

CITY OF SODA SPRINGS, IDAHO

**ANNUAL FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**



CITY OF SODA SPRINGS, IDAHO

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SEPTEMBER 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Soda Springs, Idaho

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Soda Springs, Idaho, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Soda Springs as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Soda Springs 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

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 Soda Springs'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 generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Soda Springs'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 Soda Springs'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 and budgetary comparison information and other required supplementary information 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 the City of Soda Spring's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 22, 2023, on our consideration of the City of Soda Springs, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Soda Springs, Idaho's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Deaton & Company". The signature is written in black ink and is positioned above the printed text of the firm's name.

Pocatello, Idaho
August 22, 2023

**CITY OF SODA SPRINGS, IDAHO
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

The following is a discussion and analysis of the City of Soda Springs financial performance for the fiscal year ended September 30, 2022. This section is a summary of the City's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year. This section is only an introduction and should be read in conjunction with the City's financial statements, which immediately follow this section.

A government is charged with a specific range of functions, and to accomplish these functions, monies must be acquired and expended. The City derives income from a variety of sources. Property taxes, road use or fuel taxes, fines and fees, donations, some interest income, and permits and licenses are a few income sources that go in to a general fund. There are enterprise funds such as our water fund, power fund, sewer fund, garbage fund, and some interest income that are restricted to paying only costs incurred in those areas. The monies in these funds are accounted for separately to ensure that the money is used only for the purpose for which it was collected. The City also has fixed assets such as water and sewer plants, equipment, buildings and office equipment. These fixed assets are also accounted for during the audit.

FINANCIAL HIGHLIGHTS

Government-Wide Highlights:

Net Position – Governmental assets of the City exceeded its liabilities at the close of fiscal year 2022 by \$6,074,031. Of this amount \$4,277,675 (70%) represented the net investment in capital assets with only \$10,725 being restricted and \$1,785,631 considered “unrestricted” and may be used to meet the City's ongoing obligations to citizens and creditors. The assets of the City's business-type activities also exceeded its liabilities by \$17,498,441. Of this amount, \$13,558,214 (77%) represented the net investment in capital assets.

Changes in Net Position – The City's total net position increased by \$384,697 in fiscal year 2022. Net position of governmental activities decreased by \$69,431 and the business-type activities increased by \$454,128.

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of fiscal year 2022, the City's governmental funds reported a combined ending fund balance of \$2,344,151 which is an decrease of \$247,798 from the prior year. Of the total fund balance reported, \$1,386,182 represents the “unassigned fund balances”, available for use in the fiscal year 2023 budget.

Proprietary Funds – Fund Balances – As of the close of the fiscal year, the City's proprietary funds reported a combined ending net position of \$17,498,441 an increase of \$454,128 over the prior year. Of the total net position reported, \$3,749,478 represents the “Unrestricted net position”.

**CITY OF SODA SPRINGS, IDAHO
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. Those statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules) and other supplementary information (combining financial statements) in addition to the basic financial statements themselves. These components are described below:

Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the City – the **Government-Wide Financial Statements** and the **Fund Financial Statements**. These financial statements also include the **Notes to the Financial Statements** that explain some of the information in the financial statements and provide more detail.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the City's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the City's financial position, which assists in assessing the City's economic condition at the end of the fiscal year. These are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include two statements:

The *statement of net position* presents all the government's assets, deferred outflows, liabilities, and deferred inflows with the difference between the two reported as "Net Position". Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused personal time off). This statement also presents a comparison between direct expenses and program revenues for each function of the City.

Both of the above financial statements have separate sections for two different types of City programs or activities. These two types of activities are:

Governmental Activities – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most services normally associated with City government fall into this category, including the general government, public safety, highway and streets, and cultural and recreational.

**CITY OF SODA SPRINGS, IDAHO
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Business-Type Activities – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the City include the operation of Soda Springs's, water, sewer and power facilities.

The City does not have any discretely presented component units.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. All of the funds of the City can be divided into two categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The two categories of funds are:

Governmental Fund Financial Statements - Most of the basic services provided by the City are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the City's finances that assist in determining whether there will be adequate financial resources available to meet the current needs of the City.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented at the bottom of the governmental fund financial statement.

The City has two major governmental funds that are considered major funds for presentation purposes. That is, each major fund is presented in a separate column in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances. The City's two major governmental funds are – the General Fund and the Street Fund. The basic governmental funds financial statements can be found immediately following the government-wide statements.

**CITY OF SODA SPRINGS, IDAHO
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Proprietary Fund Financial Statements – These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business type activities and the proprietary fund financial statements. The City has three major and one nonmajor enterprise funds. The Water Fund, the Power Fund and the Sewer Fund are major funds. The Garbage fund is nonmajor. The basic proprietary funds financial statements can be found immediately following the governmental fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following the proprietary fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the general fund. The budgetary schedule includes a reconciliation between budgetary and GAAP revenues and expenditures for the general fund. Also included are the required pension schedules.

Other Supplementary Information

Combining Financial Statements

Combining financial statements are presented for non-major governmental funds. These are presented following the required supplementary information. The total columns of these combining financial statements are presented in the applicable fund financial statement.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. The City's combined net position (government and business-type activities) totaled \$23,572,472 compared to \$23,187,775 at the end of the previous year.

The largest portion of the City's net position, \$17,835,889 reflects the investment in capital assets such as land, building, and equipment less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF SODA SPRINGS, IDAHO
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

CITY OF SODA SPRING'S NET POSITION

| | Governmental Activities | Business- Type Activities | Total |
|--|----------------------------|------------------------------|-----------------------------|
| Current and other assets | \$ 3,320,038 | \$ 4,423,235 | \$ 7,743,273 |
| Capital assets | 4,421,274 | 18,765,285 | 23,186,559 |
| Total assets | <u>7,741,312</u> | <u>23,188,520</u> | <u>30,929,832</u> |
| Deferred outflows of resources | 593,233 | 242,306 | 835,539 |
| Total assets and deferred outflows of resources | <u>8,334,545</u> | <u>23,430,826</u> | <u>31,765,371</u> |
| Long-term liabilities | 1,193,522 | 5,263,472 | 6,456,994 |
| Other liabilities | 1,062,039 | 666,890 | 1,728,929 |
| Total liabilities | <u>2,255,561</u> | <u>5,930,362</u> | <u>8,185,923</u> |
| Deferred inflows of resources | 4,953 | 2,023 | 6,976 |
| Total liabilities and deferred inflows of resources | <u>2,260,514</u> | <u>5,932,385</u> | <u>8,192,899</u> |
| Net position | | | |
| Net investment in capital assets | 4,277,675 | 13,558,214 | 17,835,889 |
| Restricted | 10,725 | 190,749 | 201,474 |
| Unrestricted | <u>1,785,631</u> | <u>3,749,478</u> | <u>5,535,109</u> |
| Total net position | <u><u>\$ 6,074,031</u></u> | <u><u>\$ 17,498,441</u></u> | <u><u>\$ 23,572,472</u></u> |

Changes in Net Position

The City's overall net position increased by \$384,697 in 2022 and approximately 25% of the City's total revenue came from taxes and 75% from services.

Governmental Activities

Governmental activities decreased the City's net position by \$69,431.

Business-Type Activities

The business-type activities increased the City's net position by \$454,128.

FINANCIAL ANALYSIS OF THE CITY'S INDIVIDUAL FUNDS

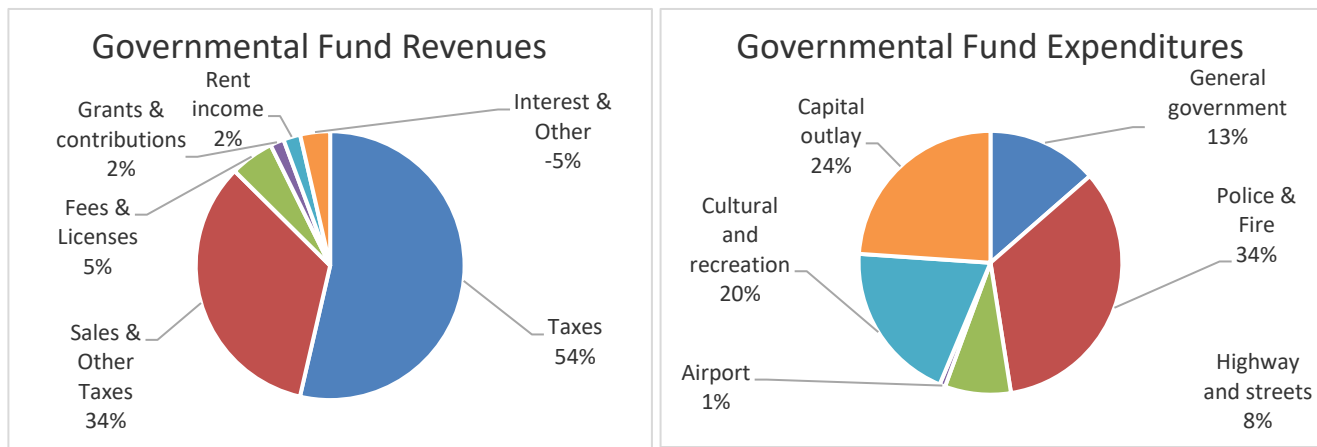
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**CITY OF SODA SPRINGS, IDAHO
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$1,386,182. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. The unreserved fund balance represents approximately 79% of the total general fund expenditures.



Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

As discussed in the business-type activities above, the City's net position increased by \$454,128 as a result of operations in the individual enterprise funds.

BUDGETARY HIGHLIGHTS

The General Fund revenues were just under budget due to a loss on investments for the year that will be regained as the certificates of deposit mature over the next several years. General Fund expenditures were well under budget mostly due to the \$650,000 in American Rescue Plan Act (ARPA) funds that were not transferred to other funds for projects until the Mayor and Council decide how to best utilize the funds. The Street Fund revenues came in over budget due to unexpected grant funds and higher than expected State Highway Revenue. Street Fund expenses were under budget because of equipment and project budgets not utilized. Recreation revenues were very close to the budgeted amounts but expenditures were under budget because of salary, benefit and facility improvement funds unspent. Library revenues and expenditures were very close to the budgeted amounts with expenditures a little under due to over budgeted benefit amounts.

**CITY OF SODA SPRINGS, IDAHO
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

The Water and Sewer Funds revenues and expenditures were under budget due to the ARPA funds interfund transfer from the General Fund that was budgeted and not completed until the Mayor and Council decide what projects to assign the funds to. The Power Fund revenues were just over budget and expenditures were under budget due to unutilized equipment and capital funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City's current book value of capital assets for governmental type activities is \$4,421,274 and the business type activities are \$18,765,285. The City's capital assets for all land, buildings, equipment and furniture total \$23,186,559.

The authority of the City to incur debt is governed by federal and state laws which restrict the amounts and purposes for which a municipality can incur debt.

General obligation bonds are backed by the full faith and credit of the City, including the City's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt is approved by a vote of the City Council. The City currently has no outstanding general obligation debt.

Revenue bonds are payable solely from revenues of specific income-producing properties such as water, sewer or electrical generating systems. A special election must be held and voters must approve or a judicial confirmation received in order for the city to incur indebtedness in excess of its income and revenue for the year. The City's new wastewater treatment facility completed in 2014 was authorized by a combination of special election and judicial confirmation. The Department of Environmental Quality (DEQ) finalized the approval of the construction in 2016 and the two DEQ loans that were used for the project were set for repayment. The fiscal yearend balance on the loans total \$5,048,040. Bi-annual payments in the amount of \$136,250 will be made on the loans for approximately 20 years.

The City's other outstanding debt at the end of the 2022 fiscal year include the lease-purchase debt of \$57,341 for a sewer truck split between the Water and Sewer Funds. There are also internal outstanding loans; \$101,690 is the balance of a \$300,000 loan from the Power Fund to the Water Fund for the Formation Spring Well project and the balance on the fire truck loan from the Power Fund is \$70,969. The Water Fund will pay the Power Fund back with one more payment and the General Fund is making payments of about \$37,000 annually to the Power Fund through the year 2024 to pay for the fire truck.

UPCOMING PROJECTS, BUDGET AND FINANCIAL POSITION

The City's executive and legislative administration continues to focus on the aging infrastructure and is prioritizing projects to be completed annually. Budgets are closely monitored and excess funds are allocated to additional projects as appropriate.

**CITY OF SODA SPRINGS, IDAHO
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Similar to 2021, 2022 was a relatively quiet year for capital projects. The 2023 budget includes a lot of needed equipment and project funds due to the Mayor and Council's desire to protect reserves being challenged by State legislature. The aggressive budget will utilize the City's reserves to upgrade critical equipment and provide improvements to community infrastructure. Over the next three to five years the City expects to apply for and hopefully receive substantial federal funds for numerous water and sewer projects. These funds are being made available to help offset the economic impact of the ongoing pandemic.

The City maintains appropriate cash fund balances in order to address ongoing and emergency infrastructure upgrades without having to spend the time to go through a judicial confirmation or bond election process. The City Council over the past several years have agreed on increasing fees based on services in order to keep up with the needed annual improvement projects.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all of Soda Springs's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional information should be addressed to: City of Soda Springs, 9 West 2nd South, Soda Springs, Idaho.

CITY OF SODA SPRINGS, IDAHO
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 765,928 | \$ 656,937 | \$ 1,422,865 |
| Investments | 2,441,150 | 2,893,677 | 5,334,827 |
| Accounts receivable, net | - | 389,652 | 389,652 |
| Internal balances | (66,571) | 66,571 | - |
| Taxes receivable | 28,468 | - | 28,468 |
| Intergovernmental receivable | 140,338 | - | 140,338 |
| Interfund note receivable current | - | 137,960 | 137,960 |
| Total current assets | <u>3,309,313</u> | <u>4,144,797</u> | <u>7,454,110</u> |
| Non-current assets | | | |
| Interfund note receivable | - | 34,699 | 34,699 |
| Restricted cash and investments | 10,725 | - | 10,725 |
| Designated cash and investments | - | 243,739 | 243,739 |
| Capital assets: | | | |
| Capital assets | 8,661,823 | 31,897,772 | 40,559,595 |
| Accumulated depreciation | <u>(4,240,549)</u> | <u>(13,132,487)</u> | <u>(17,373,036)</u> |
| Total non-current assets | <u>4,431,999</u> | <u>19,043,723</u> | <u>23,475,722</u> |
| Total assets | <u>7,741,312</u> | <u>23,188,520</u> | <u>30,929,832</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Deferred outflows - pension | 593,233 | 242,306 | 835,539 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and other liabilities | 978 | 183,790 | 184,768 |
| Payroll liabilities | 51,271 | 13,725 | 64,996 |
| Grant received in advance | 900,235 | - | 900,235 |
| Accrued compensated absences | 49,856 | 19,560 | 69,416 |
| Current portion of long-term debt | 59,699 | 396,825 | 456,524 |
| Payable from restricted assets | | | |
| Power deposits | - | 52,990 | 52,990 |
| Total current liabilities | <u>1,062,039</u> | <u>666,890</u> | <u>1,728,929</u> |
| Non-current liabilities | | | |
| Long-term portion of interfund note | 34,699 | - | 34,699 |
| Long term portion of debt | 49,201 | 4,810,246 | 4,859,447 |
| Net pension liability | <u>1,109,622</u> | <u>453,226</u> | <u>1,562,848</u> |
| Total non-current liabilities | <u>1,193,522</u> | <u>5,263,472</u> | <u>6,456,994</u> |
| Total liabilities | <u>2,255,561</u> | <u>5,930,362</u> | <u>8,185,923</u> |
| DEFERRED INFLOW OF RESOURCES | | | |
| Deferred inflows - pension | 4,953 | 2,023 | 6,976 |
| | <u>4,953</u> | <u>2,023</u> | <u>6,976</u> |
| NET POSITION | | | |
| Net investment in capital assets | 4,277,675 | 13,558,214 | 17,835,889 |
| Restricted | 10,725 | 190,749 | 201,474 |
| Unrestricted | <u>1,785,631</u> | <u>3,749,478</u> | <u>5,535,109</u> |
| | <u>\$ 6,074,031</u> | <u>\$ 17,498,441</u> | <u>\$ 23,572,472</u> |

**CITY OF SODA SPRINGS, IDAHO
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022**

| FUNCTIONS | Program Revenues | | | | Net (Expense) Revenue and Change in Net Position | | |
|-------------------------------|---------------------|-------------------------|---------------------|-------------------|---|-----------------------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants | Capital Grants | Governmental Activities | Business-Type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 407,384 | \$ 59,901 | \$ 18,158 | \$ - | \$ (329,325) | \$ - | \$ (329,325) |
| Public Safety | 963,812 | - | - | - | (963,812) | - | (963,812) |
| Highway and streets | 265,081 | - | - | - | (265,081) | - | (265,081) |
| Airport | 16,736 | 9,687 | - | - | (7,049) | - | (7,049) |
| Cultural and recreational | 473,649 | 31,097 | 14,912 | - | (427,640) | - | (427,640) |
| Animal control | 20,478 | - | - | - | (20,478) | - | (20,478) |
| Community service | 54,633 | - | - | - | (54,633) | - | (54,633) |
| | <u>2,201,773</u> | <u>100,685</u> | <u>33,070</u> | <u>-</u> | <u>(2,068,018)</u> | <u>-</u> | <u>(2,068,018)</u> |
| Business-type activities: | | | | | | | |
| Garbage | 329,002 | 329,002 | - | - | - | - | - |
| Water | 635,113 | 1,031,819 | - | - | - | 396,706 | 396,706 |
| Power | 2,176,621 | 2,557,278 | - | - | - | 380,657 | 380,657 |
| Sewer | 1,074,532 | 1,180,381 | - | - | - | 105,849 | 105,849 |
| | <u>4,215,268</u> | <u>5,098,480</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>883,212</u> | <u>883,212</u> |
| | <u>\$ 6,417,041</u> | <u>\$ 5,199,165</u> | <u>\$ 33,070</u> | <u>\$ -</u> | <u>\$ (2,068,018)</u> | <u>\$ 883,212</u> | <u>\$ (1,184,806)</u> |
| | | | | | General Activities | Business-type Activities | Total |
| General revenues | | | | | | | |
| Property taxes | | | | | \$ 1,052,020 | \$ - | \$ 1,052,020 |
| Franchise fees | | | | | 45,267 | - | 45,267 |
| Intergovernmental receipts | | | | | 673,758 | - | 673,758 |
| Investment income | | | | | (109,999) | (202,542) | (312,541) |
| Miscellaneous | | | | | 38,420 | 68,458 | 106,878 |
| Gain (loss) on sale of assets | | | | | 4,121 | - | 4,121 |
| Transfers | | | | | 295,000 | (295,000) | - |
| | | | | | <u>1,998,587</u> | <u>(429,084)</u> | <u>1,569,503</u> |
| CHANGE IN NET POSITION | | | | | (69,431) | 454,128 | 384,697 |
| BEGINNING NET POSITION | | | | | <u>6,143,462</u> | <u>17,044,313</u> | <u>23,187,775</u> |
| ENDING NET POSITION | | | | | <u>\$ 6,074,031</u> | <u>\$ 17,498,441</u> | <u>\$ 23,572,472</u> |

