

CITY OF SODA SPRINGS, IDAHO

ANNUAL FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020



**DEATON  
&  
COMPANY**

*Certified Public Accountants*

# CITY OF SODA SPRINGS, IDAHO

## TABLE OF CONTENTS SEPTEMBER 30, 2020

	<u>Page</u>
Title Page	1
Table of Contents	2
Auditor's Reports	
Independent Auditor's Report	3-4
Management's Discussion and Analysis	5-12
Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet - Governmental Funds	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16-17
Statement of Net Position - Proprietary Funds	18
Statement of Revenues, Expenditures, and Changes in Fund Net Position - Proprietary Funds	19
Combined Statement of Cash Flows - Proprietary Funds	20
Notes to Financial Statements	21-37
Required Supplementary Information	38
Budgetary Comparison Schedule - General Fund and Major Special Revenue Funds	39-40
Schedule of Employer's Share of Net Pension Liability	41
Schedule of Employer Contributions	41
Notes to Required Supplementary Information	42
Other Supplementary Information	
Combining Balance Sheet - Nonmajor Special Revenue Funds	43
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	44
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45-46



## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Soda Springs, Idaho

### Report on the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

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, Idaho, as of September 30, 2020, 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.



## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

### *Other 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.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 June 4, 2021, 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.



Pocatello, Idaho  
June 4, 2021



**CITY OF SODA SPRINGS, IDAHO  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

The following is a discussion and analysis of the City of Soda Springs financial performance for the fiscal year ended September 30, 2020. 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 2020 by \$5,772,081. Of this amount \$4,066,189 (70%) represented the net investment in capital assets with only \$10,725 being restricted and \$1,695,167 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 \$16,181,228. Of this amount, \$12,496,055 (77%) represented the net investment in capital assets.

Changes in Net Position – The City's total net position increased by \$791,417 in fiscal year 2020. Net position of governmental activities increased by \$146,643 and the business-type activities increased by \$644,774.

### **Fund Highlights:**

Governmental Funds – Fund Balances – As of the close of fiscal year 2020, the City's governmental funds reported a combined ending fund balance of \$2,225,758 which is an increase of \$68,319 from the prior year. Of the total fund balance reported, \$1,537,168 represents the "unassigned fund balances", available for use in the fiscal year 2021 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 \$16,181,228 an increase of \$644,774 over the prior year. Of the total net position reported, \$3,548,924 represents the "Unrestricted net position".

**CITY OF SODA SPRINGS, IDAHO  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**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, 2020**

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, 2020**

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 \$21,953,309 compared to \$21,178,943 at the end of the previous year.

The largest portion of the City's net position, \$16,562,244 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, 2020**

**CITY OF SODA SPRING'S NET POSITION**

	Governmental Activities	Business- Type Activities	Total
Current and other assets	\$ 2,302,724	\$ 4,392,384	\$ 6,695,108
Capital assets	4,208,203	18,480,124	22,688,327
Total assets	<u>6,510,927</u>	<u>22,872,508</u>	<u>29,383,435</u>
Deferred outflows of resources	166,669	68,076	234,745
Total assets and deferred outflows of resources	<u>6,677,596</u>	<u>22,940,584</u>	<u>29,618,180</u>
Long-term liabilities	752,355	5,862,055	6,614,410
Other liabilities	132,079	888,691	1,020,770
Total liabilities	<u>884,434</u>	<u>6,750,746</u>	<u>7,635,180</u>
Deferred inflows of resources	21,081	8,610	29,691
Total liabilities and deferred inflows of resources	<u>905,515</u>	<u>6,759,356</u>	<u>7,664,871</u>
Net position			
Net investment in capital assets	4,066,189	12,496,055	16,562,244
Restricted	10,725	136,249	146,974
Unrestricted	<u>1,695,167</u>	<u>3,548,924</u>	<u>5,244,091</u>
Total net position	<u><u>\$ 5,772,081</u></u>	<u><u>\$ 16,181,228</u></u>	<u><u>\$ 21,953,309</u></u>

**Changes in Net Position**

The City's overall net position increased by \$791,417 in 2020 and approximately 23% of the City's total revenue came from taxes, 73% from services, 3% from other general revenues and less than 1% from grants.

**Governmental Activities**

Governmental activities increased the City's net position by \$146,643.

**Business-Type Activities**

The business-type activities increased the City's net position by \$644,774.

**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.

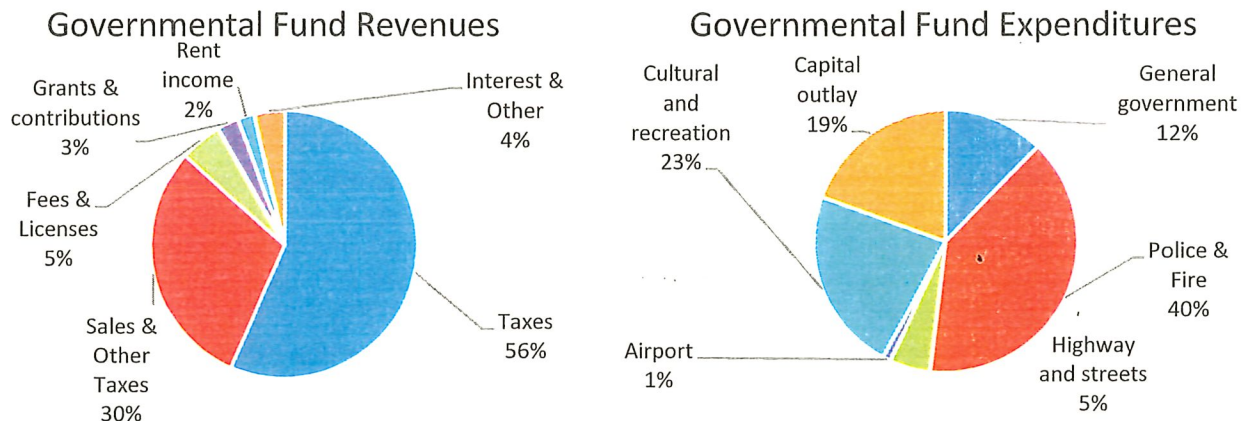


**CITY OF SODA SPRINGS, IDAHO  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**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 \$1,537,168. 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 129% 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 \$644,774 as a result of operations in the individual enterprise funds.

