

Financial Statements

City of Mountain Home, Idaho
Includes Supplementary Information
Year Ended September 30, 2021



Table of Contents

Independent Auditors' Report	4
Management's Discussion and Analysis	6
Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	20
Statement of Activities	22
Fund Financial Statements	
Balance Sheet – Governmental Funds	24
Reconciliation of the Government Funds Balance Sheet to the Statement of Net Position	25
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	26
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	28
Statement of Net Position – Proprietary Funds	29
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	31
Statement of Cash Flows – Proprietary Funds	32
Notes to the Financial Statements	34
Required Supplementary Information	
Statements of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual:	
General Fund	56
Street Oiling Special Revenue Fund	59
Recreational Fund	60
Schedule of Employers' Proportionate Share of Net Pension Liability	61

Table of Contents

Supplementary Information

Statements of Revenues, Expenditures and Changes in Net Position – Budget to Actual – Proprietary Funds:	
Water Enterprise Fund	63
Sewer Enterprise Fund	64
Sanitation Enterprise Fund	65
Golf Course Enterprise Fund	66
Combining Balance Sheet – Non-Major Governmental Funds	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	69

Federal Reports

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	72
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	74
Schedule of Expenditures of Federal Awards	76
Notes to Schedule of Expenditures of Federal Awards	77
Schedule of Findings and Questioned Costs	78
Schedule of Prior Audit Findings	79

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying statements of the governmental activities, the business-type activities, the aggregate and discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mountain Home, Idaho 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements 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 financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mountain Home, Idaho as of September 30, 2021 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.





Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of employers' proportionate share of net pension liability as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a party of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated , on our consideration of the City of Mountain Home, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Mountain Home, Idaho's internal control over financial reporting and compliance.

Harris CPAs

Meridian, Idaho

March 28, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Within this section of the City of Mountain Home's (City) annual financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ending September 30, 2021. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

Financial Highlights

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$59,723,495 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$52,003,656. Resulting in an increase in net position of \$7,719,839. The main cause for this increase was the infrastructure improvements in our parks, streets, sidewalks, water, and wastewater system which were made by the city and capitalized of assets.
- Total net position is comprised of the following:
 - (1) Capital assets, net of related debt, of \$49,742,386 includes property and equipment, net of accumulated depreciation and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Unrestricted net assets of \$6,616,897 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
 - (3) Restricted net assets of \$2,132,071 represent the portion reserved for development, construction, and debt service.
- The City's governmental funds reported total ending fund balance of \$6,178,846 this year. This compares to the prior year ending fund balance of \$3,709,016; showing an increase of \$2,469,830 during the current year, due to the construction and infrastructure improvements.
- At the end of the current fiscal year, the General Fund reflected a non-spendable balance of \$23,317, restricted balance of \$220,299, assigned balance of \$3,148 and unassigned balance of \$3,111,060 for a total General Fund balance of \$3,357,824. These classifications of fund balance show the nature and extent of constraints placed on the City's general fund balance by law, creditors, the City Council, or the City's annually adopted budget. Examples of such constraints include pre-paid expenditures, funds reserved for debt service, and amounts set aside for specific operating purposes. Unassigned fund balances are available for spending for any purpose.
- Total liabilities of the City decreased by \$3,095,078 from \$15,208,666 to \$12,113,588 during the fiscal year. This increase was primarily due to investments in the capital asset for the water storage tank however additional payments were made on the certificates of participation for the law enforcement building, payments on the DEQ water and wastewater certificates of participation.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide financial position presenting information that includes all the City's assets and liabilities, with the difference reported as total net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other non-financial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, culture, and recreation. Business-type activities include water, wastewater and sanitation utilities, and golf course. Fiduciary activities such as the tap deposit fund are not included in the government-wide statements since these assets are not available to fund city programs.

The City's financial reporting entity includes the funds of the City (primary government) and an organization for which the City is accountable (a component unit). This legally separated organization operates like a City department, serves as a financing vehicle for City services (revenue bond issuers). This organization is blended into the primary government for financial reporting purposes. A schedule at the close of *Management's Discussion and Analysis* lists the City's component unit. More comprehensive information about the City's component units can be found in the notes to the financial statements.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The City has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of expendable resources during the year and balances of expendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of expendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Individual fund information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Street Oiling and Recreation Fund, which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Budgetary comparison statements are included in the basic financial statements for the general fund and major special revenue funds. Budgetary comparison schedules for major governmental funds and enterprise funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

Proprietary Funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as the water, sewer, and sanitation utilities and the City golf course. The City does not have internal service funds.

Proprietary fund statements and statements for discretely presented component units (reporting is like proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds and individual component units.