CITY OF SODA SPRINGS, IDAHO
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2022

| | General Fund | Street Fund | Nonmajor Library Fund | Nonmajor Governmental Fund | Total Governmental Funds |
|--|---------------------|---------------------|-----------------------------|----------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 486,692 | \$ 260,201 | \$ 2,100 | \$ 16,935 | \$ 765,928 |
| Investments | 1,509,566 | 835,968 | 41,205 | 54,411 | 2,441,150 |
| Taxes receivable | 18,592 | 4,560 | 3,466 | 1,850 | 28,468 |
| Intergovernmental receivable | 104,060 | 36,278 | - | - | 140,338 |
| Restricted assets - cash | - | - | 10,725 | - | 10,725 |
| | <u>\$ 2,118,910</u> | <u>\$ 1,137,007</u> | <u>\$ 57,496</u> | <u>\$ 73,196</u> | <u>\$ 3,386,609</u> |
| LIABILITIES | | | | | |
| Accounts payable and other liabilities | \$ 978 | \$ - | \$ - | \$ - | \$ 978 |
| Interfund payable | 23,739 | 42,832 | - | - | 66,571 |
| Grants received in advance | 650,235 | 250,000 | - | - | 900,235 |
| Payroll liabilities | 40,612 | 4,893 | 4,334 | 1,432 | 51,271 |
| | <u>715,564</u> | <u>297,725</u> | <u>4,334</u> | <u>1,432</u> | <u>1,019,055</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue-property taxes | 17,164 | 2,611 | 2,405 | 1,223 | 23,403 |
| FUND BALANCES | | | | | |
| Restricted, expendable for memorials | - | - | 10,725 | - | 10,725 |
| Assigned to | | | | | |
| Special revenue funds | - | 836,671 | 40,032 | 70,541 | 947,244 |
| Unassigned | 1,386,182 | - | - | - | 1,386,182 |
| | <u>1,386,182</u> | <u>836,671</u> | <u>50,757</u> | <u>70,541</u> | <u>2,344,151</u> |
| | <u>\$ 2,118,910</u> | <u>\$ 1,137,007</u> | <u>\$ 57,496</u> | <u>\$ 73,196</u> | |

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, net of accumulated depreciation of \$4,240,549 | 4,421,274 |
| Unavailable tax revenue represents amounts that were not available to fund current expenditures and, therefore, are not reported in the funds: | 23,403 |
| Deferred outflows - Pension related deferrals | 593,233 |
| Deferred inflows - Pension related deferrals | (4,953) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds: | |
| Net pension liability (asset) | (1,109,622) |
| Capital lease | (72,630) |
| Interfund note payable | (70,969) |
| Accrued compensated absences | (49,856) |
| Net position of governmental activities | <u>\$ 6,074,031</u> |

CITY OF SODA SPRINGS, IDAHO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (PAGE 1 OF 2)
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2022

| | General Fund | Street Fund | Nonmajor Library Fund | Other Governmental Funds | Total Governmental Funds |
|---------------------------------------|---------------------|-------------------|-----------------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | |
| Taxes | \$ 809,525 | \$ 104,480 | \$ 102,656 | \$ 51,638 | \$ 1,068,299 |
| Intergovernmental | 393,652 | 274,510 | - | 5,596 | 673,758 |
| Franchise fees | 45,267 | - | - | - | 45,267 |
| Licenses, permits, and fines | 20,873 | - | 4,163 | 34,872 | 59,908 |
| Grants and contributions | 18,158 | - | 14,912 | - | 33,070 |
| Rent and lease income | 38,993 | - | - | 1,784 | 40,777 |
| Investment income | (97,173) | (4,835) | (3,261) | (4,730) | (109,999) |
| Miscellaneous | 15,403 | 21,882 | 1,135 | - | 38,420 |
| | <u>1,244,698</u> | <u>396,037</u> | <u>119,605</u> | <u>89,160</u> | <u>1,849,500</u> |
| EXPENDITURES | | | | | |
| General government | 167,860 | - | - | 18,849 | 186,709 |
| Police services | 745,514 | - | - | - | 745,514 |
| Fire protection | 65,850 | - | - | - | 65,850 |
| Highway and streets | - | 193,770 | - | - | 193,770 |
| Airport | - | - | - | 16,736 | 16,736 |
| Cultural and recreational | 135,626 | - | 243,327 | 94,696 | 473,649 |
| Other public safety | 988 | - | - | - | 988 |
| Animal control | 20,478 | - | - | - | 20,478 |
| Community service | 54,633 | - | - | - | 54,633 |
| Capital outlay | 490,936 | 21,680 | 27,459 | 32,559 | 572,634 |
| Debt service | | | | | |
| Principal retirement | 58,449 | - | - | - | 58,449 |
| Interest and fiscal charges | 4,820 | - | - | - | 4,820 |
| | <u>1,745,154</u> | <u>215,450</u> | <u>270,786</u> | <u>162,840</u> | <u>2,394,230</u> |
| Excess Revenues (Expenditures) | (500,456) | 180,587 | (151,181) | (73,680) | (544,730) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Sale of capital assets | - | 5,932 | - | - | 5,932 |
| Transfers in | 295,000 | - | 130,000 | 61,750 | 486,750 |
| Transfers out | (191,750) | - | - | - | (191,750) |
| | <u>103,250</u> | <u>5,932</u> | <u>130,000</u> | <u>61,750</u> | <u>300,932</u> |
| NET CHANGE IN FUND BALANCES | (397,206) | 186,519 | (21,181) | (11,930) | (243,798) |
| BEGINNING FUND BALANCE | <u>1,783,388</u> | <u>650,152</u> | <u>71,938</u> | <u>82,471</u> | <u>2,587,949</u> |
| ENDING FUND BALANCE | <u>\$ 1,386,182</u> | <u>\$ 836,671</u> | <u>\$ 50,757</u> | <u>\$ 70,541</u> | <u>\$ 2,344,151</u> |

CITY OF SODA SPRINGS, IDAHO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (PAGE 2 OF 2)
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2022

Reconciliation of the net change in fund balances of governmental funds to the change in net assets of governmental activities:

| | |
|-----------------------------|--------------|
| Net change in fund balances | \$ (243,798) |
|-----------------------------|--------------|

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

| | |
|-------------------------|-----------|
| Capital asset purchases | 572,634 |
| Depreciation expense | (287,166) |

| | |
|--|---------|
| Sale of capital assets are reports as a proceed in governmental funds but as a gain (loss) from sale on the statement of activities: | (1,811) |
|--|---------|

The issuance of long-term debt provides current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. In the current year the following debt was incurred:

| | |
|----------------|---|
| Capital leases | - |
|----------------|---|

| | |
|--|----------|
| Unavailable tax revenues are not recorded as current period receipts | (16,279) |
|--|----------|

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

| | |
|--|-----------|
| Pension expense in excess of contributions | (148,482) |
|--|-----------|

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental fund:

| | |
|------------------------------|---------|
| Note payable - interfund | 35,769 |
| Capital leases | 22,680 |
| Accrued compensated absences | (2,978) |

| | |
|------------------------|-------------|
| Change in net position | \$ (69,431) |
|------------------------|-------------|

