

City of Eagle, Idaho

Year Ended September 30, 2021

Audited Financial Statements



CITY OF EAGLE, IDAHO
Table of Contents

Financial Section

Independent Auditor's Report..... 1

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position 4

Statement of Activities 5

Fund Financial Statements

Balance Sheet – Governmental Funds..... 6

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds..... 9

Statement of Net Position – Proprietary Funds 12

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds 13

Statement of Cash Flows – Proprietary Funds 14

Notes to Financial Statements 15

Required Supplementary Information

Budgetary Comparison Schedule – General and Major Special Revenue Funds..... 29

Schedule of Employer’s Share of Net Pension Asset and Liability..... 31

Schedule of Employer Contributions..... 32

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds..... 33

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds..... 34

Schedule of Expenditures of Federal Awards..... 35

Other Reports and Schedules

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*..... 36

CITY OF EAGLE, IDAHO
Table of Contents

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	38
Schedule of Findings and Questioned Costs	40



Independent Auditor's Report

Honorable Mayor and City Council
City of Eagle, 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 the City of Eagle, Idaho (the City) as of and for the year ended September 30, 2021, 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 of 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 as of September 30, 2021, 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 budgetary comparison schedules, schedule of employer's share of net pension asset and liability, and schedule of employer contributions listed as required supplementary information in the table of contents be presented to supplement the basic financial statements. Such information, although not required to be 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, and 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 not included the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not 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, and historical context. Our opinion on the basic financial statements is not affected by not including this information.

Other Information

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

The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 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 and the schedule of expenditures of federal awards 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 December 30, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 the City's internal control over financial reporting and compliance.

Quest CPAs PLLC

Payette, Idaho
December 30, 2021

CITY OF EAGLE, IDAHO

Statement of Net Position

September 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current Assets			
Cash	\$22,847,611	\$2,979,987	\$25,827,598
Receivables:			
Taxes	23,269		23,269
Intergovernmental	863,581		863,581
Accounts	29,814	137,970	167,784
Total Current Assets	<u>23,764,275</u>	<u>3,117,957</u>	<u>26,882,232</u>
Noncurrent Assets			
Restricted Cash	1,759,829	1,456,372	3,216,201
Nondepreciable Capital Assets	5,518,536	93,250	5,611,786
Depreciable Net Capital Assets	13,257,352	9,940,520	23,197,872
Net Pension Asset	62,319	5,717	68,036
Total Noncurrent Assets	<u>20,598,036</u>	<u>11,495,859</u>	<u>32,093,895</u>
Total Assets	<u>44,362,311</u>	<u>14,613,816</u>	<u>58,976,127</u>
Deferred Outflows of Resources			
Pension Deferred Outflows	898,441	82,423	980,864
Total Deferred Outflows of Resources	<u>898,441</u>	<u>82,423</u>	<u>980,864</u>
Total Assets and Deferred Outflows of Resources	<u>\$45,260,752</u>	<u>\$14,696,239</u>	<u>\$59,956,991</u>
Liabilities			
Current Liabilities			
Accounts Payable & Accrued Expenses	\$634,591	\$121,291	\$755,882
Deposits Payable	1,759,829	92,400	1,852,229
Unearned Grant Revenue	3,204,501		3,204,501
Accrued Interest		15,099	15,099
Long-Term Debt & Obligations, Current	318,384	159,865	478,249
Total Current Liabilities	<u>5,917,305</u>	<u>388,655</u>	<u>6,305,960</u>
Noncurrent Liabilities			
Long-Term Debt & Obligations, Noncurrent	717,878	968,242	1,686,120
Total Noncurrent Liabilities	<u>717,878</u>	<u>968,242</u>	<u>1,686,120</u>
Total Liabilities	<u>6,635,183</u>	<u>1,356,897</u>	<u>7,992,080</u>
Deferred Inflows of Resources			
Pension Deferred Inflows	1,993,604	182,893	2,176,497
Total Deferred Inflows of Resources	<u>1,993,604</u>	<u>182,893</u>	<u>2,176,497</u>
Total Liabilities and Deferred Inflows of Resources	<u>8,628,787</u>	<u>1,539,790</u>	<u>10,168,577</u>
Net Position			
Net Investment in Capital Assets	17,961,719	8,877,480	26,839,199
Restricted - Special Programs	1,222,953		1,222,953
Restricted - Debt Service	3,405	181,836	185,241
Restricted - Capital Projects	14,466,138	1,182,136	15,648,274
Unrestricted	2,977,750	2,914,997	5,892,747
Total Net Position	<u>36,631,965</u>	<u>13,156,449</u>	<u>49,788,414</u>
Total Liabilities and Deferred Inflows of Resources and Net Position	<u>\$45,260,752</u>	<u>\$14,696,239</u>	<u>\$59,956,991</u>