Fiduciary Funds such as the tap deposit fund are reported in the fiduciary fund financial statements but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the City's budget comparisons to actual of the general fund, major special revenue funds, and the enterprise funds. *Other Supplementary Information* includes combined statements of the non-major governmental funds. Supplementary information follows the notes to the financial statements.

Major funds and the component unit are reported in the basic financial statements as discussed. Combined statements for non-major funds are presented in a subsequent section of this report.

Application of GASB 68

The City has adopted the accounting guidance, GASB Statement #68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement #27*. Additional details regarding this new accounting guidance can be found in Note G of the financial statements.

Financial Analysis of the City as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net position can be observed and used to discuss the changing financial position of the City as a whole.

Government-Wide Financial Analysis

At the end of FY 2019-20, the City is able to report positive balances in two categories of net position for the government as a whole: (1) net investment in capital assets, and (2) restricted net position. Unrestricted net position, the third category of net position, had a negative balance in governmental activities. Business-type activities have a positive balance for all three categories of net position.

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

The City's net position for the fiscal year-end September 30, 2021 is \$59,723,495. This is a \$7,719,839 increase from last year's net position of \$52,003,656. The following table provides a comparative summary of the City's net position at September 30 for both years:

Summary of Net Position

	Governmental Activities		Business-type Activities		Totals	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$15,007,703	\$11,463,058	\$6,371,536	\$4,461,436	\$21,379,239	\$15,924,494
Capital assets	27,705,500	25,528,931	31,726,664	31,904,553	59,432,164	57,433,484
Pension obligations	1,132,440	618,299	377,482	206,102	1,509,922	824,401
Total assets	<u>43,845,643</u>	<u>37,610,288</u>	<u>38,475,682</u>	<u>36,572,091</u>	<u>82,321,325</u>	<u>74,182,379</u>
Long-term liabilities	2,084,505	4,480,736	7,979,244	9,518,172	10,063,749	13,998,908
Other liabilities	1,498,071	816,176	551,768	393,582	2,049,839	1,209,758
Total liabilities	<u>3,582,576</u>	<u>5,296,912</u>	<u>8,531,012</u>	<u>9,911,754</u>	<u>12,113,588</u>	<u>15,208,666</u>
Deferred Inflows	9,665,189	6,925,033	840,674	45,024	10,505,863	6,970,057
Net Position:						
Invested in capital assets, net of related debt	26,979,798	24,924,580	23,994,729	23,513,460	50,974,527	48,438,040
Restricted	2,038,512	1,858,482	93,559	81,864	2,132,071	1,940,346
Unrestricted	1,579,568	(1,394,719)	5,037,329	3,019,989	6,616,897	1,625,270
Total net position	<u>\$30,597,878</u>	<u>\$25,388,343</u>	<u>\$29,125,617</u>	<u>\$26,615,313</u>	<u>\$59,723,495</u>	<u>\$52,003,656</u>

The City reported changes in net assets for both governmental and business-type activities. Net position increased \$5,209,535 for governmental activities and increased \$2,510,304 for business-type activities. Comparative data is accumulated and presented to assist analysis.

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

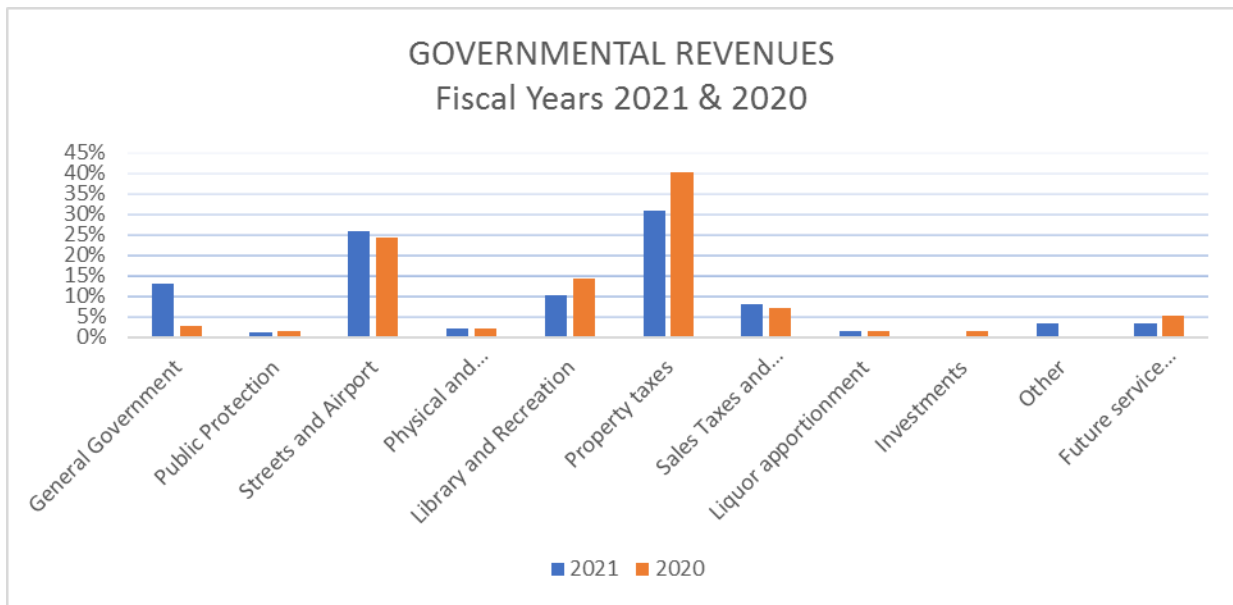
The following table provides a comparative summary of the City's change in net position at September 30 for both years:

Function and program	Summary of Change in Net Position					
	Governmental Activities 2021	Governmental Activities 2020	Business-type Activities 2021	Business-type Activities 2020	Totals 2021	Totals 2020
Operating grants and contributions	\$2,355,293	\$ 451,346	\$ -	\$ -	\$2,355,293	\$ 451,346
Capital grants and contributions	100,875	450,914	-	-	100,875	450,914
Fines and Fees & Charges for Services	6,413,172	4,677,988	7,753,919	6,614,575	14,167,091	11,292,563
General revenues						
Property taxes	5,187,786	5,003,272	-	-	5,187,786	5,003,272
Revenue sharing	1,369,889	897,417	-	-	1,369,889	897,417
Liquor apportionment	235,306	197,473	-	-	235,306	197,473
Investment Income	5,459	27,577	23,793	48,924	29,252	76,501
Other/Availability Fee	615,548	685,710	514,830	43,213	1,130,378	728,923
Total revenues	<u>16,283,328</u>	<u>12,391,697</u>	<u>8,292,542</u>	<u>6,706,712</u>	<u>24,575,870</u>	<u>19,098,409</u>
Expenditures						
General government	1,160,712	1,535,602	-	-	1,160,712	1,535,602
Public protection	3,950,586	4,221,889	-	-	3,950,586	4,221,889
Streets and Airport	2,588,769	3,278,754	-	-	2,588,769	3,278,754
Health and Sanitation	203,679	213,767	-	-	203,679	213,767
Physical and economic development	145,823	182,603	-	-	145,823	182,603
Library and recreation	2,056,258	2,104,819	-	-	2,056,258	2,104,819
Interest on debt	51,595	32,729	-	-	51,595	32,729
Golf Course	-	-	672,269	669,486	672,269	669,486
Water	-	-	2,802,292	2,671,281	2,802,292	2,671,281
Wastewater	-	-	2,135,393	2,086,681	2,135,393	2,086,681
Sanitation	-	-	1,088,655	1,067,479	1,088,655	1,067,479
Total expenses	<u>10,157,422</u>	<u>11,570,163</u>	<u>6,698,609</u>	<u>6,494,927</u>	<u>16,856,031</u>	<u>18,065,090</u>
Increase (Decrease) in net position						
before transfers	6,125,906	821,534	1,593,933	211,785	7,719,839	1,033,319
Transfers	<u>(916,371)</u>	<u>(478,737)</u>	<u>916,371</u>	<u>1,393,993</u>	<u>0</u>	
Change in Net Position	5,209,535	342,797	2,510,304	1,605,778	7,719,839	1,948,575
NET POSITION, Beginning (Previous)	<u>25,388,343</u>	<u>25,045,546</u>	<u>26,615,313</u>	<u>25,009,535</u>	<u>52,003,656</u>	<u>50,055,081</u>
NET POSITION, End of Year	<u><u>\$30,597,878</u></u>	<u><u>\$25,388,343</u></u>	<u><u>\$29,125,617</u></u>	<u><u>\$26,615,313</u></u>	<u><u>\$59,723,495</u></u>	<u><u>\$52,003,656</u></u>