**BUDGETARY HIGHLIGHTS**

The General Fund budgeted revenues exceeded the budgeted amounts due to higher than expected State Revenues and Police Department grants received. General Fund expenditures were under budget due to capital projects not completed; equipment not purchased and unexpended salaries and benefits. The Street Fund revenues would have come in over budget except for a large grant that was budgeted and not received. Street Fund expenditures were way under budget because of a grant project that the majority of the project was completed and funds expended in the prior year. Recreation revenue came in under budget because programs had to be canceled due to the pandemic. Recreation expenditures were also under budget due to the same canceled programs along with unexpended salaries and capital projects not completed. Library revenues and expenditures were right on target.



**CITY OF SODA SPRINGS, IDAHO  
REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

The Water and Power Funds estimated revenues came in slightly over budget which included a loan to the Water Fund from the Power Fund. Sewer Fund revenues were under budget due to a loan payment not received because the loan was never made. The enterprise funds expenditures were all under budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

The City's current book value of capital assets for governmental type activities is \$4,208,203 and the business type activities are \$18,480,124. The City's capital assets for all land, buildings, equipment and furniture total \$22,688,327.

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 \$5,517,287. 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 2020 fiscal year includes the lease-purchase debt of \$166,746 for a sewer truck split between the water and sewer funds along with the \$142,014 owed to its own power fund for the new fire truck, and \$300,000 owed to the Power fund for Formation Springs construction. The general fund will make payments of about \$37,000 annually to the power fund through the year 2024 to pay for the fire truck. The Water fund will make annual payments of \$103,419 to the Power fund through the year 2022 to pay for Formation Springs construction.

**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, 2020**

The major water project at the City's Formation Spring was all but completed in 2020 and just a few landscape and clean-up items remained to be finished at the beginning of the 2021 fiscal year. The project that started in 2013 cost just over \$2.1 million which is much less than it could of cost if the City was required to install a water treatment facility. The project was completed with reserve Water Funds and the revenue raised through a special rate just for the project. It will take approximately five years to build the Water Fund reserves back up in order to discontinue the Formation Well utility rate.

An appropriate cash fund balance continues to be debated among the administration and is being carefully reviewed each year. 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 2<sup>nd</sup> South, Soda Springs, Idaho.

**CITY OF SODA SPRINGS, IDAHO**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2020**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 695,065	\$ 984,877	\$ 1,679,942
Investments	1,444,633	2,394,432	3,839,065
Accounts receivable, net	-	386,114	386,114
Taxes receivable	42,328	-	42,328
Intergovernmental receivable	109,973	-	109,973
Interfund note receivable current	-	133,594	133,594
Total current assets	<u>2,291,999</u>	<u>3,899,017</u>	<u>6,191,016</u>
Non-current assets			
Interfund note receivable	-	308,419	308,419
Restricted cash and investments	10,725	-	10,725
Designated cash and investments	-	184,948	184,948
Capital assets:			
Capital assets	8,002,621	30,136,004	38,138,625
Accumulated depreciation	(3,794,418)	(11,655,880)	(15,450,298)
Total non-current assets	<u>4,218,928</u>	<u>18,973,491</u>	<u>23,192,419</u>
Total assets	<u>6,510,927</u>	<u>22,872,508</u>	<u>29,383,435</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred outflows - pension	166,669	68,076	234,745
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and other liabilities	9,871	401,223	411,094
Payroll liabilities	33,524	9,879	43,403
Unearned revenue	-	14,281	14,281
Accrued compensated absences	53,409	28,892	82,301
Current portion of long-term debt	35,275	385,717	420,992
Payable from restricted assets			
Power deposits	-	48,699	48,699
Total current liabilities	<u>132,079</u>	<u>888,691</u>	<u>1,020,770</u>
Non-current liabilities			
Long-term portion of interfund note	106,739	-	106,739
Long term portion of debt	-	5,598,352	5,598,352
Net pension liability	645,616	263,703	909,319
Total non-current liabilities	<u>752,355</u>	<u>5,862,055</u>	<u>6,614,410</u>
Total liabilities	884,434	6,750,746	7,635,180
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred inflows - pension	21,081	8,610	29,691
	<u>21,081</u>	<u>8,610</u>	<u>29,691</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,066,189	12,496,055	16,562,244
Restricted	10,725	136,249	146,974
Unrestricted	<u>1,695,167</u>	<u>3,548,924</u>	<u>5,244,091</u>
	<u>\$ 5,772,081</u>	<u>\$ 16,181,228</u>	<u>\$ 21,953,309</u>