See Accompanying Notes

CITY OF EAGLE, IDAHO
Statement of Activities
Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges For Services	Operating Grants And Contributions	
Governmental Activities				
Current Expenditures				
General Government	\$5,714,765	\$2,480,451		\$894,655
Public Safety	3,150,472	1,367,439		
Parks & Streets	1,807,394	784,486		567,684
Culture & Recreation	1,933,429	839,190	\$2,563	
Community Infrastructure District	388,791		55,791	
Debt Service - Interest	16,409			
Capital Assets	746,293			
Total Governmental Activities	<u>13,757,553</u>	<u>5,471,566</u>	<u>58,354</u>	<u>1,462,339</u>
Business-Type Activities				
Water Services	1,166,613	2,394,193		2,162,485
Total Business-Type Activities	<u>1,166,613</u>	<u>2,394,193</u>	<u>0</u>	<u>2,162,485</u>
Total	<u>\$14,924,166</u>	<u>\$7,865,759</u>	<u>\$58,354</u>	<u>\$3,624,824</u>
		Governmental Activities	Business-Type Activities	Total
Changes in Net Position				
Net (Expense) Revenue		(\$6,765,294)	\$3,390,065	(\$3,375,229)
General Revenues				
Taxes		4,056,262		4,056,262
Franchise Fees		911,940		911,940
Intergovernmental		3,715,207		3,715,207
Interest		15,115	6,122	21,237
Other Revenue (Expense)		8,615,184		8,615,184
Pension Revenue (Expense)		(56,949)	(5,224)	(62,173)
Total		<u>17,256,759</u>	<u>898</u>	<u>17,257,657</u>
Change in Net Position		10,491,465	3,390,963	13,882,428
Net Position - Beginning		26,140,500	9,765,486	35,905,986
Net Position - Ending		<u>\$36,631,965</u>	<u>\$13,156,449</u>	<u>\$49,788,414</u>

CITY OF EAGLE, IDAHO
 Balance Sheet - Governmental Funds
 September 30, 2021

	General Fund	Library Fund	Debt Service Fund	Park Fund
Assets				
Cash	\$4,317,095	\$875,036	\$3,405	\$3,700,743
Receivables:				
Taxes	14,403	8,866		
Intergovernmental	863,581			
Accounts	5,786	1,872		
Due From Other Funds				
Restricted Cash	1,759,829			
Total Assets	<u>\$6,960,694</u>	<u>\$885,774</u>	<u>\$3,405</u>	<u>\$3,700,743</u>
Liabilities				
Accounts Payable & Accrued Expenses	\$585,278	\$45,721		
Due To Other Funds				
Deposits Payable	1,759,829			
Unearned Grant Revenue				
Total Liabilities	<u>2,345,107</u>	<u>45,721</u>	<u>\$0</u>	<u>\$0</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues	12,637	7,786		
Total Deferred Inflows of Resources	<u>12,637</u>	<u>7,786</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted - Special Programs	390,686	832,267		
Restricted - Debt Service			3,405	
Restricted - Capital Projects				3,700,743
Unassigned	4,212,264			
Total Fund Balances	<u>4,602,950</u>	<u>832,267</u>	<u>3,405</u>	<u>3,700,743</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$6,960,694</u>	<u>\$885,774</u>	<u>\$3,405</u>	<u>\$3,700,743</u>

CITY OF EAGLE, IDAHO
 Balance Sheet - Governmental Funds
 September 30, 2021

	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash	\$13,205,969	\$745,363	\$22,847,611
Receivables:			
Taxes		0	23,269
Intergovernmental		0	863,581
Accounts		22,156	29,814
Due From Other Funds		0	0
Restricted Cash		0	1,759,829
Total Assets	\$13,205,969	\$767,519	\$25,524,104
Liabilities			
Accounts Payable & Accrued Expenses		\$3,592	\$634,591
Due To Other Funds		0	0
Deposits Payable		0	1,759,829
Unearned Grant Revenue	\$3,204,501	0	3,204,501
Total Liabilities	3,204,501	3,592	5,598,921
Deferred Inflows of Resources			
Unavailable Tax Revenues		0	20,423
Total Deferred Inflows of Resources	0	0	20,423
Fund Balances			
Restricted - Special Programs		0	1,222,953
Restricted - Debt Service		0	3,405
Restricted - Capital Projects	10,001,468	763,927	14,466,138
Unassigned		0	4,212,264
Total Fund Balances	10,001,468	763,927	19,904,760
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$13,205,969	\$767,519	\$25,524,104

CITY OF EAGLE, IDAHO
Balance Sheet - Governmental Funds
September 30, 2021

Page 3 of 3

**Reconciliation of Total Governmental Fund Balances to Net Position
of Governmental Activities**

Total Governmental Fund Balances	\$19,904,760
---	--------------

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.	18,775,888
---	------------

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	20,423
---	--------

Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	(1,036,262)
--	-------------

Net pension liability and related pension source deferred outflow and deferred inflow of resources, are not due and payable in the current period and therefore are not reported in the funds.	(1,032,844)
--	-------------

Net Position of Governmental Activities	<u><u>\$36,631,965</u></u>
--	----------------------------

CITY OF EAGLE, IDAHO

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2021

	General Fund	Library Fund	Debt Service Fund	Park Fund
Revenues				
Taxes	\$2,524,091	\$1,542,035		
Franchise Fees	911,940			
Intergovernmental	3,715,207			
Licenses, Permits, & Fees	4,633,450	6,539		\$641,539
Interest	6,980	1,387		5,065
Miscellaneous & Grants	1,346,295	7,274		
Total Revenues	<u>13,137,963</u>	<u>1,557,235</u>	<u>\$0</u>	<u>646,604</u>
Expenditures				
Current Expenditures				
General Government	5,829,699			
Public Safety	3,213,834			
Parks & Streets	1,843,744			
Culture & Recreation	829,974	1,142,341		
Community Infrastructure District				
Capital Outlay	41,480	242,600		382,363
Debt Service - Principal			75,000	
Debt Service - Interest			26,700	
Total Expenditures	<u>11,758,731</u>	<u>1,384,941</u>	<u>101,700</u>	<u>382,363</u>
Excess (Deficiency) of Revenues Over Expenditures	1,379,232	172,294	(101,700)	264,241
Other Financing Sources (Uses)				
Proceeds from Bond Issuance				
Owner Contributions				
Transfers In			101,700	1,016,818
Transfers Out	(1,321,451)			
Total Other Financing Sources (Uses)	<u>(1,321,451)</u>	<u>0</u>	<u>101,700</u>	<u>1,016,818</u>
Net Change in Fund Balances	57,781	172,294	0	1,281,059
Fund Balances - Beginning	4,545,169	659,973	3,405	2,419,684
Fund Balances - Ending	<u>\$4,602,950</u>	<u>\$832,267</u>	<u>\$3,405</u>	<u>\$3,700,743</u>