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

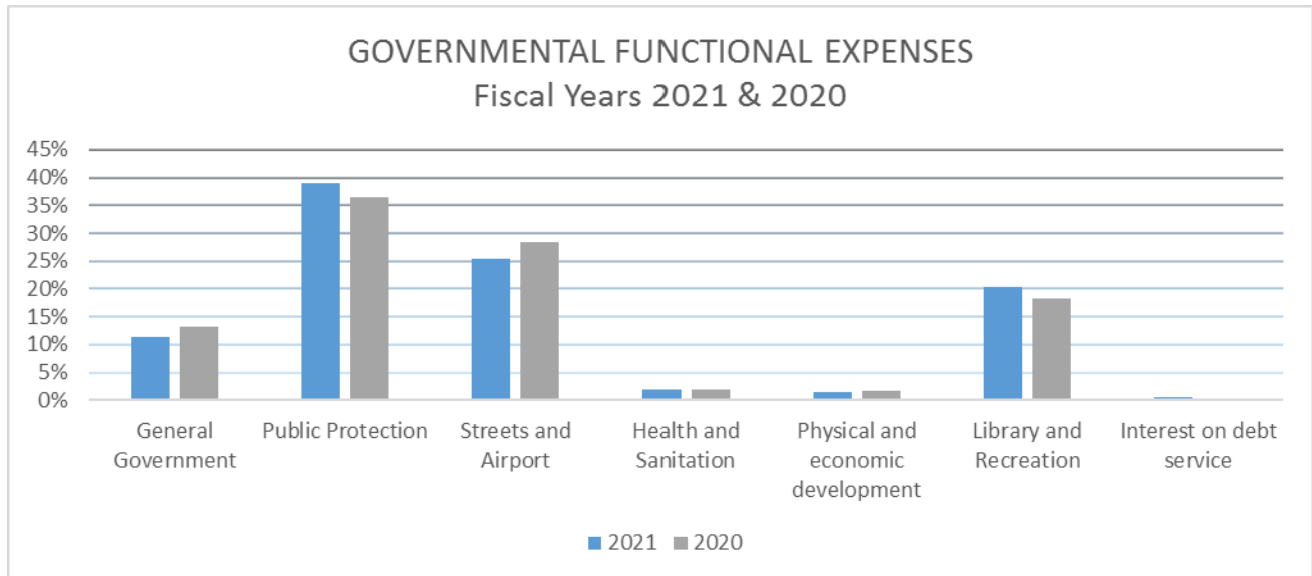
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities for the fiscal year 2021.

**GOVERNMENTAL REVENUES
Fiscal Years 2021 & 2020**



As graphically portrayed above and discussed earlier, the City is heavily reliant on property taxes to support governmental operations. Property taxes provided 31% and 40% of the City's total governmental revenues in fiscal years 2021 and 2020, respectively.

**GOVERNMENTAL FUNCTIONAL EXPENSES
Fiscal Years 2021 & 2020**



This graph shows each major expenditure category and its share of total governmental activities cost. For example, Streets and Airport expenditures, in the amount of \$2,588,769, account for almost 25% of the \$10,157,422 total expenditures for this year. Unlike many cities in the state, Mountain Home city government provides almost all of the services available to city residents by statute, including cemetery, airport, library, public safety, parks, recreation, animal control, street maintenance, economic development and general administration, with public safety receiving the largest share of revenues. In many other localities these services are provided by private business (cemeteries) or special taxing districts (for libraries, streets, fire protection or recreation).

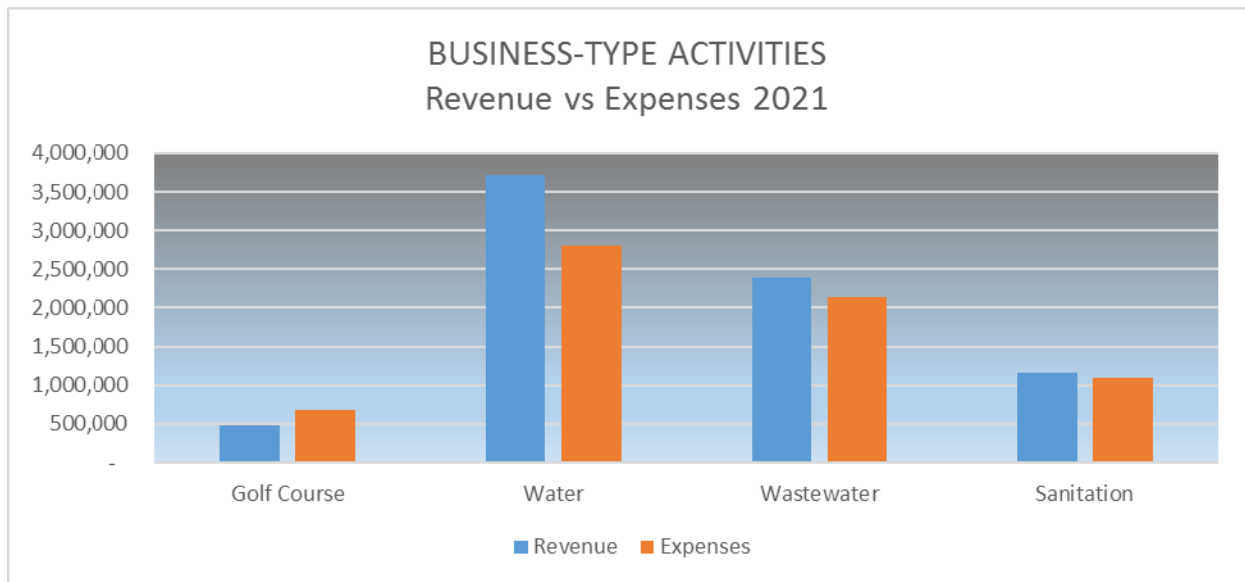
Significant capital expenses and other activity for this fiscal year in governmental funds included:

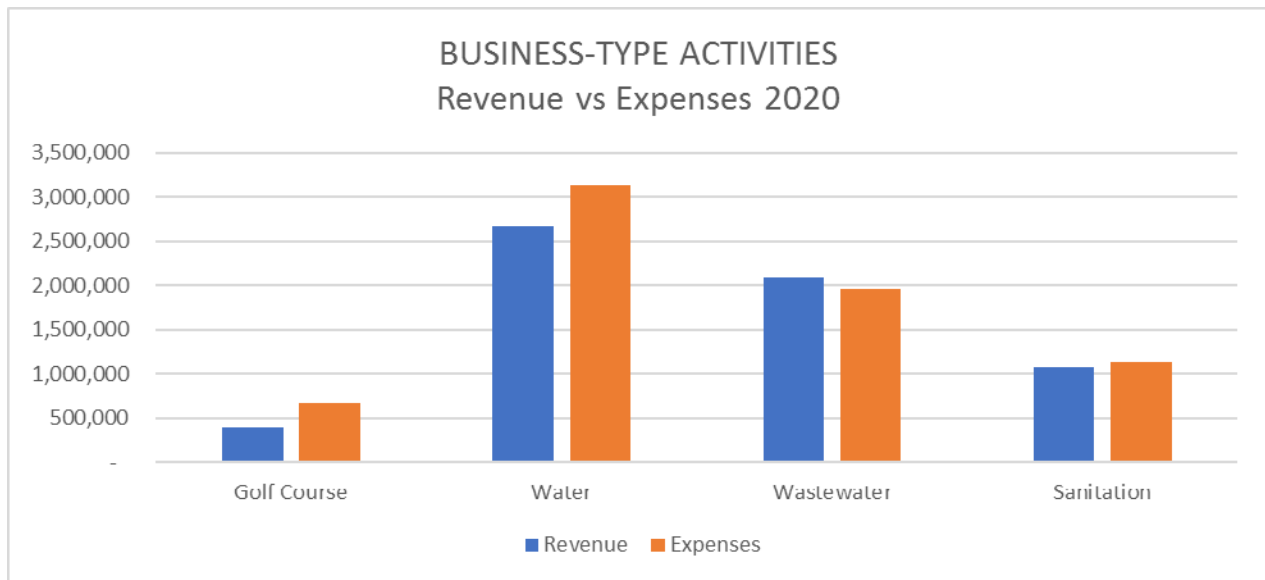
- City Hall purchased an informational reader board and installed this asset in Railroad Park, the asset allows the city to inform the public of Covid guidelines and information. Included in the asset purchases for city hall were upgrades to the server room and equipment replacement.
- Police Department installed security access doors, upgraded computers, and purchased additional safety equipment. Also included in this budget cycle is the annual payment for the Law Enforcement Facility and office technology equipment.
- Our volunteer Fire Department partnered with the Rural Fire Department to co-op purchase a ladder truck.
- Parks Department continued to support the downtown rehabilitation with purchases of pots, bike racks, waste receptacles, and park benches. This department also included in assets purchases mowing equipment, landscape trailers, restroom upgrades, security cameras for park monitoring, new vehicle for fleet management and the final phase of the skatepark has been completed.
- Street Department infrastructure is in Phase #2 of a major project for downtown revitalization with sidewalk repairs on main street and the pedestrian friendly curb appeal for the businesses. Included in this year's assets were additional pedestrian crossing and the vehicle purchase for fleet management.

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

- The Recreation Department asset purchases include fleet upgrades to the passenger vans for programing and professional fees for pool remodel.
- The City Municipal Airport utilize CARES ACT grant to remodel the airport terminal and began the planning phase for the BLM seat base. This project is a grant through the FAA which includes engineering and professional fees for upgrade at the airport.
- Economic Development continued to implement a paperless department with the purchase of OpenGov software.
- Water Department assets included fleet management, dump truck, water meter upgrades, and upgrade to technology equipment.
- Wastewater Department included in their asset purchases the rotation of a mower for the wastewater lagoons, vehicle purchase, and upgrades to technology equipment.
- Beginning in 2007 and continuing through the current fiscal year, the City's Golf Course has required subsidies from the General Fund to cover year end deficits. In FY21 the City transferred \$303,662 from the General Fund to subsidize operating expenses for the Golf Course.

**BUSINESS-TYPE ACTIVITIES
Revenue vs. Costs**





Business-type activities are shown comparing costs to revenues generated by related services. Golf course, water, sewer and sanitation activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Although the Golf Course fund is considered a business-type activity and is intended to be self-supporting, expenses have exceeded course-generated revenues for several years. Therefore, the City Council has supplemented Golf Course fees with a general fund transfer for repayment of debt, however the Certificates of Participation appropriation is no longer required as the long term debt has been satisfied.