**CITY OF SODA SPRINGS, IDAHO  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2020**

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 Public Safety Highway and streets Airport Cultural and recreational Animal control Community service	\$ 275,816	\$ 48,224	\$ 18,594	\$ -	\$ (208,998)	\$ -	\$ (208,998)
	872,021	-	-	-	(872,021)	-	(872,021)
	149,429	-	-	-	(149,429)	-	(149,429)
	41,579	13,316	-	-	(28,263)	-	(28,263)
	496,941	29,570	26,315	-	(441,056)	-	(441,056)
	19,400	-	-	-	(19,400)	-	(19,400)
	16,321	-	-	-	(16,321)	-	(16,321)
	<u>1,871,507</u>	<u>91,110</u>	<u>44,909</u>	<u>-</u>	<u>(1,735,488)</u>	<u>-</u>	<u>(1,735,488)</u>
Business-type activities: Garbage Water Power Sewer	318,506	318,506	-	-	-	-	-
	523,113	945,272	-	-	-	422,159	422,159
	2,105,041	2,386,665	-	-	-	281,624	281,624
	1,011,669	1,097,758	-	-	-	86,089	86,089
	<u>3,958,329</u>	<u>4,748,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>789,872</u>	<u>789,872</u>
	\$ 5,829,836	\$ 4,839,311	\$ 44,909	\$ -	\$ (1,735,488)	\$ 789,872	\$ (945,616)
					General Activities	Business-type Activities	Total
General revenues Property taxes Franchise fees Intergovernmental receipts Investment income Miscellaneous Transfers		\$ 972,530	\$ -	\$ -	\$ 972,530	\$ -	\$ 972,530
		31,590	-	-	31,590	-	31,590
		519,263	-	-	519,263	-	519,263
		57,009	-	-	57,009	91,231	148,240
		6,739	-	-	6,739	58,671	65,410
		<u>295,000</u>	<u>-</u>	<u>-</u>	<u>(295,000)</u>	<u>-</u>	<u>-</u>
		<u>1,882,131</u>	<u>-</u>	<u>-</u>	<u>(145,098)</u>	<u>-</u>	<u>1,737,033</u>
<b>CHANGE IN NET POSITION</b>					146,643	644,774	791,417
<b>BEGINNING NET POSITION</b>					5,642,489	15,536,454	21,178,943
<b>PRIOR PERIOD ADJUSTMENT</b>					(17,051)	-	(17,051)
<b>ENDING NET POSITION</b>					<u>\$ 5,772,081</u>	<u>\$ 16,181,228</u>	<u>\$ 21,953,309</u>

**CITY OF SODA SPRINGS, IDAHO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2020**

	General Fund	Street Fund	Nonmajor Library Fund	Nonmajor Governmental Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 487,533	\$ 126,510	\$ 24,379	\$ 56,643	\$ 695,065
Investments	997,896	258,944	71,852	115,941	1,444,633
Taxes receivable	31,622	4,646	3,822	2,238	42,328
Intergovernmental receivable	71,524	38,449	-	-	109,973
Restricted assets - cash	-	-	10,725	-	10,725
	<u>\$ 1,588,575</u>	<u>\$ 428,549</u>	<u>\$ 110,778</u>	<u>\$ 174,822</u>	<u>\$ 2,302,724</u>
<b>LIABILITIES</b>					
Accounts payable and other liabilities	\$ 156	\$ -	\$ 9,715	\$ -	\$ 9,871
Payroll liabilities	26,171	3,467	2,897	989	33,524
	<u>26,327</u>	<u>3,467</u>	<u>12,612</u>	<u>989</u>	<u>43,395</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	25,080	3,684	3,031	1,776	33,571
<b>FUND BALANCES</b>					
Restricted, expendable for memorials	-	-	10,725	-	10,725
Assigned to					
Special revenue funds	-	421,398	84,410	172,057	677,865
Unassigned	1,537,168	-	-	-	1,537,168
	<u>1,537,168</u>	<u>421,398</u>	<u>95,135</u>	<u>172,057</u>	<u>2,225,758</u>
	<u>\$ 1,588,575</u>	<u>\$ 428,549</u>	<u>\$ 110,778</u>	<u>\$ 174,822</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 \$3,794,418	4,208,203
Unavailable tax revenue represents amounts that were not available to fund current expenditures and, therefore, are not reported in the funds:	33,571
Deferred outflows - Pension related deferrals	166,669
Deferred inflows - Pension related deferrals	(21,081)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Net pension liability	(645,616)
Interfund note payable	(142,014)
Accrued compensated absences	(53,409)
Net position of governmental activities	<u>\$ 5,772,081</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, 2020**