CITY OF EAGLE, IDAHO

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2021

	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes		\$0	\$4,066,126
Franchise Fees		0	911,940
Intergovernmental		0	3,715,207
Licenses, Permits, & Fees		190,038	5,471,566
Interest	\$536	1,147	15,115
Miscellaneous & Grants	9,689,235	2,423	11,045,227
Total Revenues	9,689,771	193,608	25,225,181
Expenditures			
Current Expenditures			
General Government		0	5,829,699
Public Safety		0	3,213,834
Parks & Streets		0	1,843,744
Culture & Recreation		0	1,972,315
Community Infrastructure District		388,791	388,791
Capital Outlay	2,508,550	113,221	3,288,214
Debt Service - Principal		0	75,000
Debt Service - Interest		0	26,700
Total Expenditures	2,508,550	502,012	16,638,297
Excess (Deficiency) of Revenues Over Expenditures	7,181,221	(308,404)	8,586,884
Other Financing Sources (Uses)			
Proceeds from Bond Issuance		323,000	323,000
Owner Contributions		55,791	55,791
Transfers In	1,219,751	0	2,338,269
Transfers Out	(1,016,818)	0	(2,338,269)
Total Other Financing Sources (Uses)	202,933	378,791	378,791
Net Change in Fund Balances	7,384,154	70,387	8,965,675
Fund Balances - Beginning	2,617,314	693,540	10,939,085
Fund Balances - Ending	\$10,001,468	\$763,927	\$19,904,760

CITY OF EAGLE, IDAHO
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2021

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of
Activities**

Net Change in Fund Balances - Total Governmental Funds \$8,965,675

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

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the excess of capital outlays over (under) depreciation expense in the current period. 1,576,780

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (9,864)

Proceeds of debt is a financing source in the governmental funds, but increases long-term debt in the statement of net position. (323,000)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. 75,000

Bond premiums are amortized against interest expense over the term of the bond. 10,291

In the statement of activities, compensated absences are accrued when earned, but the expenditure is reported when due in the governmental funds. (46,715)

Changes in net pension liability and related pension source deferred outflow and deferred inflow of resources do not provide or require current financial resources and therefore are not reflected in the funds. 243,298

Change in Net Position of Governmental Activities \$10,491,465

CITY OF EAGLE, IDAHO
Statement of Net Position - Proprietary Fund
September 30, 2021

	Water Fund
Assets	
Current Assets	
Cash	\$2,979,987
Receivables:	
Accounts	137,970
Total Current Assets	3,117,957
Noncurrent Assets	
Restricted Cash	1,456,372
Nondepreciable Capital Assets	93,250
Depreciable Net Capital Assets	9,940,520
Net Pension Asset	5,717
Total Noncurrent Assets	11,495,859
Total Assets	14,613,816
 Deferred Outflows of Resources	
Pension Deferred Outflows	82,423
Total Deferred Outflows of Resources	82,423
Total Assets and Deferred Outflows of Resources	\$14,696,239
 Liabilities	
Current Liabilities	
Accounts Payable & Accrued Expenses	\$121,291
Deposits Payable	92,400
Accrued Interest	15,099
Long-Term Debt & Obligations, Current	159,865
Total Current Liabilities	388,655
Noncurrent Liabilities	
Long-Term Debt & Obligations, Noncurrent	968,242
Total Noncurrent Liabilities	968,242
Total Liabilities	1,356,897
 Deferred Inflows of Resources	
Pension Deferred Inflows	182,893
Total Deferred Inflows of Resources	182,893
Total Liabilities and Deferred Inflows of Resources	1,539,790
 Net Position	
Net Investment in Capital Assets	8,877,480
Restricted - Debt Service	181,836
Restricted - Capital Projects	1,182,136
Unrestricted	2,914,997
Total Net Position	13,156,449
Total Liabilities and Deferred Inflows of Resources and Net Position	\$14,696,239

CITY OF EAGLE, IDAHO
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund
Year Ended September 30, 2021

	Water Fund
Operating Revenues	
Service Fees	\$1,571,341
STL & WCE Fees	416,856
Hook-Up Fees	386,271
Miscellaneous	19,725
Total Operating Revenues	2,394,193
Operating Expenses	
Personnel	359,273
Operations & Maintenance	246,533
Depreciation	524,050
Total Operating Expenses	1,129,856
Operating Income (Loss)	1,264,337
Nonoperating Revenues (Expenses)	
Interest Income	6,122
Interest (Expense)	(36,757)
Pension Revenue (Expense)	(5,224)
Total Nonoperating Revenue (Expenses)	(35,859)
Income (Loss) Before Contributions	1,228,478
Capital Contributions	2,162,485
Change in Net Position	3,390,963
Net Position - Beginning	9,765,486
Net Position - Ending	\$13,156,449