Financial Analysis of the City's Funds

Governmental funds

As Discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of expendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$6,178,846. The ending fund balance consists of non-spendable, restricted and assigned funds in the amount of \$2,977,810 to be used for development, construction, and debt service; and unassigned funds of \$3,201,036 available for city service requirements.

The total ending fund balances of governmental funds show an increase over the prior year. This is primarily the result of the events and programs described within the analysis of the City's governmental activities.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund balance increased by \$2,290,786 during the fiscal year.

The Street Oiling Fund is used to account for highway user revenue that is restricted for maintenance and construction of city streets. The fund balance in the Street Oiling Fund reported an increase of \$168,346 for the current fiscal year, primarily due to building the required cost expended in the grant match and reconstruction projects, to aid with managing unexpended dollars for future projects, all which will include revitalization of the downtown sidewalks.

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Major Proprietary funds

The Water, Wastewater and Sanitation Funds are used to account for the costs necessary to operate the city's water, sewer, and sanitation systems and the charges necessary to offset those costs. In 2003 Engineering Studies and Master Plans were completed for the water and sewer systems. Loans were obtained through Idaho Department of Environmental Quality Revolving Loan Accounts to pay for capital improvements recommended in the master plan. Two water projects were finished in FY06 and FY07. Loan payments for those projects were refinanced with the Idaho Bond Bank and combined to a single payment annually to range from \$105,000 to \$145,000. The \$6 million sewer project, completed in FY09, increases the city's collection and treatment capacity. The DEQ#3 loan payment for the Sewer projects totaled \$419,706 annually. Water and sewer maintenance funds, comprised primarily of fees for service, are used to repay DEQ loans. These revenues are used to cover maintenance and operation expenses, DEQ loan payments, equipment replacement and to build for improvements in future years. The City's Sanitation service is outsourced to a private sanitation company.

The water fund reported an increase in net position of \$1,913,154 for the current fiscal year this reflected a rate increase that will stabilize the funds yearly financial responsibility of the new DEQ loan. Wastewater fund reported an increase in net position of \$393,253 this change is articulated in the depreciation schedule for year end.

The sanitation fund reflected an increase of \$74,512 in the revenue collected for basic customer requirements.

The Golf Course Fund is used to account for costs necessary to operate the city's golf course and the charges necessary to offset those costs. The fund reported an increase in net position of \$129,385 for the current fiscal year, primarily due to increase in revenue received from customer participation.

General Fund Budgetary Highlights

The adopted General Fund budget for fiscal year 2021 was \$12,404,838. This was an increase of \$4,143,021 more than the previous year General Fund budget. This increase was due to the City's expectation of revenues and the reestablishing previous expenditure hold-backs seen in the prior year.

The General Fund budget complied with financial policies approved by the City Council and maintained core City services.

Capital Assets and Debt Administration

Capital assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of September 30, 2021, was \$27,708,050 and \$31,726,662 respectively. Water and wastewater system and street and road infrastructure contributions and improvements comprise the majority of current year increases. The city also purchased miscellaneous equipment in the fiscal year ending September 30, 2021. See the notes to the financial statements for additional information about changes in capital assets during the fiscal year and construction commitments outstanding at the end of the year.

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

**Capital Assets
Net of Accumulated Depreciation**

	Governmental		Business-type		Totals	
	Activities		Activities			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Non-Depreciable Assets						
Land	\$2,300,197	\$2,214,197	\$ 3,936,007	\$ 3,936,007	\$6,236,204	\$ 6,150,204
Construction in progress	60,806	1,798,552	0	1,173,593	60,806	2,972,145
Intangibles	-	-	1,207,510	1,207,510	1,207,510	1,207,510
Depreciable Assets:						
Infrastructure	20,433,020	16,941,256	25,110,813	24,181,625	45,543,833	41,122,881
Buildings and Improvements	2,382,615	2,387,034	159,957	178,530	2,542,572	2,565,564
Equipment	<u>2,531,412</u>	<u>2,187,892</u>	<u>1,312,375</u>	<u>1,227,288</u>	<u>3,843,787</u>	<u>3,415,180</u>
Total	<u>\$27,708,050</u>	<u>\$25,528,931</u>	<u>\$31,726,662</u>	<u>\$31,904,553</u>	<u>\$59,434,712</u>	<u>\$ 57,433,484</u>

Long-term debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$9,689,776. The remaining debt is a combination of capital lease obligations and notes payable for major equipment and infrastructure improvements, including notes payable to the Department of Environmental Quality for water and wastewater system improvements. See the notes to the financial statements for additional information.

