

CITY OF PONDERAY

AUDITED FINANCIAL STATEMENTS, REQUIRED SUPPLEMENTARY
INFORMATION, AND OTHER SUPPLEMENTARY INFORMATION

Year Ended September 30, 2022

Prepared by

ANDERSONBROS.CPA

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CITY OF PONDERAY, IDAHO

ORGANIZATION

MAYOR

Steve Geiger

CITY COUNCIL

Phil McNearney
Rick Larkin
Brenda Thompson
Brad Mitton

CITY CLERK/TREASURER

Stephanie Peterson

POLICE CHIEF

Jimmy Cornelius

CITY PLANNER

Erik Brubaker

CITY ATTORNEY

Louis Marshall

BASIC FINANCIAL STATEMENTS



1810 E Schneidmiller Ave. Ste. 310
Post Falls, Idaho 83854
208-777-1099

INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Ponderay, Idaho

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Ponderay, Idaho, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Ponderay, Idaho and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Ponderay, Idaho ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Ponderay, Idaho's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Ponderay, Idaho's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of City's Share of Net Pension Liability and the Schedule of City's Contributions, and the budgetary comparison information as 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.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ponderay, Idaho's basic financial statements. The accompanying detailed statement of revenues, expenditures, and changes in fund balances is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing

and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the detailed statement of revenues, expenditures, and changes in fund balances is 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 a report dated December 12, 2023, on our consideration of the City of Ponderay, 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 the 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 Ponderay, Idaho's internal control over financial reporting and compliance.



Anderson Bros. CPAs
Post Falls, Idaho
December 12, 2023

CITY OF PONDERAY
Statement of Net Position
September 30, 2022

	Government Activities
ASSETS	
Cash & Investments	\$ 7,243,624
Cash & Investments - Restricted	1,691,507
Accounts Receivable	
Property Taxes	42,593
Interest Receivable	9,312
Grants Receivable	123,449
Other Receivables	459,294
Prepaid Expenses	59,320
Capital Assets	
Land	4,745,612
Construction in Progress	2,924,798
Depreciable Capital Assets, net	3,225,188
Total Assets	20,524,697
DEFERRED OUTFLOWS OF RESOURCES	
PERSI Pension Plan	467,289
Total Deferred Outflows of Resources	467,289
LIABILITIES	
Accounts Payable	64,505
Payroll Liabilities	40,190
Compensated Absences	48,854
Deferred Grant Revenue	155,102
Net Pension Liability	821,560
Capital Lease Payable (net of current portion)	-
Total Liabilities	1,130,211
DEFERRED INFLOWS OF RESOURCES	
PERSI Pension Plan	4,238
Total Deferred Inflows of Resources	4,238
NET POSITION	
Net Investment in Capital Assets	10,895,598
Restricted - Impact Fees	1,691,507
Unrestricted	7,270,432
Total Net Position	\$ 19,857,537

See accompanying notes to financial statements and independent auditors' report.

CITY OF PONDERAY
Statement of Activities
Year Ended September 30, 2022

Functions/Programs	Program Revenues			Net (Expenses)	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Revenues and Changes in Net Position Governmental Activities
Governmental Activities					
General Government	\$ 577,734	\$ 288,641	\$ 203,973	\$ -	\$ (85,120)
Planning and Zoning	593,812	-	-	142,542	(451,270)
Law Enforcement	799,603	-	2,250	-	(797,353)
Highways and Streets	304,419	-	-	124,433	(179,986)
Total Governmental Activities	2,275,568	288,641	206,223	266,975	(1,513,729)
Total Primary Government	\$ 2,275,568	\$ 288,641	\$ 206,223	\$ 266,975	(1,513,729)
General Revenues:					
					1,069,013
					446,049
					29,016
					7,787
					4,623,907
					48,633
					20,241
					42,914
					6,287,560
					4,773,831
					14,826,640
					257,066
					\$ 19,857,537

See accompanying notes to financial statements and independent auditors' report.