CITY OF EAGLE, IDAHO
Statement of Cash Flows - Proprietary Fund
Year Ended September 30, 2021

	Water Fund
Cash Flows From Operations	
Receipts from Customers	\$2,385,388
Payments for Personnel	(446,574)
Payments for Goods & Services	(219,101)
Cash Provided (Used) By Operations	1,719,713
 Cash Flows From Capital & Related Financing	
Acquisition of Capital Assets	(169,197)
Interest Paid on Debt	(41,076)
Principal Paid on Debt	(318,924)
Changes in Other Long-Term Obligations	(7,975)
Cash Provided (Used) By Capital & Related Financing	(537,172)
 Cash Flows From Investments	
Interest Income	6,122
Cash Provided (Used) By Investments	6,122
 Change in Cash	1,188,663
 Cash - Beginning	3,247,696
Cash - Ending	\$4,436,359
 Cash Reconciliation	
Cash	\$2,979,987
Restricted Cash	1,456,372
Total Cash	\$4,436,359
 Reconciliation of Operating Income (Loss) to Cash Provided (Used) By Operations	
Operating Income (Loss)	\$1,264,337
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operations:	
Depreciation	524,050
PERSI Contributions	(87,301)
Changes in Assets & Liabilities:	
Receivables	(18,255)
Accounts Payable & Accrued Expenses	27,432
Deposits Payable	9,450
Cash Provided (Used) By Operations	\$1,719,713
 Noncash Capital & Related Financing Activities:	
Capital Contributions - Water System Contributed by Developers	\$2,162,485

CITY OF EAGLE, IDAHO
Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The City of Eagle, Idaho (the City) provides basic municipal services and operates under a mayor-council form of government. These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to cities. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

As required by GAAP, these financial statements present the City and its component unit, the Spring Valley Community Infrastructure District No. 1, an entity for which the City is considered to be financial accountable. A component unit is included in the City's reporting entity if it is both fiscally dependent on the City (the primary government) and there is the potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government. Because of the closeness of their relationship with the primary government (the City), some component units are blended as though they are part of the primary government and are reported as special revenue funds. Blended component units include the SVCID. The SVCID board of directors are appointed by and comprised of City council members and certain SVCID operational responsibilities are performed by the SVCID board. Separate financial statements for the SVCID are issued and available from the City.

Basic Financial Statements - Government-Wide Statements – The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business-type.

In the government-wide statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenues.

The City's sole activity is providing basic municipal services, and substantially all expenses are directly related to this activity. Accordingly, there is no allocation of indirect costs.

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities. Fiduciary funds, when present, are not included in the government-wide statements.

Basic Financial Statements - Fund Financial Statements – The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a

CITY OF EAGLE, IDAHO
Notes to Financial Statements

separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the funds) for the determination of major funds.

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Major governmental funds of the City include:

General Fund – The general fund is the City's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another 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 specified purposes. Major special revenue funds include the library fund, which accounts for the revenues earned and expenses incurred in providing library services.

Debt Service Fund – The debt service fund is used to account for the accumulation of funds for the periodic payment of principal and interest on long term debt.

Capital Projects Fund – Capital projects funds are used to account for the acquisition and betterment of capital assets. Major capital project funds include the park fund, used to account for the maintenance and betterment of parks and related facilities and the capital projects fund, used to account for the maintenance and betterment of capital assets.

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in enterprise funds are reported as business-type activities in the government-wide financial statements. Major enterprise funds of the City include:

Water Fund – The water fund accounts for the revenues earned and expenses incurred in providing water services.

Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Both governmental and business-type activities in the government-wide financial statements and proprietary and fiduciary fund financial statements are reported on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when

CITY OF EAGLE, IDAHO
Notes to Financial Statements

they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within thirty days after year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

Cash – The cash balances of the City's funds are pooled for investment purposes. The individual funds' portions of the pooled cash are reported in each fund as cash. Interest earned on pooled cash is allocated to the various funds in proportion to each fund's respective investment balance.

For purposes of the statement of cash flows, the City considers all investments (including restricted cash) available for immediate withdrawal or with maturities of three months or less to be cash and cash equivalents (referred to as cash).

Receivables – Receivables are reported net of any estimated uncollectible amounts.

Inventories – Material supplies on hand at year end are stated at the lower of cost or net realizable value using the first-in, first-out method.

Capital Assets and Depreciation – Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of all depreciable assets is recorded using the straight line method.

Compensated Absences – The City provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is recorded as a liability in the accompanying financial statements.

Pensions – For purposes of measuring the net pension asset/liability and pension revenue/expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (the Base Plan) and additions to/deductions from the 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.

Deferred Outflows/Inflows of Resources – The City's financial statements may report deferred outflows/inflows of resources. Deferred outflows of resources represent a consumption of net assets that apply to a future period. Deferred inflows of resources represent an acquisition of net assets that apply to a future period. Deferred outflows/inflows of resources generally represent amounts that are not available in the current period.

Net Position – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

CITY OF EAGLE, IDAHO
Notes to Financial Statements

Fund Balance Classifications – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity’s governing body. Assigned portions represent amounts that are constrained by the government’s intent to be used for a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the City first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the City first utilizes committed resources then assigned resources before using unassigned resources.

Property Taxes – The City is responsible for levying property taxes, but the taxes are collected by the respective county. Taxes are levied by the second Monday in September for each calendar year. Taxes are due in two installments – December 20th and June 20th. A lien is filed on real property three years from the date of delinquency.