	General Fund	Street Fund	Nonmajor Library Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 733,589	\$ 100,796	\$ 88,885	\$ 49,894	\$ 973,164
Intergovernmental	324,411	192,876	-	1,976	519,263
Franchise fees	31,590	-	-	-	31,590
Licenses, permits, and fines	17,803	-	3,897	35,368	57,068
Grants and contributions	18,594	-	26,315	-	44,909
Rent and lease income	30,421	-	-	3,621	34,042
Interest earned	34,985	12,992	3,621	5,411	57,009
Miscellaneous	5,472	287	980	-	6,739
	<u>1,196,865</u>	<u>306,951</u>	<u>123,698</u>	<u>96,270</u>	<u>1,723,784</u>
<b>EXPENDITURES</b>					
General government	148,151	-	-	17,476	165,627
Police services	703,560	-	-	-	703,560
Fire protection	64,457	-	-	-	64,457
Highway and streets	-	97,264	-	-	97,264
Airport	-	-	-	18,687	18,687
Cultural and recreational	123,770	-	240,275	80,679	444,724
Other public safety	3,644	-	-	-	3,644
Animal control	19,400	-	-	-	19,400
Community service	16,321	-	-	-	16,321
Capital outlay	73,708	263,348	40,518	1,763	379,337
Debt service					
Principal retirement	34,788	-	-	-	34,788
Interest and fiscal charges	2,656	-	-	-	2,656
	<u>1,190,455</u>	<u>360,612</u>	<u>280,793</u>	<u>118,605</u>	<u>1,950,465</u>
Excess Revenues (Expenditures)	6,410	(53,661)	(157,095)	(22,335)	(226,681)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	-	-	-	-	-
Transfers in	295,000	-	120,000	25,000	440,000
Transfers out	(145,000)	-	-	-	(145,000)
	<u>150,000</u>	<u>-</u>	<u>120,000</u>	<u>25,000</u>	<u>295,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	156,410	(53,661)	(37,095)	2,665	68,319
<b>BEGINNING FUND BALANCE</b>	<u>1,397,809</u>	<u>475,059</u>	<u>132,230</u>	<u>169,392</u>	<u>2,174,490</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	(17,051)	-	-	-	(17,051)
<b>ENDING FUND BALANCE</b>	<u>\$ 1,537,168</u>	<u>\$ 421,398</u>	<u>\$ 95,135</u>	<u>\$ 172,057</u>	<u>\$ 2,225,758</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, 2020**

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	\$ 68,319
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	379,337
Contributed asset	-
Depreciation expense	(234,807)
Unavailable tax revenues are not recorded as current period receipts	(634)
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	(113,680)
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	34,788
Accrued compensated absences	13,320
Change in net position	<u>\$ 146,643</u>

**CITY OF SODA SPRINGS, IDAHO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2020**

	Water Fund	Power Fund	Sewer Fund	Nonmajor Garbage Fund	Total Proprietary Fund
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 205,112	\$ 415,145	\$ 359,933	\$ 4,687	\$ 984,877
Investments	419,830	949,409	1,015,599	9,594	2,394,432
Accounts receivable	87,914	193,615	104,585	-	386,114
Interfund note receivable current	-	133,594	-	-	133,594
Total current assets	712,856	1,691,763	1,480,117	14,281	3,899,017
Non-current assets					
Restricted assets - cash	-	48,699	136,249	-	184,948
Interfund note receivable	-	308,419	-	-	308,419
Capital assets	6,876,379	6,253,318	17,006,307	-	30,136,004
Accumulated depreciation	(2,250,585)	(4,526,897)	(4,878,398)	-	(11,655,880)
Total non-current assets	4,625,794	2,083,539	12,264,158	-	18,973,491
Total assets	5,338,650	3,775,302	13,744,275	14,281	22,872,508
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Deferred outflows - pension	16,432	18,780	32,864	-	68,076
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	227,703	173,520	-	-	401,223
Payroll liabilities	2,670	3,239	3,970	-	9,879
Unearned revenue	-	-	-	14,281	14,281
Accrued compensated absences	6,072	4,098	18,722	-	28,892
Current portion of long term debt	125,221	-	260,496	-	385,717
Deposits	-	48,699	-	-	48,699
Total current liabilities	361,666	229,556	283,188	14,281	888,691
Non-current liabilities					
Long term debt	258,170	-	5,340,182	-	5,598,352
Net pension liability	63,652	72,746	127,305	-	263,703
Total non-current liabilities	321,822	72,746	5,467,487	-	5,862,055
Total liabilities	683,488	302,302	5,750,675	14,281	6,750,746
<b>DEFERRED INFLOW OF RESOURCES</b>					
Deferred inflows - pension	2,078	2,375	4,157	-	8,610
<b>NET POSITION</b>					
Net investments in capital assets	4,242,403	1,726,421	6,527,231	-	12,496,055
Restricted	-	-	136,249	-	136,249
Unrestricted	427,113	1,762,984	1,358,827	-	3,548,924
	<u>\$ 4,669,516</u>	<u>\$ 3,489,405</u>	<u>\$ 8,022,307</u>	<u>\$ -</u>	<u>\$ 16,181,228</u>

**CITY OF SODA SPRINGS, IDAHO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2020**

	Water Fund	Power Fund	Sewer Fund	Nonmajor Garbage Fund	Total Proprietary Fund
<b>OPERATING FUNDS</b>					
Service revenue	\$ 945,272	\$ 2,386,665	\$ -	\$ 318,506	\$ 3,650,443
Pledged revenues for bond	-	-	1,097,758	-	1,097,758
Interest income	14,984	37,232	39,015	-	91,231
Miscellaneous	1,058	57,528	85	-	58,671
	<u>961,314</u>	<u>2,481,425</u>	<u>1,136,858</u>	<u>318,506</u>	<u>4,898,103</u>
<b>OPERATING EXPENSES</b>					
Salaries and benefits	148,425	206,709	277,762	-	632,896
Operating supplies	35,174	86,026	54,488	-	175,688
Insurance	18,476	28,554	18,476	-	65,506
Bad debts	-	12,153	-	-	12,153
Other purchased services	180,367	1,630,185	168,665	318,506	2,297,723
Interest expense	3,576	-	44,588	-	48,164
Depreciation	137,095	141,414	447,690	-	726,199
	<u>523,113</u>	<u>2,105,041</u>	<u>1,011,669</u>	<u>318,506</u>	<u>3,958,329</u>
<b>NET INCOME (LOSS)</b>	438,201	376,384	125,189	-	939,774
<b>TRANSFERS OUT</b>	-	(295,000)	-	-	(295,000)
<b>CHANGE IN NET POSITION</b>	<u>438,201</u>	<u>81,384</u>	<u>125,189</u>	<u>-</u>	<u>644,774</u>
<b>BEGINNING NET POSITION</b>	<u>4,231,315</u>	<u>3,408,021</u>	<u>7,897,118</u>	<u>-</u>	<u>15,536,454</u>
<b>ENDING NET POSITION</b>	<u><u>\$ 4,669,516</u></u>	<u><u>\$ 3,489,405</u></u>	<u><u>\$ 8,022,307</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,181,228</u></u>