CITY OF PONDERAY
Balance Sheet
Governmental Funds
September 30, 2022

	General Fund	Street Fund	Total
ASSETS			
Cash & Investments	\$ 6,333,630	\$ 909,994	\$ 7,243,624
Cash & Investments - Restricted	1,208,721	482,786	1,691,507
Receivables:			
Property Taxes	42,593	-	42,593
Interest Receivable	9,312	-	9,312
Grants Receivable	123,449	-	123,449
Other Government Receivables	433,206	26,088	459,294
Prepaid Expenses	59,320	-	59,320
Due From Other Funds	1,010,203	-	1,010,203
Total Assets	<u>\$ 9,220,434</u>	<u>\$ 1,418,868</u>	<u>\$ 10,639,302</u>
LIABILITIES			
Accounts Payable	\$ 64,505	\$ -	\$ 64,505
Payroll Liabilities	40,190	-	40,190
Due to Other Funds	-	1,010,203	1,010,203
Deferred Grant Revenue	155,102	-	155,102
Total Liabilities	<u>259,797</u>	<u>1,010,203</u>	<u>1,270,000</u>
DEFERRED INFLOW OF RESOURCES			
Unavailable Revenue - Property Taxes	32,304	-	32,304
Total Deferred Inflow of Resources	<u>32,304</u>	<u>-</u>	<u>32,304</u>
FUND BALANCES (DEFICITS)			
Nonspendable:			
Prepaid Expenses	59,320	-	59,320
Restricted:			
Impact Fees	1,208,721	482,786	1,691,507
Committed:	-	-	-
Assigned:			
SPOT Transit System	75,000	-	75,000
Unassigned	7,585,292	(74,121)	7,511,171
Total Fund Balances	<u>8,928,333</u>	<u>408,665</u>	<u>9,336,998</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 9,220,434</u>	<u>\$ 1,418,868</u>	<u>\$ 10,639,302</u>

See accompanying notes to financial statements and independent auditors' report.

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

Total fund balances at September 30, 2022 - Governmental Funds		\$ 9,336,998
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:		
Cost of capital assets at September 30, 2022	12,984,793	
Less: Accumulated depreciation as of September 30, 2022	<u>(2,089,195)</u>	10,895,598
Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and therefore, are not reported in the funds:		
Deferred outflows of resources-pension plan		467,289
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:		
Elimination of unavailable revenue - property taxes		32,304
Deferred inflows of resources represent an acquisition of fund equity that will be recognized as an inflow of resources in a future period and therefore, are not reported in the funds:		
Deferred inflows of resources-pension plan		(4,238)
Some liabilities are not due and payable in the current period and therefore, are not reported in the funds. Those liabilities consist of:		
Net Pension Liability	(821,560)	
Compensated absences	<u>(48,854)</u>	<u>(870,414)</u>
Net position of governmental activities at September 30, 2022:		<u>\$ 19,857,537</u>

See accompanying notes to financial statements and independent auditors' report.

CITY OF PONDERAY
Combined Statement of Revenues, Expenditures, and Changes in
Fund Balances - All Governmental Fund Types
Year Ended September 30, 2022

	General Fund	Street Fund	Total
Revenues:			
Property Taxes	\$ 1,071,970	\$ 659	\$ 1,072,629
Bed Tax	446,049	-	446,049
Penalties, Interest & Fines	28,145	871	29,016
Rents	7,787	-	7,787
Other Governmental	4,410,564	213,343	4,623,907
Licenses & Permits	288,641	-	288,641
Franchise Fees	-	48,633	48,633
Interest Earnings	20,236	5	20,241
Grant Income	348,765	124,433	473,198
Other	42,914	-	42,914
Total Revenues	6,665,071	387,944	7,053,015
Expenditures:			
Current:			
General Government	433,221	-	433,221
Planning and Zoning	547,879	-	547,879
Law Enforcement	757,282	-	757,282
Highways and Streets	-	146,054	146,054
Capital Outlay	3,596,903	168,371	3,765,274
Total Expenditures	5,335,285	314,425	5,649,710
Excess (Deficiency) of Revenues Over Expenditures	1,329,786	73,519	1,403,305
Other Financing Sources (Uses):			
Transfers	-	-	-
Total Other Sources (Uses)	-	-	-
Net Change in Fund Balance	1,329,786	73,519	1,403,305
Fund Balance - October 1	7,341,481	335,146	7,676,627
Prior Period Adjustment, see Note 9	257,066	-	257,066
Fund Balance - September 30	\$ 8,928,333	\$ 408,665	\$ 9,336,998

See accompanying notes to financial statements and independent auditors' report.

City of Ponderay
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2022

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

Net Change in Fund Balances - Total Governmental Funds	\$ 1,403,305
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital Outlay	3,767,556
Depreciation	(263,064)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred Tax	(3,616)
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The issuance of long-term debt (e.g., bonds, leased) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Capital Lease - Principal Payments	-
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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 the governmental funds.

(Increase)/ Decrease in Compensated Absence Liability	(3,073)
Decrease in PERSI Contributions	99,242
Increase in Pension Plan Expenses	<u>(226,519)</u>

The net pension effect related to the pension expense recognized for the year.	<u>(130,350)</u>
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Change in net position of governmental activities	<u><u>\$ 4,773,831</u></u>
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See accompanying notes to financial statements and independent auditors' report.

CITY OF PONDERAY
Notes to the Financial Statements
September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements present the activities of the City of Ponderay. The City's combined financial statements include the accounts of all City operations.

Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements - The statement of net position and the statement of activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements present the *governmental activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements - The fund financial statements provide information about the City's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The City has no other governmental funds, so no non-major funds are presented.

