(442,052)	(18,816)	(1,363,959)	134	385,690	668,980
Fund Balance, Beginning of Year	<u>80,905</u>	<u>430,842</u>	<u>18,721</u>	<u>262,425</u>	<u>25,402</u>	<u>605,163</u>	<u>1,826,074</u>
Fund Balance, End of Year	<u>\$ 32,516</u>	<u>\$ (11,210)</u>	<u>\$ (95)</u>	<u>\$ (1,101,534)</u>	<u>\$ 25,536</u>	<u>\$ 990,853</u>	<u>\$ 2,495,054</u>

SPECIAL REVENUE FUNDS				TOTAL SPECIAL REVENUE FUNDS	LIBRARY DEBT SERVICE FUND	TOTAL
Parks Development	Fire Development	Police Development	Street Development			
\$	\$	\$	\$	\$ 1,771,466	\$ 15,226	\$ 1,786,692
				424,994		424,994
				48,248		48,248
173,838	128,379	66,443	132,181	1,583,810		1,583,810
6,922	14,589	10,236	23,599	234,999		234,999
				43,739		43,739
				393,438		393,438
				5,986		5,986
				40,681		40,681
				<u>95,493</u>		<u>95,493</u>
180,760	142,968	76,679	155,780	4,642,854	15,226	4,658,080
				593,930		593,930
				149,913		149,913
				2,255,578	2,847	2,258,425
				45,711		45,711
				5,536		5,536
				<u>1,884,242</u>		<u>1,884,242</u>
				<u>4,934,910</u>	<u>2,847</u>	<u>4,937,757</u>
180,760	142,968	76,679	155,780	(292,056)	12,379	(279,677)
				26,181		26,181
				<u>3,650</u>		<u>3,650</u>
				<u>29,831</u>		<u>29,831</u>
180,760	142,968	76,679	155,780	(262,225)	12,379	(249,846)
	<u>205,755</u>	<u>159,981</u>	<u>368,691</u>	<u>3,983,959</u>	<u>14,181</u>	<u>3,998,140</u>
<u>\$ 180,760</u>	<u>\$ 348,723</u>	<u>\$ 236,660</u>	<u>\$ 524,471</u>	<u>\$ 3,721,734</u>	<u>\$ 26,560</u>	<u>\$ 3,748,294</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 financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Mountain Home, Idaho, as of and for the year ended September 30, 2024, 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 5, 2025.

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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not 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 5, 2025

**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 Mountain Home, Idaho's compliance with the types of compliance requirements 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, 2025. 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, 2024.

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 5, 2025

CITY OF MOUNTAIN HOME, IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2024

<u>Federal Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF DEFENSE:			
Direct payments:			
Community Investment	12.600	N/A	\$ 717,816
U.S. DEPARTMENT OF EDUCATION			
Pass through from Idaho Library Commission			
COVID-19 Elementary and Secondary School Relief Fund	84.425U	STRA 24-06	12,000
U.S. DEPARTMENT OF JUSTICE:			
Direct payments:			
Bulletproof Vest	16.607	N/A	5,767
U.S. DEPARTMENT OF TRANSPORTATION:			
Direct payments:			
(COVID-19) Airport Improvement Program	20.106	N/A	21,377
U.S. DEPARTMENT OF THE TREASURY:			
Direct payments:			
Coronavirus State and Local Fiscal Recovery	21.027	18120200811P82400009	1,696,230
U.S. DEPARTMENT OF Housing and Urban			
Passed Through Idaho Department of Commerce			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	ICDBG-23-III-05-PF	494,102
U.S. DEPARTMENT OF INTERIOR VIA			
Passed Through Idaho Dept of parks and Recreation			
Outdoor Recreation Acquisition, Development and Planr	15.916	21AP12341-00/16-0059	326,134
ENVIRONMENTAL PROTECTION AGENCY:			
Pass through from State of Idaho (DEQ)			
DWSRF Cluster:			
Drinking Water State Revolving Fund	66.468	DW-1105, 1801 & 1899	5,648,031
Institute of Museum and Library Services			
Pass through from Idaho Library Commission:			
Grants to States	45.310	VELI 24-08; INTR 24-1	3,483
Total expenditures of federal awards			<u>\$ 8,924,940</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, 2024

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

Loans outstanding at the beginning of the year and loans made during the year are included in the schedule of expenditures of federal awards. The City had the following loan balances outstanding at September 30, 2024. 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 Assistance Listing Number</u>	<u>Federal Expenditures</u>
DWSRF Cluster: Drinking Water State Revolving Fund	66.468	\$ 5,092,734

CITY OF MOUNTAIN HOME, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2024

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness identified?
- Significant deficiencies identified that are not considered to be material weaknesses?

_____ yes X no
 _____ yes X none reported

Noncompliance material to the financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness identified?
- Significant deficiencies identified that are not considered to be material weaknesses?

_____ yes X no
 _____ 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:

Assistance Listing Number

Name of Federal Program

66.468
21.027

Drinking Water State Revolving Fund
Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as a low-risk auditee?

_____ yes X no

CITY OF MOUNTAIN HOME, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended September 30, 2024

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 federal awards were noted which would be required to be reported under generally accepted governmental auditing standards (GAGAS) and the Uniform Guidance.