Owner Contributions – Initial operating expenditures of the Spring Valley Community Infrastructure District No. 1 (SVCID), the City’s component unit, are paid through property owner contributions.

Contingent Liabilities – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Interfund Activity – Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

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

Custodial Credit Risk – The City maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits. Balances not covered by FDIC are collateralized whenever possible.

Risk Management – The City is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

Subsequent Events – Subsequent events were evaluated through the date of the auditor’s report, which is the date the financial statements were available to be issued.

CITY OF EAGLE, IDAHO
Notes to Financial Statements

B. CASH

Cash consists of the following at year end:

	Governmental Funds	Proprietary Funds	Total
Cash - Deposits	\$24,607,440	\$4,436,359	\$29,043,799
Total	\$24,607,440	\$4,436,359	\$29,043,799

Deposits – At year end, the carrying amounts of the City's deposits were \$29,043,799 and the bank balances were \$29,474,685. Of the bank balances, \$322,642 was insured and \$29,152,043 was collateralized.

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Treasury, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The City's investment policy complies with state statutes.

Restricted Cash – Restricted cash at year end is cash set aside because its use is limited by City ordinance, accounting policies, and loan covenants. In the general fund, cash received for surety bond deposits is reported as restricted. In the water fund, the customer deposit account is used to report resources received from users of the water system, to be returned to the customer when leaving the system provided that all utility bills are paid current. Supply trunk line fees and water construction equivalency fees received in the water fund are also reported as restricted. Per loan covenant, the City is required to restrict cash within its water fund to equal one annual loan payment. Management is not aware of any violations of this covenant.

CITY OF EAGLE, IDAHO
Notes to Financial Statements

C. CAPITAL ASSETS

A summary of capital assets for the year is as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets				
Land	\$4,927,995	\$2,664,175	\$2,525,141	\$5,067,029
Artwork/Collectibles	132,917			132,917
Construction in Progress	318,590			318,590
Total	<u>5,379,502</u>	<u>2,664,175</u>	<u>2,525,141</u>	<u>5,518,536</u>
Depreciable Capital Assets				
Buildings	5,193,875	1,002,172		6,196,047
Improvements	12,983,853	918,687		13,902,540
Equipment	5,238,413	263,180		5,501,593
Subtotal	<u>23,416,141</u>	<u>2,184,039</u>	<u>0</u>	<u>25,600,180</u>
Accumulated Depreciation				
Buildings	1,809,460	123,753		1,933,213
Improvements	5,358,127	438,575		5,796,702
Equipment	4,428,948	183,965		4,612,913
Subtotal	<u>11,596,535</u>	<u>746,293</u>	<u>0</u>	<u>12,342,828</u>
Total	<u>11,819,606</u>	<u>1,437,746</u>	<u>0</u>	<u>13,257,352</u>
Net Capital Assets	<u>\$17,199,108</u>	<u>\$4,101,921</u>	<u>\$2,525,141</u>	<u>\$18,775,888</u>

Depreciation expense of \$746,293 was charged to the capital assets program.

CITY OF EAGLE, IDAHO
Notes to Financial Statements

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Capital Assets				
Land	\$93,250			\$93,250
Total	93,250	\$0	\$0	93,250
Depreciable Capital Assets				
Buildings	559,285			559,285
Water System	10,361,461	2,231,604		12,593,065
Equipment	1,294,524	100,078		1,394,602
Subtotal	12,215,270	2,331,682	0	14,546,952
Accumulated Depreciation				
Buildings	161,266	11,185		172,451
Water System	3,104,612	413,613		3,518,225
Equipment	816,504	99,252		915,756
Subtotal	4,082,382	524,050	0	4,606,432
Total	8,132,888	1,807,632	0	9,940,520
Net Capital Assets	\$8,226,138	\$1,807,632	\$0	\$10,033,770

Depreciation expense of \$524,050 was charged to the water services program.

D. INTERFUND TRANSFERS

Interfund transfers during the year consist of the following:

Fund	Transfer In	Transfer Out	Purpose
General		\$1,321,451	Debt Service, Capital Projects
Debt Service	\$101,700		Debt Service
Park	1,016,818		Capital Projects
Capital Projects	1,219,751	1,016,818	Capital Projects
Total	\$2,338,269	\$2,338,269	

CITY OF EAGLE, IDAHO
Notes to Financial Statements

E. LONG-TERM DEBT AND OBLIGATIONS

Bonded Debt – At year end, the City’s bonded debt was as follows:

Governmental Activities:

	Outstanding
2013 - \$985,000 - general obligation bonds for capital assets due in annual principal installments and semiannual interest payments with interest at 2.00% - 5.00% through 2025/26, secured by future taxes, paid through the debt service fund	\$450,000
Total	\$450,000

Maturities on the bonds – governmental activities – are estimated as follows:

Year Ended	Principal	Interest
9/30/22	\$80,000	\$22,500
9/30/23	85,000	18,500
9/30/24	90,000	14,250
9/30/25	95,000	9,750
9/30/26	100,000	5,000
Total	\$450,000	\$70,000

At year end, the SVCID’s (the City’s component unit) bonded debt was as follows:

	Outstanding
2021 - \$323,000 - general obligation bonds for infrastructure due in annual principal installments and semiannual interest payments with interest at 3% through 2050/51, secured by future taxes, paid through the SVCID debt service fund	\$323,000
Total	\$323,000