The City reports the following major governmental funds:

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Street Fund – This fund accounts for the financial resources of the City as they relate to the maintenance and operation of the streets within the City.

Measurement Focus, Basis of Accounting

Government-wide Fund Financial Statements - The government-wide fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

See accompanying independent auditors' report.

CITY OF PONDERAY
Notes to the Financial Statements
September 30, 2022

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Major Funds

Generally accepted accounting principles require that the general fund be reported as a major fund. In addition, major funds include all other government funds whose total assets, liabilities, revenues, or expenditures are at least 10% or more of the total for all government funds. Accordingly, the City reports the following major government funds:

General Fund
Street Fund

Assets, Liabilities, and Equity

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the City Treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at September 30, 2022 based on market prices. The individual funds' portions of the pool's fair value are presented as part of "Cash and Investments". Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the average daily balance of each participating fund.

Cash and Cash Equivalents

Because the State Investment Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

Receivables and Payables

The City records real and personal property taxes as they are assessed, not as collected. Cancellations and uncollectible taxes for this and prior years were minimal, thus no allowance for uncollectible taxes is necessary.

Receivables for federal and State grants, Federal revenue sharing entitlements and State, County and local shared revenue are recorded as revenue in all fund types as measurable and available.

Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" or "interfund balances".

Inventories and Prepaid Items

The inventories of the City are stated at lower of cost or market value. The City uses the purchase method. Under the purchase method, purchases of inventories are recognized as expenditures when the goods are received and the transaction is vouchered. Because on-hand materials and supplies of the City are not considered significant, no amount is reflected on the balance sheet and no portion of fund balance is reserved.

See accompanying independent auditors' report.

CITY OF PONDERAY
Notes to the Financial Statements
September 30, 2022

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

	Prepaid Expenses
Liability Insurance	\$ 16,273
Workers Compensation Insurance	21,659
Medical & Dental Insurance	17,294
BNSF Railway	3,720
Other Prepaid Expenses	374
Total	\$ 59,320

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation.

General infrastructure assets acquired after September 30, 2003 consist of the road network assets that were acquired or that received substantial improvements subsequent to September 30, 2003 and are reported at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	30 – 50
Buildings	10 – 40
Vehicles	5 – 20
Office Equipment	5 – 30
Equipment	3 – 20

Leases

Leases, which meet certain criteria established by the Financial Accounting Standards Board, are classified as capital leases, and the assets and related liabilities are recorded at amounts equal to the lesser of the present value of minimum lease payments or the fair value of the leased property at the beginning of the respective lease term. Leases, which do not meet the criteria of a capital lease, are classified as operating leases.

Deferred Outflows/Inflows of Resources

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

See accompanying independent auditors' report.

CITY OF PONDERAY
Notes to the Financial Statements
September 30, 2022

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.

Compensated Absences

Employees eligible for leave include full-time equivalent employees that have been employed by the City for six months.

After the first year of employment, a full-time equivalent employee accrues six (6) days of vacation leave per year. During the second through tenth years of employment, an employee accrues 12 days per year. During the eleventh through fifteenth years of employment, an employee accrues 18 days per year, and after fifteen years of employment, 24 days per year. The maximum of unused vacation leave a full time employee may accumulate is their normal annual accumulation per above schedule, plus six days. Upon termination of employment from the City, an employee will be paid for unused vacation leave not to exceed the maximum accruals. The liability for accumulated vacations (\$48,854 at September 30, 2022) for governmental fund types, which represents normal accumulations, has been recorded in the government-wide statement of net position.

The City's sick leave policy permits the accumulation of sick leave for all full-time equivalent employees at the rate of one (1) day per month.

Employees are not paid for unused sick days upon termination of employment. Accordingly, sick pay is charged to expenditures when taken. No provision has been made in the financial statements for unused sick leave.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a committed (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

The City Council is the highest level of decision-making authority of the government that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

See accompanying independent auditors' report.

CITY OF PONDERAY
Notes to the Financial Statements
September 30, 2022

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Mayor or Council may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Fund balances are classified as follows:

Nonspendable—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

Committed—Amounts that can be used only for specific purposes determined by a formal action by City Council's ordinance or resolution. This includes the budget reserves account.

Assigned—Amounts that are designated by the Mayor for a specific purpose but are not spendable until a budget ordinance is passed by the City Council.

Unassigned—All amounts not included in other spendable classifications.

Net Position Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Property Taxes

Property taxes are levied each November and attach as an enforceable lien on property. The levy is based on the assessed value listed as of the prior September for all property located within the City and is assessed by the County Assessor. They are payable in two installments due by December 20 and June 20 of the following year. The taxes are collected for and remitted to the City by Bonner County.

In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent that they are collected within 60 days of year-end, in accordance with the modified accrual basis of accounting. Receivables collectible after the 60-day date are reflected in the fund financial statements as unavailable revenue. In the government-wide financial statements property taxes are recorded as revenue in the period levied, in accordance with the accrual basis of accounting.

Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

See accompanying independent auditors' report.

CITY OF PONDERAY
Notes to the Financial Statements
September 30, 2022

Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City participates in the Idaho Counties Risk Management Program (ICRMP) to provide general liability, property insurance, and public officials' insurance. The City, along with other participating entities, contributes annual amounts determined by ICRMP management. As claims arise they are submitted to and paid by ICRMP. The City obtains workman's compensation insurance through the Idaho State Insurance Fund. The workman's compensation insurance premium is calculated based on accident history and administrative costs.

Use of Estimates

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

Extraordinary and Special Items

Extraordinary items are transactions that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. There were no special items or extraordinary items recorded during fiscal year September 30, 2022.

NOTE 2 – DEPOSITS AND INVESTMENT BALANCES

Summary of Deposit and Investment Balances

General

State statutes authorize the City's investments. The City of Ponderay is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled and operating within the U.S. which have at their purchase an "A" rating or higher, government pool and money market funds consisting of any of these securities listed. No violations of these categories have occurred.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk as it deposits funds in financial institutions that are members of the U.S. Federal Deposit Insurance Corporation (FDIC) and has never experienced such a loss.

As of September 30, 2022, the City's deposits were exposed to custodial credit risk as follows:

<i>Deposits without exposure to custodial credit risk:</i>	
Amount insured by FDIC or other agencies	\$ 250,000
Total deposits without exposure to custodial credit risk	<u>250,000</u>
<i>Deposits with exposure to custodial credit risk:</i>	
Amount collateralized with securities held in trust, but not in City's name	5,416,145
Amounts uninsured-exposed to custodial credit risk	3,426,412
Total deposits with exposure to custodial credit risk	<u>8,842,557</u>
Total bank balance (deposits)	<u>\$ 9,092,557</u>

See accompanying independent auditors' report.

CITY OF PONDERAY
Notes to the Financial Statements
September 30, 2022

The carrying amount is displayed as follows in the financial statements:

Statement of net position	
Cash and investments	7,243,624
Restricted cash and investments	1,691,507
	\$ 8,935,131

Cash and investments at September 30, 2022, consist of the following:

Cash	
Deposits with financial institutions	\$ 3,843,382
Petty cash on hand	-
Cash equivalents	
Deposits with Idaho state investment pool	5,091,749
	\$ 8,935,131

State Investment Pool

Investments in 2a7-like pools are valued based upon the value of pool shares. The City invests in one 2a7-like pool, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The State Investment Pool is duly chartered and administered by the State Treasurer's Office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements. The pool does not include any involuntary participants.

Investments for the City are reported at fair value. Accordingly, the balances that the City has in the State Investment Pool are carried at fair value pursuant to GASB 31, and calculated on a monthly basis. The City's portion of the State Investment Pool had an unrealized loss of \$8,824 as of September 30, 2022. The unrealized gain was based on a fair market value adjustment factor of 0.9981 that was calculated by the State of Idaho's Treasurer's Office.

GASB Statement No. 40 requires the City to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. Credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. The City's exposure to credit risk is not available.

See accompanying independent auditors' report.

CITY OF PONDERAY
Notes to the Financial Statements
September 30, 2022

NOTE 3 – RECEIVABLES

The following is a schedule of property taxes assessed for the year, collected and remaining to be received.

Balance 9/30/2021	Lewy 2021	Adjustments & Collections	Balance 9/30/2022
\$ 36,612	\$ 1,054,465	\$ 1,048,484	\$ 42,593

In accordance with NCGA Interpretation #3, revenue, which is not received within 60 days of the year-end, has been reflected as deferred inflows of resources – unavailable revenue for property taxes. The balance as of September 30, 2022 is as follows:

Taxes due at September 30, 2022	\$ 42,593
Received October 2022	(8,822)
Received November 2022	(1,467)
Total	\$ 32,304

The analysis of accounts receivable and due from other governments is as follows:

GENERAL FUND	
Sales Tax	\$ 281,125
State Revenue Sharing	42,590
State Liquor	53,515
Bed Tax	54,614
Fines & Forfeitures	1,362
Other Receivables	-
Total	\$ 433,206
 STREET FUND	
Highway User Fees	\$ 17,104
Franchise Fees	8,984
Total	\$ 26,088

All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectible. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable was \$0 for the year ended September 30, 2022.

NOTE 4 – JOINTLY GOVERNED ORGANIZATION

The City entered into a jointly governed organization with the City of Sandpoint and the City of Dover to fund the SPOT transportation system, also known as Selkirk Pend Oreille Transit (SPOT). The purpose of this organization is to cooperatively provide transportation and mobility services. The City contributed \$67,500 during the fiscal year ending September 30, 2022.