CITY OF SODA SPRINGS, IDAHO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

| | Water Fund | Power Fund | Sewer Fund | Nonmajor Garbage Fund | Total Proprietary Fund |
|--------------------------------------|---------------------|---------------------|---------------------|-----------------------------|------------------------------|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 199,128 | \$ 351,377 | \$ 106,432 | \$ - | \$ 656,937 |
| Investments | 639,758 | 1,299,142 | 954,777 | - | 2,893,677 |
| Interfund receivable | 18,777 | 29,018 | 18,776 | - | 66,571 |
| Accounts receivable | 89,318 | 191,850 | 88,959 | 19,525 | 389,652 |
| Interfund note receivable current | - | 137,960 | - | - | 137,960 |
| Total current assets | 946,981 | 2,009,347 | 1,168,944 | 19,525 | 4,144,797 |
| Non-current assets | | | | | |
| Restricted assets - cash | - | 52,990 | 190,749 | - | 243,739 |
| Interfund note receivable | - | 34,699 | - | - | 34,699 |
| Capital assets | 7,313,586 | 6,770,983 | 17,813,203 | - | 31,897,772 |
| Accumulated depreciation | (2,579,457) | (4,777,560) | (5,775,470) | - | (13,132,487) |
| Total non-current assets | 4,734,129 | 2,081,112 | 12,228,482 | - | 19,043,723 |
| Total assets | 5,681,110 | 4,090,459 | 13,397,426 | 19,525 | 23,188,520 |
| DEFERRED OUTFLOW OF RESOURCES | | | | | |
| Deferred outflows - pension | 58,488 | 66,843 | 116,975 | - | 242,306 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable | - | 164,265 | - | 19,525 | 183,790 |
| Payroll liabilities | 3,123 | 4,800 | 5,802 | - | 13,725 |
| Accrued compensated absences | 7,860 | 5,191 | 6,509 | - | 19,560 |
| Current portion of long term debt | 130,361 | - | 266,464 | - | 396,825 |
| Deposits | - | 52,990 | - | - | 52,990 |
| Total current liabilities | 141,344 | 227,246 | 278,775 | 19,525 | 666,890 |
| Non-current liabilities | | | | | |
| Long term debt | - | - | 4,810,246 | - | 4,810,246 |
| Net pension liability | 109,399 | 125,028 | 218,799 | - | 453,226 |
| Total non-current liabilities | 109,399 | 125,028 | 5,029,045 | - | 5,263,472 |
| Total liabilities | 250,743 | 352,274 | 5,307,820 | 19,525 | 5,930,362 |
| DEFERRED INFLOW OF RESOURCES | | | | | |
| Deferred inflows - pension | 488 | 558 | 977 | - | 2,023 |
| NET POSITION | | | | | |
| Net investments in capital assets | 4,603,768 | 1,993,423 | 6,961,023 | - | 13,558,214 |
| Restricted | - | - | 190,749 | - | 190,749 |
| Unrestricted | 884,599 | 1,811,047 | 1,053,832 | - | 3,749,478 |
| | <u>\$ 5,488,367</u> | <u>\$ 3,804,470</u> | <u>\$ 8,205,604</u> | <u>\$ -</u> | <u>\$ 17,498,441</u> |

CITY OF SODA SPRINGS, IDAHO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

| | Water Fund | Power Fund | Sewer Fund | Nonmajor Garbage Fund | Total Proprietary Fund |
|-------------------------------|---------------------|---------------------|---------------------|-----------------------------|------------------------------|
| OPERATING FUNDS | | | | | |
| Service revenue | \$ 1,031,819 | \$ 2,557,278 | \$ - | \$ 329,002 | \$ 3,918,099 |
| Pledged revenues for bond | - | - | 1,180,381 | - | 1,180,381 |
| Investment income | (64,715) | (59,848) | (77,979) | - | (202,542) |
| Miscellaneous | 1,383 | 65,581 | 1,494 | - | 68,458 |
| | <u>968,487</u> | <u>2,563,011</u> | <u>1,103,896</u> | <u>329,002</u> | <u>4,964,396</u> |
| OPERATING EXPENSES | | | | | |
| Salaries and benefits | 159,974 | 242,389 | 286,624 | - | 688,987 |
| Operating supplies | 81,567 | 123,414 | 65,942 | - | 270,923 |
| Insurance | 19,850 | 30,677 | 19,850 | - | 70,377 |
| Bad debts | - | 12,171 | - | - | 12,171 |
| Other purchased services | 184,950 | 1,630,539 | 206,008 | 329,002 | 2,350,499 |
| Interest expense | 5,256 | - | 38,670 | - | 43,926 |
| Depreciation | 183,516 | 137,431 | 457,438 | - | 778,385 |
| | <u>635,113</u> | <u>2,176,621</u> | <u>1,074,532</u> | <u>329,002</u> | <u>4,215,268</u> |
| NET INCOME (LOSS) | 333,374 | 386,390 | 29,364 | - | 749,128 |
| TRANSFERS OUT | - | (295,000) | - | - | (295,000) |
| CHANGE IN NET POSITION | <u>333,374</u> | <u>91,390</u> | <u>29,364</u> | <u>-</u> | <u>454,128</u> |
| BEGINNING NET POSITION | <u>5,154,993</u> | <u>3,713,080</u> | <u>8,176,240</u> | <u>-</u> | <u>17,044,313</u> |
| ENDING NET POSITION | <u>\$ 5,488,367</u> | <u>\$ 3,804,470</u> | <u>\$ 8,205,604</u> | <u>\$ -</u> | <u>\$ 17,498,441</u> |

CITY OF SODA SPRINGS, IDAHO
COMBINED STATEMENT OF CASH FLOWS ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | Water Fund | Power Fund | Sewer Fund | Nonmajor Garbage Fund | Total Proprietary Fund |
|---|-------------------|-------------------|-------------------|-----------------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash received from revenues | \$ 980,807 | \$ 2,562,409 | \$ 1,120,508 | \$ 320,588 | \$ 4,984,312 |
| Cash paid to suppliers | (291,623) | (1,804,876) | (330,470) | (320,588) | (2,747,557) |
| Cash paid to employees | (145,751) | (225,327) | (261,034) | - | (632,112) |
| Net cash provided by operating activities | 543,433 | 532,206 | 529,004 | - | 1,604,643 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Repayment of interfund loan | - | 135,760 | - | - | 135,760 |
| Purchase of investments | (14,316) | - | 119,583 | - | 105,267 |
| Proceeds from sale of investments | - | 2,271 | - | - | 2,271 |
| Net cash provided (used) in investing activities | (14,316) | 138,031 | 119,583 | - | 243,298 |
| CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Payments to other funds | (6,696) | (10,348) | (6,695) | - | (23,739) |
| Transfers to other funds | - | (295,000) | - | - | (295,000) |
| Net cash used in financing activities | (6,696) | (305,348) | (6,695) | - | (318,739) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Principal payment on long-term debt | (127,791) | - | (263,455) | - | (391,246) |
| Capital expenditures | (376,542) | (541,808) | (659,446) | - | (1,577,796) |
| Net cash used in financing activities | (504,333) | (541,808) | (922,901) | - | (1,969,042) |
| NET CHANGE IN CASH | 18,088 | (176,919) | (281,009) | - | (439,840) |
| BEGINNING CASH | 181,040 | 581,286 | 578,190 | - | 1,340,516 |
| ENDING CASH | <u>\$ 199,128</u> | <u>\$ 404,367</u> | <u>\$ 297,181</u> | <u>\$ -</u> | <u>\$ 900,676</u> |
| PRESENTED IN FINANCIALS AS: | | | | | |
| Cash and cash equivalents | \$ 199,128 | \$ 351,377 | \$ 106,432 | \$ - | \$ 656,937 |
| Restricted assets - cash | - | 52,990 | 190,749 | - | 243,739 |
| | <u>\$ 199,128</u> | <u>\$ 404,367</u> | <u>\$ 297,181</u> | <u>\$ -</u> | <u>\$ 900,676</u> |
| RECONCILIATION OF NET INCOME TO NET | | | | | |
| NET INCOME | \$ 333,374 | \$ 386,390 | \$ 29,364 | \$ - | \$ 749,128 |
| ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | | |
| Depreciation | 183,516 | 137,431 | 457,438 | - | 778,385 |
| Pension deferrals-net | (96,990) | (110,845) | (193,979) | - | (401,814) |
| (Increase) decrease in assets | | | | | |
| Accounts receivable | 12,320 | 4,550 | 16,612 | (8,414) | 25,068 |
| Increase (decrease) in liabilities | | | | | |
| Accounts payable | - | (8,075) | - | 8,414 | 339 |
| Payroll liabilities | (939) | (76) | (1,823) | - | (2,838) |
| Net pension liability | 111,629 | 127,576 | 223,258 | - | 462,463 |
| Deposits | - | (5,152) | - | - | (5,152) |
| Accrued compensated absences | 523 | 407 | (1,866) | - | (936) |
| Total adjustments | 210,059 | 145,816 | 499,640 | - | 855,515 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 543,433</u> | <u>\$ 532,206</u> | <u>\$ 529,004</u> | <u>\$ -</u> | <u>\$ 1,604,643</u> |

NOTES TO FINANCIAL STATEMENTS (PAGE 1 OF 17)

NOTE 1 - Summary of Significant Accounting Policies

The City of Soda Springs was chartered in 1921 under the laws of the State of Idaho. The City is presently governed by a Mayor/Council form of government and provides the following services: public improvements, public safety (fire, police, and animal control), sanitation, highway and streets, parks and recreation, library, planning and zoning, water, sewer and power and general administrative services. In addition, the City owns and operates a water, power, and sewer system.

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

A. Reporting Entity

The City's financial reporting entity comprises the following:

Primary Government

In determining the financial reporting entity, the City complies with the provisions of GASB pronouncements and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation. Currently, the City has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

B. Basis of Presentation

Government-wide Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charges to external parties for goods or services.

NOTES TO FINANCIAL STATEMENTS (PAGE 2 OF 17)

NOTE 1 - Summary of Significant Accounting Policies (continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: Governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

B. Basis of Presentation (continued)

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

General Fund

The General Fund is the general operating fund of the City and always classified as a major fund. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

In addition to the general fund the City reports the Street fund as a major special revenue fund.