Economic Environment and Next Year's Budget

Prominent economic factors have been the continued strength of commercial and residential construction during the 2022 budget cycle. Building permits have increased 25% and with approved future subdivision plats of over 500 residential housing the city is forecasting additional commercial growth in the 2022 budget cycle as well. Broadband remains a top focus for the continued growth within the city and the "open access" platform will allow internet service providers to bring their services to the city residences providing faster speeds for a lower cost. With services being provided by ISP's, planning and implementation is just the being. From there, the organization will implement new technologies to expand network capabilities and capacities to provide world-class online communication. Fiber growth odds are pretty good as well, however the mayor and council say, "Never tell me the odds", regarding the high-speed internet's successes as the latest advances in internet technology can be easily applied to support growth and continue to build success for our community's future. Downtown revitalization is moving into phase IV. Infrastructure improvements included the demolition and construction of stormwater, sidewalks, and new streetscapes. The downtown core includes Railroad Park enhancements: sidewalks, updated landscaping, gazebo, and continued additional upgrades are being planned and funded through the URA program. The city mission statement is to enrich the quality of life of our community through effective partnerships while providing infrastructure, excellent service, and balanced growth, which preserves, protects, and enhances our hometown character. Our vision is to become a self-sustaining, diverse environment with a vibrant hometown-feel, which provides opportunities for future generations to thrive. To inspire modern innovation to promote a prosperous economy, to foster a sense of community and family, while encouraging an active and healthy lifestyle that provides its citizen with every opportunity for success.

For FY 2022:

- The City will be aggressively applying for grants again this budget cycle with new grants coming out daily from federal funding avenues and the traditional grants that will be available during the budget cycle. The Council has confidence in the fact that an investment into our community organizations is an asset to our city and it will

**CITY OF MOUNTAIN HOME, IDAHO
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

continue to support these diverse civic groups and organizations; Public Transit, Meals on Wheels, Museum, Arts Council, Senior Citizens Center and Visitor Center will all receive funding. Improvements to the rail spur and broadband infrastructure will be projects planned and rolled out into stages rather than all at once.

- Development Services is moving toward a customer friendly paperless system. OpenGov software allows public sector planning and empowers everyone in our organization to communicate, collaborate efficiency internally and through interactive dashboards track the progress of permits making our customers our success.
- Police Department is again applying for grant opportunities for police salary and equipment. This department will request upgrades to the following equipment – e-ticketing, radar detectors, fleet management, body in car camera.
- The Fire Department is purchasing drone cameras, upgrading the training facility, purchasing additional thermal imagers, fleet management, and upgrade for the apparatuses used in firefighting situations. They will also apply for grants to fund additional full-time firefighters.
- Parks department superintendent is actively involved in Phase #4 of the downtown reconstruction project with upgrades to Railroad Park assets. The new assets for the future budget cycle will include parking lot seal coat, the Big Dog Park improvements, and neighborhood park covers.
- Streets will continue to co-op with URA regarding Phase 4 of the downtown revitalization to include paving Railroad Park, additional attention to pedestrian friendly walking paths, and Volvo sander upgrades.
- Municipal Airport will see significant improvements in the next budget cycle with the BLM Seat Base adding an additional runway, the BLM smoke jumper's base construction of new hangers and new fuel island construction.
- Municipal Golf Course purchase of equipment will allow for multifunctional attachments to enable for additional course maintenance in time efficient manner.
- Water Departments fleet management will include a smaller VAC truck purchase, vehicles purchase and upgrades to equipment. Their planning includes new well construction within the next budget cycle to plan for future growth in the city.
- Wastewater will purchase push camera upgrades, fleet management and planning for growth in city future.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City Treasurer, Paula Szafranski, 160 South 3rd East, Mountain Home, Idaho (208) 587-2104.

Component Unit:

NAME: Mountain Home Urban Renewal Agency

DATE ESTABLISHED: 2005

ACTIVITY PERFORMED:

Established according to Title 50, Chapter 20 of the Idaho Code, the City Council identified a deteriorated or deteriorating area which is appropriate for urban renewal projects, appointed a Board of Directors for the Agency, and approved an Urban Renewal Plan and Project Area for rehabilitation or redevelopment by private enterprise.

In 2007 the Agency issued revenue allocation bonds as allowed by law, in the amount of \$2,715,000, for the purpose of financing street, water and wastewater improvements within the project area. The bonds are valid special obligations of the agency and payable over a term of 15 years, with property tax revenues received by the agency.