See accompanying independent auditors' report.

CITY OF PONDERAY
Notes to the Financial Statements
September 30, 2022

NOTE 5 – CAPITAL ASSETS

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

	Balance 9/30/2021	Additions	Disposals	Reclassification	Balance 9/30/2022
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 4,238,285	\$ 507,327	\$ -	\$ -	\$ 4,745,612
Work in Progress	-	2,924,798	-	-	2,924,798
Total capital assets not being depreciated	<u>4,238,285</u>	<u>3,432,125</u>	<u>-</u>	<u>-</u>	<u>7,670,410</u>
Capital assets being depreciated:					
Admin. office equipment	\$ 89,749	-	4,589	-	85,160
Buildings and improvements	509,084	30,230	8,188	-	531,126
Planning & zoning and parks	774,953	44,925	-	92,820	912,698
Law enforcement equipment	102,998	4,167	-	-	107,165
Law enforcement office equipment	43,294	4,234	-	-	47,528
Law enforcement vehicles	202,140	83,504	-	-	285,644
Highway and street assets	90,664	9,867	-	-	100,531
Infrastructure	3,178,847	158,504	-	(92,820)	3,244,531
Total capital assets being depreciated	<u>4,991,729</u>	<u>335,431</u>	<u>12,777</u>	<u>-</u>	<u>5,314,383</u>
Total accumulated depreciation	<u>1,838,908</u>	<u>263,064</u>	<u>(12,777)</u>	<u>-</u>	<u>2,089,195</u>
Total capital assets being depreciated, net	<u>3,152,821</u>	<u>72,367</u>	<u>25,554</u>	<u>-</u>	<u>3,225,188</u>
Total governmental activities capital assets, net	<u>\$ 7,391,106</u>	<u>\$ 3,504,492</u>	<u>\$ 25,554</u>	<u>\$ -</u>	<u>\$ 10,895,598</u>

Depreciation expense was charged to functions as follows:

General government	\$ 19,100
Planning & zoning and parks	42,936
Law enforcement	42,663
Highways and streets	158,365
Total business-type activities depreciation	<u>\$ 263,064</u>

Because the City is a Phase 3 government (governments with total annual revenues of less than \$10 million), the City is encouraged but not required to report major infrastructure assets retroactively. The City has not yet made a determination as to whether or not to record infrastructure assets retroactively.

NOTE 6 - LONG-TERM OBLIGATIONS

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

	Balance 9/30/2021	Increases	Decreases	Balance 9/30/2022
Governmental Activities				
Compensated Absences	\$ 45,781	\$ 3,073	\$ -	\$ 48,854
	<u>\$ 45,781</u>	<u>\$ 3,073</u>	<u>\$ -</u>	<u>\$ 48,854</u>

See accompanying independent auditors' report.

CITY OF PONDERAY
Notes to the Financial Statements
September 30, 2022

NOTE 7 – PENSION PLAN

Plan Description

The City of Ponderay contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2022 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percentage of covered payroll is set by the Retirement Board and was 11.94% general employees and 12.28% for police and firefighters. The City's contributions were \$99,242 for the year ended September 30, 2022.

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

At September 30, 2022, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2022, the City's proportion was 0.02085836 percent.

See accompanying independent auditors' report.

CITY OF PONDERAY
Notes to the Financial Statements
September 30, 2022

For the year ended September 30, 2022, the City recognized pension expense of \$226,521. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 90,342	\$ 3,667
Changes in assumptions or other inputs	133,939	-
Net difference between projected and actual earnings on pension plan investments	189,031	-
Change in the District's proportion and differences between the City's contributions and the City's proportionate contributions	27,248	571
District's contributions subsequent to the measurement date	26,729	-
Total	\$ 467,289	\$ 4,238

\$26,729 reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2020, the beginning of the measurement period ended June 30, 2021 is 4.6 and 4.6 for the measurement period June 30, 2022.

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

Year ended September 30:	
2023	\$ 108,446
2024	117,028
2025	54,698
2026	156,153

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.

See accompanying independent auditors' report.

CITY OF PONDERAY
Notes to the Financial Statements
September 30, 2022

The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increase	3.05%
Salary inflation*	3.05%
Investment rate of return**	6.35%
Cost-of-living adjustments	1.00%

*there is an additional component of assumed salary growth (on top of the 3.05%) that varies for each individual member based on years of service

**net of pension plan investment expense

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%.

General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%.

Teachers - Males Pub-2010 Teacher Tables, increased 12%.

Teachers - Females Pub-2010 Teacher Tables, increased 21%.

Fire & Police - Males Pub-2010 Safety Tables, increased 21%.

Fire & Police - Females Pub-2010 Safety Tables, increased 26%.

Disabled Members - Males Pub-2010 Disabled Tables, increased 38%.

Disabled Members - Females Pub-2010 Disabled Tables, increased 36%.