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

The City reports the Water, Sewer, and Power funds as major proprietary funds.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

NOTES TO FINANCIAL STATEMENTS (PAGE 3 OF 17)

NOTE 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes and other internally dedicated resources are reported as general revenues rather than program revenues.

D. Budgets and Encumbrances

Annual budgets are prepared and adopted by the City Council before the following fiscal year which begins on October 1. Budgets may be revised by resolution of the Council at any time during the year. All annual appropriations lapse at the end of the fiscal year.

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

- a. The mayor submits to the Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- b. Public hearings are conducted to obtain taxpayer comment.

NOTES TO FINANCIAL STATEMENTS (PAGE 4 OF 17)

NOTE 1 - Summary of Significant Accounting Policies (continued)

D. Budgets and Encumbrances (continued)

- c. Prior to October 1, the budget is legally enacted through passage of an ordinance.
- d. The City Clerk, with the concurrence of the Mayor, 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.
- e. Formal budgetary integration is employed as a management control device during the year.
- f. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts are as originally adopted.

The City's legal budget is prepared using the modified accrual basis of accounting. Idaho State Code allows the City to reopen the annual budget if a need for increased appropriations beyond the budgeted total is experienced. The reopened budget must be adopted by following a process similar to that which was used to adopt the original budget, including public hearings and adoption of a revised annual appropriations ordinance.

E. Cash and Investments

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all unrestricted and restricted demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Idaho Code provides authorization for the investment of funds as well as specific guidelines as to what constitutes an allowable investment. The City's policy is consistent with Idaho Code.

F. Accounts Receivable

Accounts receivable consists of garbage, water, power, and sewer service fees. The City has strong collection ability and write-offs historically have been low and therefore no allowance has been recorded.

G. Taxes Receivable

Idaho Code provides taxing entities the ability to levy property taxes for the current or ensuing year. The City levies property taxes, as most entities do, for the ensuing year. This results in the tax collections being received in the fiscal year they are budgeted for and used to pay expenditures for that period. Property taxes are collected by the County Treasurer and subsequently remitted to the City. Property taxes of the governmental fund types which have been collected within sixty days following year-end are considered measurable and available and are recognized as revenues in the funds. All other property taxes receivable for the governmental fund types are recorded as deferred inflows of resources, should be offset by deferred revenues and, accordingly, not recorded as revenue. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectable is provided.

The property tax calendar is as follows:

Property taxes attach, as an enforceable lien, on property as of January 1st.

Taxes are levied on the third Monday in September for the subsequent year.

Caribou County bills and collects property taxes for the City.

The first half of the taxes is payable to Caribou County by December 20th and the second by June 20th of the following year.

NOTES TO FINANCIAL STATEMENTS (PAGE 5 OF 17)

NOTE 1 - Summary of Significant Accounting Policies (continued)**H. Intergovernmental Receivables**

The amounts due at year end are from the State Liquor Dispensary, Highway Users tax and State Revenue Sharing.

I. Inventories

Inventories of fuel, supplies, etc., are immaterial and are not maintained, therefore, the cost of those items are recognized as expenditures in governmental financial statements and as expenses in government-wide and proprietary fund financial statements when purchased.

J. Property, Plant, and Equipment

Capital assets including property, plant, and equipment are reported in the applicable governmental or business type activities column in the government wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of the donation. The City established a threshold of \$1,000 and a useful life in excess of one year for capitalization of depreciable assets.

Major outlays for capital and improvements are capitalized as the assets are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the City are depreciated on a straight-line basis over their estimated useful lives, as follows:

| | |
|--------------------------------------|-------------|
| Buildings and utility improvements | 10-50 years |
| Vehicles and machinery and equipment | 3-15 years |

K. Restricted Assets

This includes cash and investments that are restricted by purpose or earmarked for future projects by the City or contract. While there is no written policy, the practice is to use restricted assets first when an expense is incurred for the purposes for which both restricted and unrestricted assets are available.

L. Accounts Payable and Other Liabilities

Accounts Payable and Other Liabilities consist of accrued accounts payable, payroll taxes payable, contingent liabilities, and other accrued expenses.

M. Payroll and Compensated Absences Payable

Payroll and compensated absences payable include accrued payroll payable, personal time off (PTO), and prior leave and compensatory time earned but not paid.

N. Deposits

Deposits consist of cash or other assets held for an individual or entity until conditions of an agreement are met, at which time the assets are returned to the owner. Occasionally, the owner will default on the conditions and the asset held as a deposit becomes the property of the City and it's recorded as a revenue at that time.

NOTES TO FINANCIAL STATEMENTS (PAGE 6 OF 17)

NOTE 1 - Summary of Significant Accounting Policies (continued)

O. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents the consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

P. Long-term Debt

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

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, capital leases, and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources. Payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Q. Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists 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 these assets.
- b. Restricted net assets - Consists of net assets 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.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."
- d. The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Statements

Governmental fund equity is classified as fund balance. Fund Balance is further classified as:

NOTES TO FINANCIAL STATEMENTS (PAGE 7 OF 17)

NOTE 1 - Summary of Significant Accounting Policies (continued)

Q. Equity Classifications (continued)

Nonspendable items - This category includes a portion of net resources that cannot be spent because of the form or because they must be maintained intact. This includes inventories and prepaid items.

Restricted items - This category includes resources where limitations are imposed by external entities, such as grantors and creditors, or to comply with laws and regulations of governments.

Committed items - This category includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision making authority, the City Council. Commitments may be changed or lifted only by the Council taking the same formal action that imposed the constraint originally.

Assigned items - Assigned items represent the City's intent to use certain resources for specific purposes. The Mayor may establish the intended use of these funds for a designated purpose.

Unassigned items - Represents the remainder of the City's equity in governmental fund-type balances in excess of the aforementioned classifications.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

R. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

S. 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.

T. Interfund Charges

The City allocates to several funds a percentage of salaries and wages, personnel benefits and operating supplies of several departments of the General Fund and Street Fund for services and expenditures rendered for such funds.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities. Charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

NOTES TO FINANCIAL STATEMENTS (PAGE 8 OF 17)

NOTE 2 - Restricted Assets and Payable from Restricted Assets

Assets have been set aside for special items and are restricted for that purpose. To date cash has been restricted for the following items:

| | |
|---------------------------------|-------------------|
| Governmental Funds | |
| Library memorials | \$ 10,725 |
| Proprietary Funds | |
| Power fund deposits | 52,990 |
| Sewer fund debt payment reserve | 190,749 |
| Total | <u>\$ 254,464</u> |

DEQ requires a reserve to be established and maintained for funds to be set aside for at least one years worth of payments per the contract set up by the state of Idaho.

Power deposits are collected from individuals to guarantee account payment. Money on deposit are held until a specified payment history is established.

NOTE 3 - Concentration of Credit Risk

The organization is subject to credit risk on deposits with banks that exceed the FDIC maximum insured balance amount.

Additionally, the City grants credit to customers in the City for utility service. This extension of credit potentially subjects the City to credit risk.

NOTE 4 - Cash and Investments

Legal Provisions Governing Cash Deposits with Financial Institutions - For cash depositories with deposits in excess of federal insurance, State code requires the City to obtain an annual affidavit showing the amount of the financial institution's capital stock and surplus. The City's deposits may not exceed the depository's capital and surplus.

Deposits - Custodial Credit Risk for deposits is the risk that, in the event of bank failure, the government's deposits may not be returned to it. At September 30, 2022, the City had uninsured and uncollateralized deposits amounting to \$381,864.

Deposits with maturity of 3 months or less, or redeemable on demand with no penalty - The elected State Treasurer, following Idaho Code, is authorized to sponsor an investment pool (Pool) that the City voluntarily participates in. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the investment pool is performed by the State Treasurer. Idaho Code defines allowable investments. The fair value of the City's position in the Pool is the same as the value of the Pool. The value of the Pool is not identified with specific investments and are not subject to custodial credit risk. The City's other deposits are stated at fair value which is the amount an investment could be exchanged between willing parties. The Pool is unrated.

Investment Policy

Idaho Code 50-1013 limits the City's legal investments to savings accounts, prime commercial paper, general obligations of the State of Idaho and the United States Treasury, notes, bonds, and obligations of Government Sponsored Enterprises (FNMA, FHLMC, FFCB, FHLB), A-rated corporate bonds, and money market and mutual funds whose portfolios consist of the aforementioned underlying instruments.

CITY OF SODA SPRINGS, IDAHO

NOTES TO FINANCIAL STATEMENTS (PAGE 9 OF 17)

NOTE 4 - Cash and Investments (continued)

The City's Investment Policy requires that investments within the portfolio are to be diversified as to security type, duration, and issuer in order to maintain a balanced portfolio. The policy does not place specific restrictions with regard to credit, concentration, and interest rate risks. The City only conducts investment purchases on a delivery versus payment basis with all securities held by a safe keeper, in the City's name, to eliminate custodial risk.