**CITY OF SODA SPRINGS, IDAHO**  
**COMBINED STATEMENT OF CASH FLOWS ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Water Fund	Power Fund	Sewer Fund	Nonmajor Garbage Fund	Total Proprietary Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from revenues	\$ 956,491	\$ 2,489,472	\$ 1,129,306	\$ 343,377	\$ 4,918,646
Cash paid to suppliers	(237,593)	(1,752,114)	(286,217)	(329,096)	(2,605,020)
Cash paid to employees	(133,343)	(189,504)	(262,273)	-	(585,120)
Net cash provided by operating activities	585,555	547,854	580,816	14,281	1,728,506
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Repayment of interfund loan	-	34,788	-	-	34,788
Notes issued	-	(300,000)	-	-	(300,000)
Purchase of investments	-	-	(64,562)	(9,594)	(74,156)
Proceeds from sale of investments	67,205	145,434	-	-	212,639
Net cash used in investing activities	67,205	(119,778)	(64,562)	(9,594)	(126,729)
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Transfers to other funds	-	(295,000)	-	-	(295,000)
Net cash used in financing activities	-	(295,000)	-	-	(295,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from notes	300,000	-	-	-	300,000
Principal payment on long-term debt	(26,051)	-	(257,536)	-	(283,587)
Capital expenditures	(873,431)	(10,550)	(59,022)	-	(943,003)
Net cash used in financing activities	(599,482)	(10,550)	(316,558)	-	(926,590)
<b>NET CHANGE IN CASH</b>	53,278	122,526	199,696	4,687	380,187
<b>BEGINNING CASH</b>	151,834	341,318	296,486	-	789,638
<b>ENDING CASH</b>	\$ 205,112	\$ 463,844	\$ 496,182	\$ 4,687	\$ 1,169,825
<b>PRESENTED IN FINANCIALS AS:</b>					
Cash and cash equivalents	\$ 205,112	\$ 415,145	\$ 359,933	\$ 4,687	\$ 984,877
Restricted assets - cash	-	48,699	136,249	-	184,948
	\$ 205,112	\$ 463,844	\$ 496,182	\$ 4,687	\$ 1,169,825
<b>RECONCILIATION OF NET INCOME TO NET</b>					
<b>NET INCOME (LOSS)</b>	\$ 438,201	\$ 376,384	\$ 125,189	\$ -	\$ 939,774
<b>ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Depreciation	137,095	141,414	447,690	-	726,199
Pension deferrals-net	(21,045)	(24,052)	(42,090)	-	(87,187)
(Increase) decrease in assets					
Accounts receivable	(4,823)	(1,099)	(7,552)	10,590	(2,884)
Increase (decrease) in liabilities					
Accounts payable	-	4,804	-	(10,590)	(5,786)
Payroll liabilities	2,670	3,239	3,970	-	9,879
Net pension liability	32,253	36,861	64,507	-	133,621
Deposits	-	9,146	-	-	9,146
Unearned revenue	-	-	-	14,281	14,281
Accrued compensated absences	1,204	1,157	(10,898)	-	(8,537)
Total adjustments	147,354	171,470	455,627	14,281	788,732
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 585,555	\$ 547,854	\$ 580,816	\$ 14,281	\$ 1,728,506

NONCASH TRANSACTIONS: The water fund acquired capital assets through accounts payable for \$227,704.

## CITY OF SODA SPRINGS, IDAHO

### 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.



## CITY OF SODA SPRINGS, IDAHO

### 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.

E. 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.

F. 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.



CITY OF SODA SPRINGS, IDAHO

NOTES TO FINANCIAL STATEMENTS (PAGE 5 OF 17)

**NOTE 1 - Summary of Significant Accounting Policies (continued)**

G. Intergovernmental Receivables

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

H. 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.

I. 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

J. 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.

K. Accounts Payable and Other Liabilities

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

L. 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.

M. 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.



CITY OF SODA SPRINGS, IDAHO

NOTES TO FINANCIAL STATEMENTS (PAGE 6 OF 17)

**NOTE 1 - Summary of Significant Accounting Policies (continued)**

N. 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.

O. 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.

P. 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:

CITY OF SODA SPRINGS, IDAHO

NOTES TO FINANCIAL STATEMENTS (PAGE 7 OF 17)

NOTE 1 - Summary of Significant Accounting Policies (continued)

P. 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.

Q. 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.

R. 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.

S. 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.



## CITY OF SODA SPRINGS, IDAHO

### 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	48,699
Sewer fund debt payment reserve	136,249
Total	<u>\$ 195,673</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, 2020, the City had uninsured and uncollateralized deposits amounting to \$750,107.