Maturities on the SVCID’s (the City’s component unit) bonds are estimated as follows:

Year Ended	Principal	Interest
9/30/22	\$6,000	\$9,986
9/30/23	7,000	9,510
9/30/24	7,000	9,300
9/30/25	7,000	9,090
9/30/26	8,000	8,880
9/30/27-31	42,000	40,770
9/30/32-36	48,000	34,110
9/30/37-41	57,000	26,370
9/30/42-46	65,000	17,370
9/30/47-51	76,000	6,990
Total	\$323,000	\$172,376

CITY OF EAGLE, IDAHO
Notes to Financial Statements

Business-Type Activities:

Water Revenue Loan - At year end, the City's water revenue loan was as follows:

Water revenue loan - DEQ, due in semiannual payments of \$90,918 with interest at 3.25% through 2027/28, secured by future user fees, paid through the water fund	<u>\$1,115,023</u>
Total	<u><u>\$1,115,023</u></u>

Maturities on the water revenue loan – business-type activities – are estimated as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
9/30/22	\$146,781	\$35,055
9/30/23	151,590	30,246
9/30/24	156,557	25,279
9/30/25	161,686	20,150
9/30/26	166,984	14,852
9/30/27-28	<u>331,425</u>	<u>13,112</u>
Total	<u><u>\$1,115,023</u></u>	<u><u>\$138,694</u></u>

Changes in long-term debt and obligations are as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<i>Governmental Act.</i>					
2013 GO Bonds	\$525,000		\$75,000	\$450,000	\$80,000
Bond Premium	51,460		10,291	41,169	10,291
2021 GO Bonds-SVCID	0	\$323,000		323,000	6,000
Comp. Absences	<u>175,378</u>	<u>46,715</u>		<u>222,093</u>	<u>222,093</u>
Subtotal	<u>751,838</u>	<u>369,715</u>	<u>85,291</u>	<u>1,036,262</u>	<u>318,384</u>
<i>Business-Type Act.</i>					
Water Revenue Loan	1,433,947		318,924	1,115,023	146,781
Comp. Absences	<u>21,059</u>		<u>7,975</u>	<u>13,084</u>	<u>13,084</u>
Subtotal	<u>1,455,006</u>	<u>0</u>	<u>326,899</u>	<u>1,128,107</u>	<u>159,865</u>
Total	<u><u>\$2,206,844</u></u>	<u><u>\$369,715</u></u>	<u><u>\$412,190</u></u>	<u><u>\$2,164,369</u></u>	<u><u>\$478,249</u></u>

Interest and related costs during the year amounted to \$16,409 and \$36,757 and were charged to the debt service – interest and water services programs, respectively. Compensated absences are normally paid through the general or water fund.

F. PENSION PLAN

Plan Description

The City 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

CITY OF EAGLE, IDAHO
Notes to Financial Statements

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, 2021 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The City's contributions were \$398,638 for the year ended September 30, 2021.

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

At September 30, 2021, the City reported an asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset 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, 2021, the City's proportion was 0.0861453 percent.

CITY OF EAGLE, IDAHO
Notes to Financial Statements

For the year ended September 30, 2021, the City recognized pension expense of \$62,173. At September 30, 2021, 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	\$100,241	\$39,547
Changes in assumptions or other inputs	780,963	
Net difference between projected and actual earnings on pension plan investments		2,136,950
Employer contributions subsequent to the measurement date	99,660	
Total	\$980,864	\$2,176,497

\$99,660 reported as deferred outflows of resources related to pensions resulting from City contributions made subsequent to the measurement date will be recognized as an adjustment to the pension expense in the year ending September 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2021 the beginning of the measurement period ended June 30, 2020 is 4.7 and 4.6 for the measurement period June 30, 2021.

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

Year Ended			
9/30/22			(\$304,696)
9/30/23			(274,594)
9/30/24			(239,964)
9/30/25			(476,040)
Total			(\$1,295,294)

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.

CITY OF EAGLE, IDAHO
Notes to Financial Statements

The total pension asset in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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 other than mortality. The total pension asset as of June 30, 2021 is based on the results of an actuarial valuation date of July 1, 2021.

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 2021.

CITY OF EAGLE, IDAHO
Notes to Financial Statements

Capital Market Assumptions from Callan 2021

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	1.80%	-0.20%
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return*		5.15%	3.06%

Investment Policy Assumptions from PERSI November 2019

Portfolio Long-Term Expected Real Rate of Return*	4.14%
Portfolio Standard Deviation	14.16%

Economic/Demographic Assumptions from Milliman 2021

Valuation Assumptions Chosen by PERSI Board	
Long-Term Expected Real Rate of Return*	4.05%
Assumed Inflation	2.30%
Long-Term Expected Geometric Rate of Return*	6.35%
*Net of Investment Expenses	

Discount Rate

The discount rate used to measure the total pension asset 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 asset. 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 asset to changes in the discount rate.

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

CITY OF EAGLE, IDAHO
Notes to Financial Statements

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
City's proportionate share of the net pension liability (asset)	<u>\$2,365,067</u>	<u>(\$68,036)</u>	<u>(\$2,062,499)</u>

Pension plan fiduciary net position

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

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

G. TAX ABATEMENTS

Idaho counties are authorized by state statute to transact certain property tax activity with property owners in their respective taxing districts. The counties collect the property taxes, then allocate and remit those collections among the taxing districts within the counties. The counties are authorized to cancel or reduce property taxes due to various reasons, including the circuit breaker program, agricultural and other exemptions, and section 63-602NN exemptions under Idaho code for real property improvements.