The City had the following investments and maturities at year end:

| Investment Type | Investment Maturities (in Years) | | | |
|-------------------------|---|--------------------|---------------------|-------------|
| | Fair Value | Less than 1 | 1-5 | 6-10 |
| Certificates of Deposit | \$ 3,595,380 | \$ 394,904 | \$ 3,200,476 | \$ - |
| US Treasury Notes | 1,342,086 | - | 1,342,086 | - |
| Diversified Bond Fund | 397,361 | - | 397,361 | - |
| Total | \$ 5,334,827 | \$ 394,904 | \$ 4,939,923 | \$ - |

Interest Rate Risk is the risk that changes in interest rates will adversely affect the value of an investment. In accordance with investment policy, the City's investments shall have maturities that are consistent with the needs and use of the City. The City does not have a specific policy addressing interest rate risk and exposure to declines in fair values. The segmented time distribution method has been used to disclose interest rate risk.

Credit Risk. State law requires investments in corporate bonds to have, at the time of purchase, an A rating or higher by a commonly known rating service. Credit ratings associated with investments are as follows:

| Investment Type | Fair Value | Aaa | Aa | A | Unrated |
|-------------------------|---------------------|---------------------|-------------|-------------|---------------------|
| Certificates of Deposit | \$ 3,595,380 | \$ - | \$ - | \$ - | \$ 3,595,380 |
| US Treasury Notes | 1,342,086 | 1,342,086 | - | - | - |
| Diversified Bond Fund | 397,361 | - | - | - | 397,361 |
| Total | \$ 5,334,827 | \$ 1,342,086 | \$ - | \$ - | \$ 3,992,741 |

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Exclusive of the State of Idaho Investment Pool and investments guaranteed by the U.S. government, the City's deposits in any one issuer does not represent a concentration of total credit risk. The funds in the State of Idaho Investment Pool are in a variety of investments which are required to have an A quality credit rating or better.

NOTE 5 - Fair Value Measurements

Fair value accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value guidance also establishes a fair value hierarchy that requires a government to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Based on the inputs used to determine fair value, a three-level hierarchy is used as follows:

Level 1: Fair value is determined using quoted prices (adjusted) for identical assets or liabilities in active markets that the government can access at the measurement date.

Level 2: Fair value is determined using inputs - other than quoted prices included within Level 1 - that are observable for an asset or liability, either directly or indirectly, such as quotes prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs are derived principally from or corroborated by observable market data.

CITY OF SODA SPRINGS, IDAHO

NOTES TO FINANCIAL STATEMENTS (PAGE 10 OF 17)

NOTE 5 - Fair Value Measurements - continued

Level 3: Fair value is determined using unobservable inputs for an asset or liability and requires the government to develop its own assumptions, based on the best information available in the circumstances, about the considerations market participants would use in pricing the asset or liability.

The following table represents the City's investments that are measured or disclosed at fair value on a recurring basis. The City does not have any financial assets that are measured at fair value on a non-recurring basis.

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------|---------------------|---------------------|-------------|---------------------|
| Diversified bond fund | \$ 397,361 | \$ - | \$ - | \$ 397,361 |
| US Treasury Notes | 1,342,086 | | | 1,342,086 |
| Certificates of deposit | - | 3,595,380 | - | 3,595,380 |
| Total | <u>\$ 1,739,447</u> | <u>\$ 3,595,380</u> | <u>\$ -</u> | <u>\$ 5,334,827</u> |

NOTE 6 - Intergovernmental Receivables

The following is a summary of amounts due from other governments:

| | General Fund | Street Fund | Total |
|-------------------------|-------------------|------------------|-------------------|
| State revenue sharing | \$ 98,052 | \$ - | \$ 98,052 |
| State liquor dispensary | 9,890 | - | 9,890 |
| Franchise fees | 5,896 | - | 5,896 |
| Customer credit memos | (9,778) | - | (9,778) |
| Highway user revenue | - | 36,278 | 36,278 |
| | <u>\$ 104,060</u> | <u>\$ 36,278</u> | <u>\$ 140,338</u> |

NOTE 7 - Changes in General Fixed Assets

A summary of governmental capital assets at September 30 is as follows:

| | Balance 10/1/2021 | Additions | Deletions | Balance 9/30/2022 |
|--------------------------|----------------------|-------------------|--------------------|----------------------|
| Land | \$ 506,636 | \$ - | \$ - | \$ 506,636 |
| Land improvements | 2,425,839 | 89,122 | - | 2,514,961 |
| Buildings | 2,155,254 | 47,088 | - | 2,202,342 |
| Automobile and truck | 1,697,649 | 14,109 | (7,000) | 1,704,758 |
| Equipment and other | 1,292,696 | 203,871 | (3,167) | 1,493,400 |
| Construction in process | 21,283 | 220,075 | (1,632) | 239,726 |
| | <u>\$ 8,099,357</u> | <u>\$ 574,265</u> | <u>\$ (11,799)</u> | <u>\$ 8,661,823</u> |
| Accumulated depreciation | | | | |
| Land improvements | \$ (1,090,838) | \$ (95,240) | \$ - | \$ (1,186,078) |
| Buildings | (834,929) | (48,873) | - | (883,802) |
| Automobile and truck | (1,048,559) | (75,110) | 7,000 | (1,116,669) |
| Equipment and other | (987,414) | (67,943) | 1,357 | (1,054,000) |
| | <u>(3,961,740)</u> | <u>(287,166)</u> | <u>8,357</u> | <u>(4,240,549)</u> |
| | <u>\$ 4,137,617</u> | <u>\$ 287,099</u> | <u>\$ (3,442)</u> | <u>\$ 4,421,274</u> |

CITY OF SODA SPRINGS, IDAHO

NOTES TO FINANCIAL STATEMENTS (PAGE 11 OF 17)

NOTE 7 - Changes in General Fixed Assets - continued

A summary of proprietary capital assets at September 30 is as follows:

| | Balance 10/1/2021 | Additions | Deletions | Balance 9/30/2022 |
|-------------------------------------|----------------------|---------------------|-------------|----------------------|
| Land | \$ 163,783 | \$ - | \$ - | \$ 163,783 |
| Buildings | 127,322 | - | - | 127,322 |
| Wastewater plant | 13,611,277 | 7,676 | - | 13,618,953 |
| Water and sewer system improvements | 8,977,634 | 143,110 | - | 9,120,744 |
| Electrical systems | 5,493,093 | 72,733 | - | 5,565,826 |
| Automobiles and trucks | 1,113,620 | 38,368 | - | 1,151,988 |
| Machinery and equipment | 606,213 | 17,991 | - | 624,204 |
| Construction in progress | 227,034 | 1,297,917 | - | 1,524,951 |
| | <u>\$ 30,319,976</u> | <u>\$ 1,577,795</u> | <u>\$ -</u> | <u>\$ 31,897,771</u> |
| Accumulated depreciation | | | | |
| Buildings | \$ (88,547) | \$ (4,475) | \$ - | \$ (93,022) |
| Wastewater plant | (3,661,949) | (334,220) | - | (3,996,169) |
| Water and sewer system improvements | (3,470,002) | (231,689) | - | (3,701,691) |
| Electrical systems | (3,870,577) | (115,510) | - | (3,986,087) |
| Automobiles and trucks | (750,377) | (65,188) | - | (815,565) |
| Machinery and equipment | (512,650) | (27,303) | - | (539,953) |
| | <u>(12,354,102)</u> | <u>(778,385)</u> | <u>-</u> | <u>(13,132,487)</u> |
| | <u>\$ 17,965,874</u> | <u>\$ 799,410</u> | <u>\$ -</u> | <u>\$ 18,765,284</u> |

Depreciation expense is charged to the various functions of governmental activities as follows:

| | |
|--------------------|-------------------|
| General government | \$ 215,855 |
| Street | 71,311 |
| | <u>\$ 287,166</u> |

NOTE 8 - Operating Transfers

Transfers to General fund from the Power fund
Power fund-unexpended excess funds

| |
|-------------------|
| \$ 295,000 |
| <u>\$ 295,000</u> |

The General fund transferred \$61,750 to the Recreation fund and \$130,000 to the Library fund.

Interfund transfers were used to 1) move unrestricted revenues collected in the General Fund to finance other funds in accordance with budgetary authorization and 2) move unexpended excess funds to other funds.

NOTE 9 - Garbage Contract

The City has contracted for garbage disposal with a third party. Under the terms of the agreement, the City remits the majority of the billed sanitation fees collected to the contracting party, while the City retains \$0.20 per customer per month.

NOTE 10 Subsequent Events

Management has evaluated subsequent events through August 22, 2023, the date the financial statements were available to be issued.