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:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>			
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Certificates of Deposit	\$ 3,413,592	\$ 1,229,631	\$ 2,183,961	\$ -
Diversified Bond Fund	425,473	-	425,473	-
Total	<u>\$ 3,839,065</u>	<u>\$ 1,229,631</u>	<u>\$ 2,609,434</u>	<u>\$ -</u>

**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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Unrated</u>
Certificates of Deposit	\$ 3,413,592	\$ -	\$ -	\$ -	\$ 3,413,592
Diversified Bond Fund	425,473	-	-	-	425,473
Total	<u>\$ 3,839,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,839,065</u>

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	\$ 425,473	\$ -	\$ -	\$ 425,473
Certificates of deposit	-	3,413,592	-	3,413,592
Total	<u>\$ 425,473</u>	<u>\$ 3,413,592</u>	<u>\$ -</u>	<u>\$ 3,839,065</u>

**NOTE 6 - Intergovernmental Receivables**

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

	General Fund	Street Fund	Total
State revenue sharing	\$ 59,638	\$ -	\$ 59,638
State liquor dispensary	9,922	-	9,922
Franchise fees	2,618	-	2,618
Customer credit memos	(654)	-	(654)
Highway user revenue	-	38,449	38,449
	<u>\$ 71,524</u>	<u>\$ 38,449</u>	<u>\$ 109,973</u>

**NOTE 7 - Changes in General Fixed Assets**

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

	Balance 10/1/2019	Additions	Deletions	Balance 9/30/2020
Land	\$ 506,636	\$ -	\$ -	\$ 506,636
Land improvements	1,856,916	393,472	-	2,250,388
Buildings	2,076,356	20,776	-	2,097,132
Automobile and truck	1,544,713	75,484	-	1,620,197
Equipment and other	1,222,107	86,154	(8,023)	1,300,238
Construction in process	416,557	139,603	(328,130)	228,030
	<u>\$ 7,623,285</u>	<u>\$ 715,489</u>	<u>\$ (336,153)</u>	<u>\$ 8,002,621</u>
Accumulated depreciation				
Land improvements	\$ (916,807)	\$ (84,678)	\$ -	\$ (1,001,485)
Buildings	(740,601)	(47,144)	-	(787,745)
Automobile and truck	(982,948)	(49,362)	-	(1,032,310)
Equipment and other	(919,255)	(53,623)	-	(972,878)
	<u>(3,559,611)</u>	<u>(234,807)</u>	<u>-</u>	<u>(3,794,418)</u>
	<u>\$ 4,063,674</u>	<u>\$ 480,682</u>	<u>\$ (336,153)</u>	<u>\$ 4,208,203</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 10/1/2019	Additions	Deletions	Balance 9/30/2020
Land	\$ 163,783	\$ -	\$ -	\$ 163,783
Buildings	127,322	-	-	127,322
Wastewater plant	13,575,576	-	-	13,575,576
Water and sewer system improvements	6,522,812	219,950	-	6,742,762
Electrical systems	5,488,288	4,805	-	5,493,093
Automobiles and trucks	1,169,178	-	-	1,169,178
Machinery and equipment	575,817	41,038	(11,277)	605,578
Construction in progress	1,353,800	1,107,403	(202,491)	2,258,712
	<u>\$28,976,576</u>	<u>\$ 1,373,196</u>	<u>\$ (213,768)</u>	<u>\$ 30,136,004</u>
Accumulated depreciation				
Buildings	\$ (79,541)	\$ (4,503)	\$ -	\$ (84,044)
Wastewater plant	(3,001,618)	(329,490)	-	(3,331,108)
Water and sewer system improvements	(2,862,972)	(405,641)	-	(3,268,613)
Electrical systems	(3,870,566)	-	113,802	(3,756,764)
Automobiles and trucks	(657,070)	(74,487)	-	(731,557)
Machinery and equipment	(469,193)	(25,878)	11,277	(483,794)
	<u>(10,940,960)</u>	<u>(839,999)</u>	<u>125,079</u>	<u>(11,655,880)</u>
	<u>\$18,035,616</u>	<u>\$ 533,197</u>	<u>\$ (88,689)</u>	<u>\$ 18,480,124</u>

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

General government	\$ 107,533
Street	52,165
Cultural and recreation	52,217
Airport	22,892
	<u>\$ 234,807</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 \$25,000 to the Recreation fund and \$120,000 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 June 4, 2021, 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. \$ 142,014

**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. 166,746

**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%. 300,000

**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. 1,352,736

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. 4,164,551

Total \$ 6,126,047

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
2021	35,276	2,169	385,717	49,455	420,993	51,624
2022	35,769	1,675	391,207	43,963	426,976	45,638
2023	36,270	1,174	396,844	38,328	433,114	39,502
2024	34,699	828	239,869	32,628	274,568	33,456
2025	-	-	242,201	30,296	242,201	30,296
2026-2030	-	-	1,247,008	115,477	1,247,008	115,477
2031-2035	-	-	1,313,928	48,556	1,313,928	48,556
2036-2040	-	-	869,028	789	869,028	789
2041-2045	-	-	816,580	-	816,580	-
2046	-	-	81,651	-	81,651	-
	<u>\$ 142,014</u>	<u>\$ 5,846</u>	<u>\$ 5,984,033</u>	<u>\$ 359,492</u>	<u>\$6,126,047</u>	<u>\$ 365,338</u>

	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2020	Amounts Due Within One Year
Governmental Activities:					
Net pension liability	\$ 318,477	\$ 327,139	\$ -	\$ 645,616	\$ -
Interfund note payable	176,802	-	(34,788)	142,014	35,275
Compensated absences	66,729	74,058	(87,378)	53,409	53,409
Total general long-term debt	<u>\$ 562,008</u>	<u>\$ 401,197</u>	<u>\$ (122,166)</u>	<u>\$ 841,039</u>	<u>\$ 88,684</u>

# CITY OF SODA SPRINGS, IDAHO

## NOTES TO FINANCIAL STATEMENTS (PAGE 13 OF 17)

### NOTE 11 Long-term Debt - continued

	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2020	Amounts Due Within One Year
Business-type Activities:					
DEQ notes payable	\$ 5,748,772	\$ -	\$ (231,485)	\$ 5,517,287	\$ 233,594
Interfund note payable	-	300,000	-	300,000	98,319
Capital lease payable	218,885	-	(52,139)	166,746	53,804
Net pension liability	130,082	133,621	-	263,703	-
Compensated absences	37,429	21,864	(30,401)	28,892	28,892
	<u>\$ 6,135,168</u>	<u>\$ 455,485</u>	<u>\$ (314,025)</u>	<u>\$ 6,276,628</u>	<u>\$ 414,609</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](http://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 16)**

**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, 2020 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% general employees and 11.66% for police and firefighters. The City of Soda Springs's contributions were \$167,952 for the year ended September 30, 2020.