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The total pension liability as of June 30, 2022 is based on the results of an actuarial valuation date of July 1, 2022.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2022.

See accompanying independent auditors' report.

CITY OF PONDERAY
Notes to the Financial Statements
September 30, 2022

Capital Market Assumptions

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.00%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

Discount Rate

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

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

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
City's proportionate share of the net pension liability (asset)	\$ 1,449,974	\$ 821,560	\$ 307,220

Pension plan fiduciary net position

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

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

Payables to the pension plan

At September 30, 2022, the City reported no payables to the pension plan.

See accompanying independent auditors' report.

CITY OF PONDERAY
Notes to the Financial Statements
September 30, 2022

NOTE 8 – NET POSITION AND FUND BALANCE CLASSIFICATIONS

The General Fund and Street Fund currently have cash available from impact fees in the amount of \$1,208,721 and \$482,786 which have legal restrictions on their use. These funds can only be used for expenditures necessary to accommodate new growth within the City. Accordingly, this amount is shown as both restricted fund balance and restricted net position.

The General Fund’s assigned portion of fund balance in the amount of \$75,000 represents the City’s approved payment for the fiscal year 2023 contribution to SPOT.

NOTE 9 – PRIOR PERIOD ADJUSTMENT

In both the Government-wide statements and Fund statements, a prior period adjustment is required to reflect sales tax receivables as of September 30, 2021. Following is a reconciliation of the restated beginning net position as shown with the prior period adjustment on the Statement of Activities:

	Governmental Activities
Net position- beginning	\$ 14,826,640
Prior period adjustment	
Sales tax receivable	257,066
Net position- beginning, as restated	\$ 15,083,706

Following is a reconciliation of the restated beginning fund balance as shown with the prior period adjustment on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund:

	General Fund
Fund balance- beginning	\$ 7,341,481
Prior period adjustment	
Sales tax receivable	257,066
Fund balance- beginning, as restated	\$ 7,598,547

See accompanying independent auditors’ report.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PONDERAY

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

	<u>09/30/2022</u>	<u>09/30/2021</u>	<u>09/30/2020</u>	<u>09/30/2019</u>	<u>09/30/2018</u>	<u>09/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
City's portion of the net pension liability	0.02085836%	0.02069865%	0.0184872%	0.0178877%	0.0181113%	0.0177920%	0.0196339%	0.0202309%
City's proportionate share of the net pension liability (asset)	\$ 821,560	\$ (16,347)	\$ 429,297	\$ 204,183	\$ 267,145	\$ 279,660	\$ 398,009	\$ 266,408
City's covered-employee payroll	\$ 831,628	\$ 760,289	\$ 705,529	\$ 615,778	\$ 580,074	\$ 556,285	\$ 587,516	\$ 558,168
City's proportional share of the net pension liability as a percentage of its covered-employee payroll	98.79%	-2.15%	60.85%	33.16%	46.05%	50.27%	67.74%	47.73%
Plan fiduciary net position as a percentage of the total pension liability	83.09%	100.36%	88.22%	93.79%	91.69%	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 City of Ponderay will present information for those to use for which information is available.

Data reported is measured as of June 30, 2022

**Schedule of City's Contributions
PERSI - Base Plan
Last 10 - Fiscal Years ***

	<u>09/30/2022</u>	<u>09/30/2021</u>	<u>09/30/2020</u>	<u>09/30/2019</u>	<u>09/30/2018</u>	<u>09/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Statutorily required contribution	\$ 96,588	\$ 81,724	\$ 72,533	\$ 68,446	\$ 70,334	\$ 59,997	\$ 58,364	\$ 66,176
Contributions in relation to the statutorily required contribution	\$ (99,373)	\$ (93,341)	\$ (79,613)	\$ (69,777)	\$ (66,856)	\$ (63,405)	\$ (65,893)	\$ (64,990)
Contribution (deficiency) excess	\$ (2,785)	\$ (11,617)	\$ (7,080)	\$ (1,331)	\$ 3,478	\$ (3,408)	\$ (7,529)	\$ 1,186
City's covered-employee payroll	\$ 831,628	\$ 760,289	\$ 705,529	\$ 615,778	\$ 580,074	\$ 556,285	\$ 587,516	\$ 558,168
Contributions as a percentage of covered-employee payroll	11.95%	12.28%	11.28%	11.33%	11.53%	11.40%	11.22%	11.64%

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

Data reported is measured as of June 30, 2022

See independent auditors' report.