CITY OF SODA SPRINGS, IDAHO

NOTES TO FINANCIAL STATEMENTS (PAGE 12 OF 17)

NOTE 11 Long-term Debt

General fund

Note payable from General fund to Power fund in annual installments of \$37,444 with interest of 1.4% due from October 1, 2014-2024, secured by fire truck. \$ 70,969

General fund

Capital lease payable for Equipment with an original cost of \$112,135 to be paid in seven annual installments with a 3.25% interest rate secured by the equipment purchased. 72,630

Water and Sewer fund

Capital lease payable for Equipment with an original cost of \$377,404 to be paid in seven annual installments with a 3.27% interest rate secured by the equipment purchased. 57,341

Water Fund

Note payable Water fund owes to Power fund with 3 annual installments of \$103,419 due October 2020-2022 with interest of 1.7%. 101,690

Sewer fund

DEQ Notes Payable:

DEQ loan (waste water treatment plant) Loan 1 WWW0801 - Note issued for \$1,646,352 at 2.91% interest to be repaid in biannual installments over 20 years. The loan originated February 12, 2016. 1,210,120

DEQ loan 2 WW1201 - Note issued for \$4,899,472 at 0% interest to be repaid in biannual installments over 30 years. The loan originated February 12, 2016. 3,837,920

Total \$ 5,350,670

Principal payments due on long-term debt outstanding at year end and succeeding years are as follows:

| Fiscal Year Ending 30-Sep | Governmental Activities | | Business Type Activities | | Total | |
|---------------------------------|-------------------------|-----------------|--------------------------|-------------------|---------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 59,699 | \$ 3,570 | \$ 396,844 | \$ 38,328 | \$ 456,543 | \$ 41,898 |
| 2024 | 58,900 | 2,451 | 239,869 | 32,628 | 298,769 | 35,079 |
| 2025 | 25,000 | 825 | 242,201 | 30,296 | 267,201 | 31,121 |
| 2026 | - | - | 244,513 | 27,984 | 244,513 | 27,984 |
| 2027 | - | - | 246,893 | 25,604 | 246,893 | 25,604 |
| 2028-2032 | - | - | 1,272,578 | 89,906 | 1,272,578 | 89,906 |
| 2033-2037 | - | - | 1,176,032 | 21,328 | 1,176,032 | 21,328 |
| 2038-2042 | - | - | 816,580 | - | 816,580 | - |
| 2043-2046 | - | - | 571,561 | - | 571,561 | - |
| | <u>\$ 143,599</u> | <u>\$ 6,846</u> | <u>\$ 5,207,071</u> | <u>\$ 266,074</u> | <u>\$ 5,350,670</u> | <u>\$ 272,920</u> |

| | Balance October 1, 2021 | Additions | Deductions | Balance September 30, 2022 | Amounts Due Within One Year |
|------------------------------|-------------------------------|------------------|---------------------|----------------------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| Capital leases | \$ 95,310 | \$ - | \$ (22,680) | \$ 72,630 | \$ 23,429 |
| Interfund note payable | 106,738 | - | (35,769) | 70,969 | 36,270 |
| Compensated absences | 46,878 | 91,789 | (88,811) | 49,856 | 49,856 |
| Total general long-term debt | <u>\$ 248,926</u> | <u>\$ 91,789</u> | <u>\$ (147,260)</u> | <u>\$ 193,455</u> | <u>\$ 109,555</u> |

CITY OF SODA SPRINGS, IDAHO

NOTES TO FINANCIAL STATEMENTS (PAGE 13 OF 17)

NOTE 11 Long-term Debt - continued

| | Balance October 1, 2021 | Additions | Deductions | Balance September 30, 2022 | Amounts Due Within One Year |
|---------------------------|-------------------------------|------------------|---------------------|----------------------------------|-----------------------------------|
| Business-type Activities: | | | | | |
| DEQ notes payable | \$ 5,283,694 | \$ - | \$ (235,654) | \$ 5,048,040 | \$ 237,794 |
| Interfund note payable | 201,681 | - | (99,991) | 101,690 | 101,690 |
| Capital lease payable | 112,942 | - | (55,601) | 57,341 | 57,341 |
| Compensated absences | 20,496 | 22,992 | (23,928) | 19,560 | 19,560 |
| | <u>\$ 5,618,813</u> | <u>\$ 22,992</u> | <u>\$ (415,174)</u> | <u>\$ 5,226,631</u> | <u>\$ 416,385</u> |

NOTE 12 Pension Disclosures

Plan Description

The City of Soda Springs 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. 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) that are adequate to accumulate sufficient assets to pay benefits when due.

CITY OF SODA SPRINGS, IDAHO

NOTES TO FINANCIAL STATEMENTS (PAGE 14 OF 17)

NOTE 12 Pension Disclosures - continued

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2022 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% general employees and 12.28% for police and firefighters. The City of Soda Springs's contributions were \$186,695 for the year ended September 30, 2022.

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

At September 30, 2022, the City of Soda Springs reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Soda Springs's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2022, the City's proportion was .03967869 percent.

For the year ended September 30, 2022, the City of Soda Springs recognized pension expense (revenue) of \$395,956. At September 30, 2022, the City of Soda Springs 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 | \$ 171,856 | \$ 6,976 |
| Changes in assumptions or other inputs | 254,791 | - |
| Net difference between projected and actual earnings on pension plan investments | 359,593 | - |
| City of Soda Springs's contributions subsequent to the measurement date | 49,299 | - |
| Total | \$ 835,539 | \$ 6,976 |

An amount of \$49,299 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, 2023.

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

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

Year ended September 30:

| | |
|------|------------|
| 2023 | \$ 186,351 |
| 2024 | 202,301 |
| 2025 | 93,564 |
| 2026 | 297,048 |
| 2027 | - |

NOTES TO FINANCIAL STATEMENTS (PAGE 15 OF 17)

NOTE 12 Pension Disclosures - continued*Actuarial Assumptions*

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

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service and beneficiaries. These rates were adopted for the valuation dated July 1, 2021.

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%.

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 of PERSI's assets. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

NOTES TO FINANCIAL STATEMENTS (PAGE 16 OF 17)

NOTE 12 Pension Disclosures - continued

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|-------------------|--|
| Cash | 0% | 0.00% |
| Large Cap | 18% | 4.50% |
| Small/Mid Cap | 11% | 4.70% |
| International Equity | 15% | 4.50% |
| Emerging Markets Equity | 10% | 4.90% |
| Domestic Fixed | 20% | -0.25% |
| TIPS | 10% | -0.30% |
| Real Estate | 8% | 3.75% |
| Private Equity | 8% | 6.00% |

Discount Rate

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

Sensitivity of the net pension liability (asset) to changes in the discount rate – The following presents the net pension liability of PERSI employer's calculated using the discount rate of 6.35% as well as what the employer's liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | 1% Decrease (5.35%) | Current Discount Rate (6.35%) | 1% Increase (7.35%) |
|---|------------------------|-------------------------------------|------------------------|
| Employer's proportionate share of the net pension liability (asset) | \$ 2,758,273 | \$ 1,562,848 | \$ 584,423 |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the pension plan

At September 30, 2022, the City of Soda Springs reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

CITY OF SODA SPRINGS, IDAHO

NOTES TO FINANCIAL STATEMENTS (PAGE 17 OF 17)

NOTE 13 Interfund Receivable and Payables

At year end the City had the following interfund payable and receivables:

| <u>Receivable Fund(s)</u> | <u>Payable Fund(s)</u> | <u>Amount</u> |
|---------------------------|------------------------|------------------|
| Water Fund | General Fund | \$ 6,696 |
| Power Fund | General Fund | 10,348 |
| Sewer Fund | General Fund | 6,695 |
| Water Fund | Street Fund | 12,081 |
| Power Fund | Street Fund | 18,670 |
| Sewer Fund | Street Fund | 12,081 |
| | | <u>\$ 66,571</u> |

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SODA SPRINGS, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2022

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------|------------------|------------|-------------------|---|
| | Original | Final | | |
| Resources | | | | |
| Taxes | \$ 853,383 | \$ 853,383 | \$ 854,792 | \$ 1,409 |
| Licenses and permits | 20,875 | 20,875 | 20,873 | (2) |
| Intergovernmental revenue | 660,743 | 660,743 | 393,652 | (267,091) |
| Miscellaneous | 79,988 | 79,988 | (24,619) | (104,607) |
| Amounts available for appropriations | 1,614,989 | 1,614,989 | 1,244,698 | (370,291) |
| Charges to appropriations | | | | |
| Legal and administration | 26,766 | 26,766 | 20,070 | 6,696 |
| Executive administration | 9,105 | 9,105 | 2,692 | 6,413 |
| Financial administration | 51,304 | 51,304 | 533 | 50,771 |
| Legal expenses | 23,557 | 23,557 | 17,035 | 6,522 |
| Planning and zoning | 1,000 | 1,000 | 406 | 594 |
| Public and community relations | 23,535 | 23,535 | 18,980 | 4,555 |
| Other general government | 57,000 | 57,000 | 108,144 | (51,144) |
| Enforcement and protection | 790,425 | 790,425 | 745,514 | 44,911 |
| Fire control and prevention | 89,460 | 89,460 | 65,850 | 23,610 |
| Building and housing inspection | 7,000 | 7,000 | 988 | 6,012 |
| Animal control | 20,740 | 20,740 | 20,478 | 262 |
| Clean up | 15,390 | 15,390 | 34,727 | (19,337) |
| Weed control | 20,280 | 20,280 | 19,906 | 374 |
| Parks department | 178,250 | 178,250 | 135,626 | 42,624 |
| Debt service | | | | |
| Principal retirement | 95,770 | 95,770 | 58,449 | 37,321 |
| Interest | 1,675 | 1,675 | 4,820 | (3,145) |
| Capital outlay | 366,900 | 366,900 | 490,936 | (124,036) |
| Total expenditures | 1,778,157 | 1,778,157 | 1,745,154 | 33,003 |
| Excess revenues (expenditures) | (163,168) | (163,168) | (500,456) | (337,288) |
| Other financing sources (uses) | | | | |
| Transfers in | 295,000 | 295,000 | 295,000 | - |
| Transfers out | (841,986) | (841,986) | (191,750) | 650,236 |
| Total financing sources (uses) | (546,986) | (546,986) | 103,250 | 650,236 |
| Net change in fund balance | | | (397,206) | |
| Beginning fund balance | | | 1,783,388 | |
| Ending fund balance | | | \$ 1,386,182 | |