CITY OF EAGLE, IDAHO
 Budgetary Comparison Schedule - General and Major Special Revenue Funds
 Year Ended September 30, 2021

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$2,489,723	\$2,489,723	\$2,524,091	\$34,368
Franchise Fees	839,810	839,810	911,940	72,130
Intergovernmental	3,249,624	3,249,624	3,715,207	465,583
Licenses, Permits, & Fees	2,762,957	2,762,957	4,633,450	1,870,493
Interest	6,000	6,000	6,980	980
Miscellaneous & Grants	1,245,841	1,245,841	1,346,295	100,454
Total Revenues	<u>10,593,955</u>	<u>10,593,955</u>	<u>13,137,963</u>	<u>2,544,008</u>
Expenditures				
Current Expenditures				
General Government	14,957,346	14,957,346	5,829,699	9,127,647
Public Safety	3,213,834	3,213,834	3,213,834	0
Parks & Streets	2,571,574	2,571,574	1,843,744	727,830
Culture & Recreation	968,778	968,778	829,974	138,804
Community Infrastructure District	0	0	0	0
Capital Outlay	150,000	150,000	41,480	108,520
Debt Service - Principal	0	0	0	0
Debt Service - Interest	0	0	0	0
Total Expenditures	<u>21,861,532</u>	<u>21,861,532</u>	<u>11,758,731</u>	<u>10,102,801</u> *
Excess (Deficiency) of Revenues Over Expenditures				
	(11,267,577)	(11,267,577)	1,379,232	12,646,809
Other Financing Sources (Uses)				
Proceeds from Bond Issuance	0	0	0	0
Owner Contributions	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	(2,971,451)	(2,971,451)	(1,321,451)	1,650,000 *
Total Other Financing Sources (Uses)	<u>(2,971,451)</u>	<u>(2,971,451)</u>	<u>(1,321,451)</u>	<u>1,650,000</u>
Net Change in Fund Balances	(14,239,028)	(14,239,028)	57,781	14,296,809
Fund Balances - Beginning	<u>14,239,028</u>	<u>14,239,028</u>	<u>4,545,169</u>	<u>(9,693,859)</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$4,602,950</u>	<u>\$4,602,950</u>
<i>*Total expenditures (over) under appropriations are:</i>				<u>\$11,752,801</u>

CITY OF EAGLE, IDAHO

Budgetary Comparison Schedule - General and Major Special Revenue Funds
Year Ended September 30, 2021

Library Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$1,512,079	\$1,512,079	\$1,542,035	\$29,956
Franchise Fees	0	0	0	0
Intergovernmental	0	0	0	0
Licenses, Permits, & Fees	6,500	6,500	6,539	39
Interest	700	700	1,387	687
Miscellaneous & Grants	750	750	7,274	6,524
Total Revenues	<u>1,520,029</u>	<u>1,520,029</u>	<u>1,557,235</u>	<u>37,206</u>
Expenditures				
Current Expenditures				
General Government	0	0	0	0
Public Safety	0	0	0	0
Parks & Streets	0	0	0	0
Culture & Recreation	1,708,514	1,708,514	1,142,341	566,173
Community Infrastructure District	0	0	0	0
Capital Outlay	326,515	326,515	242,600	83,915
Debt Service - Principal	0	0	0	0
Debt Service - Interest	0	0	0	0
Total Expenditures	<u>2,035,029</u>	<u>2,035,029</u>	<u>1,384,941</u>	<u>650,088 *</u>
Excess (Deficiency) of Revenues Over Expenditures				
	(515,000)	(515,000)	172,294	687,294
Other Financing Sources (Uses)				
Proceeds from Bond Issuance	0	0	0	0
Owner Contributions	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0 *
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(515,000)	(515,000)	172,294	687,294
Fund Balances - Beginning	<u>515,000</u>	<u>515,000</u>	<u>659,973</u>	<u>144,973</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$832,267</u>	<u>\$832,267</u>
<i>*Total expenditures (over) under appropriations are:</i>				<u>\$650,088</u>

CITY OF EAGLE, IDAHO
Schedule of Employer's Share of Net Pension Asset and Liability
PERSI - Base Plan
Last 10 - Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's portion of the net pension asset/liability	0.0861453%	0.0806411%	0.0754206%
City's proportionate share of the net pension (asset) liability	(\$68,036)	\$1,872,593	\$860,905
City's covered payroll	\$3,214,824	\$2,871,533	\$2,561,590
City's proportional share of the net pension asset/liability as a percentage of its covered payroll	-2.12%	65.21%	33.61%
Plan fiduciary net position as a percentage of the total pension asset/liability	100.36%	88.22%	93.79%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's portion of the net pension asset/liability	0.0727685%	0.0640585%	0.0611008%	0.0600540%
City's proportionate share of the net pension (asset) liability	\$1,073,348	\$1,006,890	\$1,238,607	\$790,813
City's covered payroll	\$2,341,228	\$1,989,611	\$1,756,405	\$1,674,832
City's proportional share of the net pension asset/liability as a percentage of its covered payroll	45.85%	50.61%	70.52%	47.22%
Plan fiduciary net position as a percentage of the total pension asset/liability	91.69%	90.68%	87.26%	91.38%

*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of June 30.