CITY OF PONDERAY
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual - All Governmental Fund Types
Year Ended September 30, 2022

	General Fund			Street Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues:						
Property Taxes	\$ 1,083,542	\$ 1,083,542	\$ 1,071,970	\$ -	\$ -	\$ 659
Bed Tax	250,000	250,000	446,049	-	-	-
Penalties, Interest & Fines	18,000	18,000	28,145	-	-	871
Rents	7,800	7,800	7,787	-	-	-
Other Governmental	4,037,330	4,037,330	4,410,564	166,700	166,700	213,343
Licenses & Permits	118,000	118,000	288,641	-	-	-
Franchise Fees	-	-	-	42,500	42,500	48,633
Interest Earnings	5,500	5,500	20,236	-	-	5
Grant Income	600,000	600,000	348,765	-	-	124,433
Other	-	-	42,914	-	-	-
Total Revenues	<u>6,125,672</u>	<u>6,125,672</u>	<u>6,665,071</u>	<u>209,200</u>	<u>209,200</u>	<u>387,944</u>
Expenditures:						
Current						
General Government	2,292,227	2,292,227	433,221	-	-	-
Planning and Zoning	3,055,317	3,055,317	547,879	-	-	-
Law Enforcement	681,966	681,966	757,282	-	-	-
Highways and Streets	-	-	-	305,362	305,362	146,054
Capital Outlay	-	-	3,596,903	-	-	168,371
Total Expenditures	<u>6,029,510</u>	<u>6,029,510</u>	<u>5,335,285</u>	<u>305,362</u>	<u>305,362</u>	<u>314,425</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>96,162</u>	<u>96,162</u>	<u>1,329,786</u>	<u>(96,162)</u>	<u>(96,162)</u>	<u>73,519</u>
Other Financing Sources (Uses):						
Transfers	-	-	-	-	-	-
Net Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>96,162</u>	<u>96,162</u>	<u>1,329,786</u>	<u>(96,162)</u>	<u>(96,162)</u>	<u>73,519</u>
Fund Balance - October 1	7,341,481	7,341,481	7,341,481	335,146	335,146	335,146
Prior Period Adjustment, see Note 9	-	-	257,066	-	-	-
Fund Balance - September 30	<u>\$ 7,437,643</u>	<u>\$ 7,437,643</u>	<u>\$ 8,928,333</u>	<u>\$ 238,984</u>	<u>\$ 238,984</u>	<u>\$ 408,665</u>

See accompanying notes to budget and independent auditors' report.

CITY OF PONDERAY
Notes to the Budget and Actual Schedule
Year Ended September 30, 2022

Budgets are adopted for the general fund and the street fund. The annual budget is a plan of financial operation with an estimate of expenditures and means of financing them. A preliminary budget is prepared in August, budget hearings are held, and then the final budget is adopted.

The adopted budget constitutes the appropriations for the City and is the maximum limit of expenditures in each budgeted fund. The adopted budget may be amended for emergencies and other matters as provided by State law.

The budget is prepared on the basis of accounting described for its governmental funds in Note 1 to the financial statement. Tax levies are set by expenditure requirements but are authorized and limited by State law. Transfers of budget authority within a fund are permitted. Appropriations lapse at September 30, except those expenditures made prior to October 30 for appropriations of the preceding fiscal year may be charged to that fiscal year. There were no such expenditures in fiscal year 2022.

The amounts shown in the budget column of the schedule are the original and final budgeted amounts. State law requires only that a fund's total expenditures not exceed total budgeted expenditures.

OTHER SUPPLEMENTARY INFORMATION

CITY OF PONDERAY
Detailed Statement of Revenues, Expenditures, and Changes in
Fund Balances - All Governmental Fund Types
Year Ended September 30, 2022

	Governmental Fund Types				TOTALS (Memorandum Only)	
	General Government	Planning Parks and Development	Law Enforcement	Sub-Total	Streets	Year Ended 9/30/2022
Revenues:						
General:						
Property Taxes	\$ 130,598	125,718	815,654	\$ 1,071,970	\$ 659	\$ 1,072,629
Bed Tax	177,501	268,548	-	446,049	-	446,049
Penalties, Interest & Fines	177	-	27,968	28,145	871	29,016
Rents	7,787	-	-	7,787	-	7,787
Other Governmental	3,607,797	802,767	-	4,410,564	213,343	4,623,907
Licenses & Permits	19,910	268,731	-	288,641	-	288,641
Franchise Fees	-	-	-	-	48,633	48,633
Interest Earnings	9,353	10,709	174	20,236	5	20,241
Grants	203,973	142,542	2,250	348,765	124,433	473,198
Other	2,341	39,211	1,362	42,914	-	42,914
Total General Revenue	<u>4,159,437</u>	<u>1,658,226</u>	<u>847,408</u>	<u>6,665,071</u>	<u>387,944</u>	<u>7,053,015</u>
Expenditures:						
General:						
Salaries, Taxes, and Benefits	261,289	250,027	670,396	1,181,712	8,033	1,189,745
Accounting and Audit	11,125	-	-	11,125	-	11,125
Animal Control	-	-	1,000	1,000	-	1,000
Building Permits	-	151,206	-	151,206	-	151,206
Codification	1,711	-	-	1,711	-	1,711
Community Outreach	1,394	26,414	-	27,808	-	27,808
Computer Maintenance & Software	4,694	4,379	5,725	14,798	-	14,798
Custodial	2,937	-	3,059	5,996	-	5,996
Dues, Books and Training	1,149	183	-	1,332	-	1,332
Engineering	-	-	-	-	61,083	61,083
Fuel	-	-	13,317	13,317	-	13,317

See independent auditors' report.