CITY OF SODA SPRINGS, IDAHO
BUDGETARY COMPARISON SCHEDULE
STREET FUND
YEAR ENDED SEPTEMBER 30, 2022

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------|-------------------|--------------------------|---|
| | Original | Final | | |
| Resources | | | | |
| Taxes | \$ 104,000 | \$ 104,000 | \$ 104,480 | \$ 480 |
| Intergovernmental revenues | 218,744 | 218,744 | 274,510 | 55,766 |
| Miscellaneous revenue | 1,500 | 101,500 | 17,047 | (84,453) |
| | <u>324,244</u> | <u>324,244</u> | <u>396,037</u> | <u>71,793</u> |
| Expenditures | | | | |
| Highway Street and road construction | 11,410 | 11,410 | 10,269 | 1,141 |
| Equipment repairs | 34,779 | 34,779 | 6,910 | 27,869 |
| Highway, street, & road maintenance | 236,009 | 236,009 | 145,736 | 90,273 |
| Snow and ice control | 42,940 | 42,940 | 34,908 | 8,032 |
| Capital outlay | 50,000 | 150,000 | 17,627 | 132,373 |
| | <u>\$ 375,138</u> | <u>\$ 475,138</u> | <u>\$ 215,450</u> | <u>\$ 259,688</u> |
| Excess revenues (expenditures) | (50,894) | (150,894) | 180,587 | 331,481 |
| Other financing sources (uses) | | | | |
| Sale of capital assets | <u>-</u> | <u>-</u> | <u>5,932</u> | <u>5,932</u> |
| Other financing sources (uses) | <u>-</u> | <u>-</u> | <u>5,932</u> | <u>5,932</u> |
| Net change in fund balance | (50,894) | (150,894) | 186,519 | 337,413 |
| Beginning fund balance | | | <u>650,152</u> | |
| Ending fund balance | | | <u><u>\$ 836,671</u></u> | |

**CITY OF SODA SPRINGS
SEPTEMBER 30, 2022**

**Schedule of Employer's Share of Net Pension Liability
PERSI – Base Plan
Last 10 – Fiscal Years ***

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Employer's portion of net the pension liability | 0.0396787% | 0.0403320% | 0.0391588% | 0.0392965% | 0.0403579% | 0.0442074% | 0.0427001% | 0.0455105% |
| Employer's proportionate share of the net pension liability (asset) | \$ 1,562,848 | \$ (31,853) | \$ 909,319 | \$ 448,559 | \$ 595,286 | \$ 671,172 | \$ 896,152 | \$ 599,299 |
| Employer's covered-employee payroll | \$ 1,552,342 | \$ 1,493,916 | \$ 1,395,747 | \$ 1,322,977 | \$ 1,287,093 | \$ 1,314,450 | \$ 1,291,173 | \$ 1,263,505 |
| Employer's proportional share of the net pension liability as a percentage of its covered employee payroll | 100.68% | -2.13% | 65.15% | 33.91% | 46.25% | 51.06% | 69.41% | 47.43% |
| Plan fiduciary net position as a percentage of the total pension liability | 83.09% | 100.36% | 88.22% | 93.79% | 87.26% | 90.68% | 87.26% | 91.38% |

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

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

**Schedule of Employer Contributions
PERSI – Base Plan
Last 10 – Fiscal Years ***

| | 2021 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Statutorily required contribution | \$ 186,695 | \$ 184,237 | \$ 167,952 | \$ 155,864 | \$ 146,046 | \$ 150,266 | \$ 153,403 | \$ 143,260 |
| Contributions in relation to the statutorily required contribution | 186,695 | 184,237 | 167,952 | 155,864 | 146,046 | 150,266 | 153,403 | 143,260 |
| Contribution (deficiency) excess | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Employer's covered-employee payroll | \$ 1,551,155 | \$ 1,531,309 | \$ 1,405,931 | \$ 1,347,223 | \$ 1,278,741 | \$ 1,315,952 | \$ 1,343,080 | \$ 1,254,475 |
| Contributions as a percentage of covered-employee payroll | 12.04% | 12.03% | 11.95% | 11.57% | 11.42% | 11.42% | 11.42% | 11.42% |

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

Data is reported is measured as of September 30, 2022.

**CITY OF SODA SPRINGS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022**

Budgetary Reporting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all governmental fund types.

NOTE 1 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Basis of budgetary Accounting

The City is required by State law to adopt annual budgets on all governmental funds that cover a period from October 1, through September 30. All adopted budgets are prepared in accordance with the modified accrual basis of accounting and are adopted on a basis consistent with generally accepted accounting principles.

CITY OF SODA SPRINGS
NON-MAJOR FUNDS
COMBINING BALANCE SHEET
AS OF SEPTEMBER 30, 2022

| | Airport | Insurance | Recreation | Greater Soda Springs Development Fund | Total Non-major Funds |
|--|------------------|-----------------|-----------------|---|-----------------------------|
| ASSETS | | | | | |
| Cash | \$ 9,229 | \$ 1,359 | \$ 1,658 | \$ 4,689 | \$ 16,935 |
| Investments | 29,651 | 4,368 | 5,327 | 15,065 | 54,411 |
| Taxes receivable | 385 | 502 | 963 | - | 1,850 |
| | <u>\$ 39,265</u> | <u>\$ 6,229</u> | <u>\$ 7,948</u> | <u>\$ 19,754</u> | <u>\$ 73,196</u> |
| LIABILITIES | | | | | |
| Payroll liabilities | \$ 46 | \$ - | \$ 1,386 | \$ - | \$ 1,432 |
| | 46 | - | 1,386 | - | 1,432 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unearned property taxes | 249 | 352 | 622 | - | 1,223 |
| FUND BALANCE | | | | | |
| Restricted for: | | | | | |
| Airport | 38,970 | - | - | - | 38,970 |
| Insurance | - | 5,877 | - | - | 5,877 |
| Culture and recreation | - | - | 5,940 | - | 5,940 |
| Economic development | - | - | - | 19,754 | 19,754 |
| | <u>38,970</u> | <u>5,877</u> | <u>5,940</u> | <u>19,754</u> | <u>70,541</u> |
| | <u>\$ 39,265</u> | <u>\$ 6,229</u> | <u>\$ 7,948</u> | <u>\$ 19,754</u> | <u>\$ 73,196</u> |

CITY OF SODA SPRINGS

**NON-MAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Airport | Insurance | Recreation | Greater Soda Springs Development Fund | Total Non-major Funds |
|---|------------------|-----------------|-----------------|---|-----------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 10,390 | \$ 15,006 | \$ 26,242 | \$ - | \$ 51,638 |
| Intergovernmental revenues | - | 5,596 | - | - | 5,596 |
| Charges for services and other | 7,903 | - | 26,934 | 35 | 34,872 |
| Rent and lease income | 1,784 | - | - | - | 1,784 |
| Investment income | (2,807) | (15) | (434) | (1,474) | (4,730) |
| | <u>17,270</u> | <u>20,587</u> | <u>52,742</u> | <u>(1,439)</u> | <u>89,160</u> |
| EXPENDITURES | | | | | |
| General government | - | 18,849 | - | - | 18,849 |
| Airport | 16,736 | - | - | - | 16,736 |
| Culture and recreation | - | - | 94,696 | - | 94,696 |
| Capital outlay | - | - | 32,559 | - | 32,559 |
| | <u>16,736</u> | <u>18,849</u> | <u>127,255</u> | <u>-</u> | <u>162,840</u> |
| EXCESS REVENUES (EXPENDITURES) | 534 | 1,738 | (74,513) | (1,439) | (73,680) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | 61,750 | - | 61,750 |
| | <u>-</u> | <u>-</u> | <u>61,750</u> | <u>-</u> | <u>61,750</u> |
| NET CHANGE IN FUND BALANCES | 534 | 1,738 | (12,763) | (1,439) | (11,930) |
| BEGINNING FUND BALANCE | <u>38,436</u> | <u>4,139</u> | <u>18,703</u> | <u>21,193</u> | <u>82,471</u> |
| ENDING FUND BALANCE | <u>\$ 38,970</u> | <u>\$ 5,877</u> | <u>\$ 5,940</u> | <u>\$ 19,754</u> | <u>\$ 70,541</u> |



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

Honorable Mayor and City Council
City of Soda Springs, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Soda Springs, Idaho, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City of Soda Springs, Idaho's basic financial statements and have issued our report thereon dated August, 22 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Soda Springs, Idaho's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Soda Springs, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Soda Springs, Idaho's internal control.

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

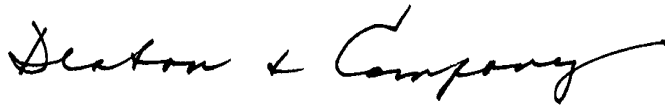
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Soda Springs, Idaho's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing 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.

A handwritten signature in black ink that reads "Seaton & Company". The script is fluid and cursive, with a long horizontal flourish extending from the end of the word "Company".

Pocatello, Idaho
August 22, 2023