CITY OF EAGLE, IDAHO
Schedule of Employer Contributions
PERSI - Base Plan
Last 10 - Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$398,638	\$352,614	\$309,754
Contributions in relation to the statutorily required contribution	\$398,638	\$352,614	\$309,754
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$3,338,677	\$2,953,216	\$2,700,821
Contributions as a percentage of covered payroll	11.94%	11.94%	11.47%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$269,919	\$228,241	\$198,825	\$189,591
Contributions in relation to the statutorily required contribution	\$269,919	\$228,241	\$198,825	\$189,591
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$2,384,443	\$2,016,263	\$1,756,405	\$1,674,832
Contributions as a percentage of covered payroll	11.32%	11.32%	11.32%	11.32%

*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of each year's fiscal year end.

CITY OF EAGLE, IDAHO
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2021

	<u>Special Revenue</u>	<u>Capital Projects Funds</u>		<u>Total</u>
	<u>SVCID</u> <u>Operations</u>	<u>SVCID</u> <u>Capital Projects</u>	<u>Pathway</u>	
Assets				
Cash	(\$22,156)		\$767,519	\$745,363
Receivables:				
Taxes				0
Intergovernmental				0
Accounts	22,156			22,156
Due From Other Funds				0
Restricted Cash				0
Total Assets	<u>\$0</u>	<u>\$0</u>	<u>\$767,519</u>	<u>\$767,519</u>
Liabilities				
Accounts Payable & Accrued Expenses			\$3,592	\$3,592
Due To Other Funds				0
Deposits Payable				0
Unearned Grant Revenue				0
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>3,592</u>	<u>3,592</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted - Special Programs				0
Restricted - Debt Service				0
Restricted - Capital Projects			763,927	763,927
Unassigned				0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>763,927</u>	<u>763,927</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$0</u>	<u>\$0</u>	<u>\$767,519</u>	<u>\$767,519</u>

CITY OF EAGLE, IDAHO
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended September 30, 2021

	<u>Special Revenue</u>	<u>Capital Projects Funds</u>		<u>Total</u>
	<u>SVCID</u>	<u>SVCID</u>		
	<u>Operations</u>	<u>Capital Projects</u>	<u>Pathway</u>	
Revenues				
Taxes				\$0
Franchise Fees				0
Intergovernmental				0
Licenses, Permits, & Fees			\$190,038	190,038
Interest			1,147	1,147
Miscellaneous & Grants			2,423	2,423
Total Revenues	<u>\$0</u>	<u>\$0</u>	<u>193,608</u>	<u>193,608</u>
Expenditures				
Current Expenditures				
General Government				0
Public Safety				0
Parks & Streets				0
Culture & Recreation				0
Community Infrastructure District	65,791	323,000		388,791
Capital Outlay			113,221	113,221
Debt Service - Principal				0
Debt Service - Interest				0
Total Expenditures	<u>65,791</u>	<u>323,000</u>	<u>113,221</u>	<u>502,012</u>
Excess (Deficiency) of Revenues Over Expenditures	(65,791)	(323,000)	80,387	(308,404)
Other Financing Sources (Uses)				
Proceeds from Bond Issuance		323,000		323,000
Owner Contributions	55,791			55,791
Transfers In				0
Transfers Out				0
Total Other Financing Sources (Uses)	<u>55,791</u>	<u>323,000</u>	<u>0</u>	<u>378,791</u>
Net Change in Fund Balances	(10,000)	0	80,387	70,387
Fund Balances - Beginning	10,000	0	683,540	693,540
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$763,927</u>	<u>\$763,927</u>

CITY OF EAGLE, IDAHO
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
US Dept of Transportation			
<i>Passed Through Idaho Transportation Dept:</i>			
Highway Planning & Construction Cluster:			
Highway Planning & Construction	20.205	95537	\$247,302
Total Highway Planning & Construction Cluster			<u>247,302</u>
Total US Dept of Transportation			<u>247,302</u>
US Dept of Treasury			
<i>Passed Through Idaho Office of the Governor</i>			
COVID-19 - Coronavirus Relief Fund	21.019	20-1892-0-1-806	894,655
Total US Dept of Treasury			<u>894,655</u>
US Dept of Homeland Security			
<i>Passed Through Idaho Dept of Military Division</i>			
COVID-19 - Disaster Grants Public Assistance	97.036	FEMA-4342 DR-ID	320,382
Total US Dept of Homeland Security			<u>320,382</u>
Total Expenditures of Federal Awards			<u><u>\$1,462,339</u></u>

NOTES:

A. Basis of Presentation - The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City under programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

B. Summary of Significant Accounting Policies - Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**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 Eagle, 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 the City of Eagle, Idaho (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’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’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’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 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 over financial reporting 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 the City’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

results of our tests disclosed no instances 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 City's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Quest CPAs PLLC

Payette, Idaho
December 30, 2021



Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and City Council
City of Eagle, Idaho

Report on Compliance for Each Major Federal Program

We have audited the City of Eagle, Idaho's (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

Quest CPAs PLLC

Payette, Idaho
December 30, 2021

CITY OF EAGLE, IDAHO
Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report being issued:	Unmodified
<i>Internal control over financial reporting:</i>	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to the financial statements noted?	No

FEDERAL AWARDS

<i>Internal control over major programs:</i>	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR section 200.516(a)?	No
Major program identification:	
a. Highway Planning & Construction Cluster – CFDA #20.205	
b. COVID-19 - Coronavirus Relief Fund – CFDA #21.019	
Dollar threshold used to distinguish between type A and B programs:	\$750,000
Auditee qualified as a low-risk auditee?	No