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

At September 30, 2020, 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, 2020, 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, 2020, the City's proportion was .0391588 percent.

For the year ended September 30, 2020, the City of Soda Springs recognized pension expense of \$328,065. At September 30, 2020, 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	\$ 71,046	\$ 29,691
Changes in assumptions or other inputs	15,378	-
Net difference between projected and actual earnings on pension plan investments	104,225	-
City of Soda Springs's contributions subsequent to the measurement date	44,096	-
Total	\$ 234,745	\$ 29,691

An amount of \$44,096 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, 2021.

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, 2019 the beginning of the measurement period ended June 30, 2019 is 4.8 and 4.8 years for the measurement period June 30, 2020.

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:

2021	\$ 2,937
2022	38,304
2023	51,988
2024	67,729
2025	-



## 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, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses
Cost-of-living adjustments	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2013, through June 30, 2017, which reviewed all economic and demographic assumptions other than mortality. The Total Pension Liability as of June 30, 2020 is based on the results of an actuarial valuation date of July 1, 2020.

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.

**CITY OF SODA SPRINGS, IDAHO**

**NOTES TO FINANCIAL STATEMENTS (PAGE 16 OF 17)**

**NOTE 12** Pension Disclosures - continued

		Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	Barclays Aggregate	30.00%	2.80%	0.55%
Broad US Equities	Wilshire 5000/Russell 3000	55.00%	8.55%	6.30%
Developed Foreign Equities	MSCI EAFE/World ex US	15.00%	8.70%	6.45%
Assumed Inflation - Mean			2.25%	2.25%
Assumed Inflation - Standard Deviation			1.50%	1.50%
Portfolio Arithmetic Mean Return			6.85%	4.60%
Portfolio Standard Deviation			12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return			6.25%	3.89%
Assumed Investment Expenses			0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses			5.85%	3.49%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses				4.14%
Portfolio Standard Deviation				14.16%

**Valuation Assumptions Chosen by PERSI Board**

Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.05%
Assumed Inflation	3.00%
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>	<b>7.05%</b>

*Discount Rate*

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

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net pension liability (asset)	\$ 1,864,764	\$ 909,319	\$ 119,322

CITY OF SODA SPRINGS, IDAHO

NOTES TO FINANCIAL STATEMENTS (PAGE 17 OF 17)

**NOTE 12** Pension Disclosures - continued

*Pension plan fiduciary net position*

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

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

*Payables to the pension plan*

At September 30, 2020, 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.

**NOTE 13** Prior Period Adjustment

During the year, the City discovered that the prior year payroll liabilities were understated by \$17,051. The prior period adjustment decreased net position by \$17,051 in the Statement of Activities in the Governmental activities. The prior period adjustment also decreased the General Fund's fund balance in the Statement of Revenue, Expenses, and Changes in Fund Balances by \$17,051.



## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SODA SPRINGS, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources				
Taxes	\$ 793,091	\$ 793,091	\$ 765,178	\$ (27,913)
Licenses and permits	20,625	20,625	17,803	(2,822)
Intergovernmental revenue	304,350	304,350	324,411	20,061
Miscellaneous	38,508	38,508	89,473	50,965
Amounts available for appropriations	<u>1,156,574</u>	<u>1,156,574</u>	<u>1,196,865</u>	<u>40,291</u>
Charges to appropriations				
Legal and administration	18,837	18,837	12,470	6,367
Executive administration	8,712	8,712	3,334	5,378
Financial administration	72,110	72,110	38,393	33,717
Legal expenses	12,320	45,400	41,619	3,781
Planning and zoning	15,500	15,500	1,543	13,957
Public and community relations	23,400	23,400	18,206	5,194
Other general government	35,000	35,000	42,555	(7,555)
Enforcement and protection	784,400	784,400	740,127	44,273
Fire control and prevention	125,345	125,345	105,011	20,334
Building and housing inspection	7,000	7,000	3,644	3,356
Animal control	18,600	18,600	19,400	(800)
Clean up	15,180	15,180	13,791	1,389
Weed control	8,955	8,955	2,530	6,425
Parks department	325,230	325,230	147,832	177,398
Total expenditures	<u>1,470,589</u>	<u>1,503,669</u>	<u>1,190,455</u>	<u>313,214</u>
Excess revenues (expenditures)	(314,015)	(347,095)	6,410	353,505
Other financing sources (uses)				
Transfers in	295,000	295,000	295,000	-
Transfers out	<u>(145,000)</u>	<u>(145,000)</u>	<u>(145,000)</u>	<u>-</u>
Total financing sources (uses)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net change in fund balance			156,410	
Beginning fund balance			1,397,809	
Prior Period Adjustment			<u>(17,051)</u>	
Ending fund balance			<u>\$ 1,537,168</u>	