Insurance	4,627	-	10,000	14,627	-	14,627
Legal Publications	1,397	1,761	-	3,158	-	3,158
Miscellaneous	254	14	7,924	8,192	43	8,235
Office Supplies	4,302	5,777	1,975	12,054	-	12,054
Park Expense	-	-	-	-	-	-
Planning and Zoning Plan Review	-	19,743	-	19,743	-	19,743
Postage	2,082	58	-	2,140	-	2,140
Professional Fees	-	11,767	-	11,767	-	11,767
Repairs and Maintenance	49,224	45,240	10,955	105,419	64,484	169,903
SPOT Transit System	67,500	-	-	67,500	-	67,500
Street Lights & Signals	-	-	-	-	12,411	12,411
Supplies	46	19,812	-	19,858	-	19,858
Telephone and Internet	4,654	2,282	11,865	18,801	-	18,801
Training and Travel	1,616	225	4,635	6,476	-	6,476
Utilities	5,065	837	5,558	11,460	-	11,460
Workers Compensation Insurance	8,155	8,154	10,873	27,182	-	27,182
Capital Outlay	3,177,951	296,817	122,135	3,596,903	168,371	3,765,274
Total Expenditures	<u>3,611,172</u>	<u>844,696</u>	<u>879,417</u>	<u>5,335,285</u>	<u>314,425</u>	<u>5,649,710</u>
Excess of Revenues over (under) Expenditures	<u>548,265</u>	<u>813,530</u>	<u>(32,009)</u>	<u>1,329,786</u>	<u>73,519</u>	<u>1,403,305</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>548,265</u>	<u>813,530</u>	<u>(32,009)</u>	<u>1,329,786</u>	<u>73,519</u>	<u>1,403,305</u>
Fund Balance - October 1	7,353,092	(54,219)	42,608	7,341,481	335,146	7,676,627
Prior Period Adjustment, see Note 9	257,066	-	-	257,066	-	257,066
Fund Balance - September 30	<u>\$ 8,158,423</u>	<u>\$ 759,311</u>	<u>\$ 10,599</u>	<u>\$ 8,928,333</u>	<u>\$ 408,665</u>	<u>\$ 9,336,998</u>

See independent auditors' report.

REPORT REQUIRED BY GAO

ANDERSONBROS.CPA

1810 E Schneidmiller Ave. Ste. 310
Post Falls, Idaho 83854
208-777-1099

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

Mayor and City Council
City of Ponderay, Idaho

We have audited, 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, the financial statements of the governmental activities and each major fund of the City of Ponderay, Idaho, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Ponderay, Idaho's basic financial statements, and have issued our report thereon dated December 12, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Ponderay, Idaho's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ponderay, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Ponderay, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a significant deficiency. See item #2022-1.

Report on Compliance and Other Matters


As part of obtaining reasonable assurance about whether the City of Ponderay, Idaho's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 required to be reported under *Government Auditing Standards*.

City of Ponderay, Idaho's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Ponderay, Idaho's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The City of Ponderay, Idaho's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Anderson Bros. CPAs
Post Falls, Idaho
December 12, 2023

CITY OF PONDERAY
Schedule of Findings and Responses
September 30, 2022

2022-1

Grant Receivables & Recognized Revenues

Criteria

GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, requires expenditure-driven grant revenue to be recognized when the associated expenditure is incurred.

Condition

Reimbursable Build Grant monies of \$123,449 were not reflected in receivables or revenues for the fiscal year ending September 30, 2022. Expenditures of \$123,449 occurred and the related revenues were not recognized in the corresponding period. The proposed adjustments increased grants receivable by \$123,449 and increased revenues by \$123,449.

Effect

Prior to the incorporation of the required adjustments related to these grant monies, net position was understated on the government-wide financial statements and total fund balance was understated by \$123,449.

Cause

The City did not adjust grant receivables and revenues related to reimbursable grant expenditures as they occurred during fiscal year 2021/22.

Recommendations

In the future, we would recommend that the City review all grant monies received and to be received along with the expenditures related to each grant in order to make any necessary year-end adjustments to grant receivables, deferrals, and revenues.

Views of Responsible Officials

Moving forward, staff will conduct a thorough review of all grant funds received and related expenditures. Staff will make the necessary year-end adjustments to ensure proper utilization of the grant funding.