**CITY OF SODA SPRINGS, IDAHO**  
**BUDGETARY COMPARISON SCHEDULE**  
**STREET FUND**  
**YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources				
Taxes	\$ 103,000	\$ 103,000	\$ 100,796	\$ (2,204)
Intergovernmental revenues	190,600	190,600	192,876	2,276
Miscellaneous revenue	101,500	101,500	13,279	(88,221)
	<u>395,100</u>	<u>395,100</u>	<u>306,951</u>	<u>(88,149)</u>
Expenditures				
Highway Street and road construction	436,620	436,620	185,275	251,345
Equipment repairs	37,348	37,348	17,165	20,183
Highway, street, & road maintenance	301,046	301,046	125,633	175,413
Snow and ice control	42,306	42,306	32,539	9,767
	<u>817,320</u>	<u>817,320</u>	<u>360,612</u>	<u>456,708</u>
Excess revenues (expenditures)			(53,661)	
Beginning fund balance			<u>475,059</u>	
Ending fund balance			<u>\$ 421,398</u>	



**CITY OF SODA SPRINGS**  
**SEPTEMBER 30, 2020**

**Schedule of Employer's Share of Net Pension Liability**

**PERSI – Base Plan**  
**Last 10 – Fiscal Years \***

	2020	2019	2018	2017	2016	2015
Employer's portion of net the pension liability	0.0391588%	0.0392965%	0.0403579%	0.0442074%	0.0427001%	0.0455105%
Employer's proportionate share of the net pension liability	\$ 909,319	\$ 448,559	\$ 595,286	\$ 671,172	\$ 896,152	\$ 599,299
Employer's covered-employee payroll	\$ 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	65.15%	33.91%	46.25%	51.06%	69.41%	47.43%
Plan fiduciary net position as a percentage of the total pension liability	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, 2020 (measurement date).

**Schedule of Employer Contributions**

**PERSI – Base Plan**  
**Last 10 – Fiscal Years \***

	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 167,952	\$ 155,864	\$ 146,046	\$ 150,266	\$ 153,403	\$ 143,260
Contributions in relation to the statutorily required contribution	167,952	155,864	146,046	150,266	153,403	143,260
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 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	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, 2020.

**CITY OF SODA SPRINGS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2020**

**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, 2020**

	Airport	Insurance	Recreation	Greater Soda Springs Development Fund	Total Non-major Funds
<b>ASSETS</b>					
Cash	\$ 10,354	\$ 1,089	\$ 38,233	\$ 6,967	\$ 56,643
Investments	21,194	2,230	78,256	14,261	115,941
Taxes Receivable	450	664	1,124	-	2,238
	<u>\$ 31,998</u>	<u>\$ 3,983</u>	<u>\$ 117,613</u>	<u>\$ 21,228</u>	<u>\$ 174,822</u>
<b>LIABILITIES</b>					
Payroll liabilities	\$ 32	\$ -	\$ 957	\$ -	\$ 989
	32	-	957	-	989
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned Property Taxes	357	527	892	-	1,776
<b>FUND BALANCE</b>					
Restricted for:					
Airport	31,609	-	-	-	31,609
Insurance	-	3,456	-	-	3,456
Culture and recreation	-	-	115,764	-	115,764
Economic development	-	-	-	21,228	21,228
	<u>31,609</u>	<u>3,456</u>	<u>115,764</u>	<u>21,228</u>	<u>172,057</u>
	<u>\$ 31,998</u>	<u>\$ 3,983</u>	<u>\$ 117,613</u>	<u>\$ 21,228</u>	<u>\$ 174,822</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, 2020**

	<u>Airport</u>	<u>Insurance</u>	<u>Recreation</u>	<u>Greater Soda Springs Development Fund</u>	<u>Total Non-major Funds</u>
<b>REVENUES</b>					
Property Taxes	\$ 9,982	\$ 14,957	\$ 24,955	\$ -	\$ 49,894
Intergovernmental Revenues	-	1,976	-	-	1,976
Charges for Services and Other	9,695	-	25,673	-	35,368
Rent and lease income	3,621	-	-	-	3,621
Interest earned	924	9	3,823	655	5,411
	<u>24,222</u>	<u>16,942</u>	<u>54,451</u>	<u>655</u>	<u>96,270</u>
<b>EXPENDITURES</b>					
General Government	-	17,476	-	-	17,476
Airport	18,687	-	-	-	18,687
Culture and Recreation	-	-	80,679	-	80,679
Capital Outlay	-	-	1,763	-	1,763
	<u>18,687</u>	<u>17,476</u>	<u>82,442</u>	<u>-</u>	<u>118,605</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	5,535	(534)	(27,991)	655	(22,335)
<b>BEGINNING FUND BALANCE</b>	26,074	3,990	118,755	20,573	169,392
<b>TRANSFERS</b>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
<b>ENDING FUND BALANCE</b>	<u><u>\$ 31,609</u></u>	<u><u>\$ 3,456</u></u>	<u><u>\$ 115,764</u></u>	<u><u>\$ 21,228</u></u>	<u><u>\$ 172,057</u></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, 2020, 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 June 4, 2021.

**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.

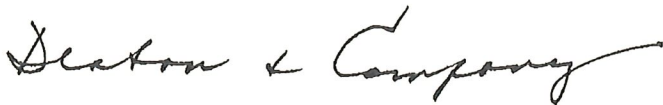
**Compliance and Other Matters**

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 cursive script that reads "Seaton & Company". The signature is written in dark ink and is positioned above the date and location text.

Pocatello, Idaho  
June 4, 2021