BASIC FINANCIAL STATEMENTS

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF NET POSITION
September 30, 2021

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Total
ASSETS				
Current Assets				
Cash and Investments	\$ 5,772,781	\$ 5,361,958	\$ 11,134,739	\$
Receivables				
Accounts		870,075	870,075	
Property tax	7,271,372		7,271,372	682,848
Sales tax	603		603	
Due from other governments	895,805	21,621	917,426	
Accrued interest	521		521	
Other	138,055	15,359	153,414	
Prepaid expenses	28,795	4,296	33,091	
Total Current Assets	14,107,932	6,273,309	20,381,241	682,848
Noncurrent Assets				
Restricted cash	820,905	93,559	914,464	1,562,015
Net pension asset	78,866	26,289	105,155	
Capital assets, net of accumulated depreciation	27,705,500	31,726,664	59,432,164	2,084,099
Total Noncurrent Assets	28,605,271	31,846,512	60,451,783	3,646,114
Total Assets	42,713,203	38,119,821	80,833,024	4,328,962
Deferred Outflows				
Pension obligations	1,132,440	377,482	1,509,922	
Total Assets and Deferred Outflows	\$ 43,845,643	\$ 38,497,303	\$ 82,342,946	\$ 4,328,962

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF NET POSITION (Continued)
September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Total
LIABILITIES AND DEFERRED INFLOWS				
Current Liabilities				
Accounts payable	\$ 1,444,419	\$ 502,745	\$ 1,947,164	\$ 384,702
Accrued interest payable	19,452	27,402	46,854	855
Accrued expenses		21,621	21,621	685
Deposits payable	<u>34,200</u>		<u>34,200</u>	
Total Current Liabilities	1,498,071	551,768	2,049,839	386,242
Noncurrent Liabilities				
Due Within One Year				
Capital lease payable	247,546	178,197	425,743	
Bonds payable				270,000
Notes payable		668,275	668,275	
Certificates of participation	80,000		80,000	
Due in More Than One Year				
Accrued compensated absences	243,803	100,690	344,493	
Capital lease payable	478,156	120,330	598,486	
Deferred bond premium amortization		29,478	29,478	
Notes payable		6,882,274	6,882,274	
Certificates of participation	<u>1,035,000</u>		<u>1,035,000</u>	
	<u>2,084,505</u>	<u>7,979,244</u>	<u>10,063,749</u>	<u>270,000</u>
Total Liabilities	3,582,576	8,531,012	12,113,588	656,242
Deferred Inflows				
Deferred tax revenue	7,143,165		7,143,165	682,848
Pensions	<u>2,522,024</u>	<u>840,674</u>	<u>3,362,698</u>	
Total Deferred Inflows	9,665,189	840,674	10,505,863	682,848
NET POSITION				
Net investment in capital assets	26,979,798	23,994,729	50,974,527	1,813,244
Unrestricted	1,579,568	5,037,329	6,616,897	
Restricted	<u>2,038,512</u>	<u>93,559</u>	<u>2,132,071</u>	<u>1,176,628</u>
Total Net Position	<u>30,597,878</u>	<u>29,125,617</u>	<u>59,723,495</u>	<u>2,989,872</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 43,845,643</u>	<u>\$ 38,497,303</u>	<u>\$ 82,342,946</u>	<u>\$ 4,328,962</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

	<u>PROGRAM REVENUES</u>			
	<u>Expenses</u>	<u>Fees, Fines & Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>
Functions/Programs				
Governmental Activities				
General government	\$ 1,160,712	\$	\$ 2,193,954	\$
Public protection	3,950,586	159,780		33,597
Streets and airport	2,588,769	4,318,464	41,407	67,278
Health and sanitation	203,679			
Physical and economic development	145,823	330,786		
Library and recreation	2,056,258	1,604,142	119,932	
Interest on long-term debt	51,595			
	<u>10,157,422</u>	<u>6,413,172</u>	<u>2,355,293</u>	<u>100,875</u>
Total Governmental Activities				
Business-Type Activities				
Water	2,802,292	3,710,826		
Sewer	2,135,393	2,394,865		
Sanitation	1,088,655	1,160,324		
Golf course	672,269	487,904		
	<u>6,698,609</u>	<u>7,753,919</u>		
Total Business-Type Activities				
Total Primary Government				
	<u>16,856,031</u>	<u>14,167,091</u>	<u>2,355,293</u>	<u>100,875</u>
Component Units				
Urban Renewal Agency	<u>882,672</u>	<u>13,245</u>		

General Revenues and Transfers

- Property taxes
- Revenue sharing
- Liquor apportionment
- Earnings on investments
- Miscellaneous
- Future service availability fees
- Net operating transfers

Total General Revenues and Transfers

Change in Net Position

Net Position

- Beginning of Year
- End of Year

**NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION**

Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	Total
\$ 1,033,242	\$	\$ 1,033,242	\$
(3,757,209)		(3,757,209)	
1,838,380		1,838,380	
(203,679)		(203,679)	
184,963		184,963	
(332,184)		(332,184)	
(51,595)		(51,595)	
(1,288,082)		(1,288,082)	
	908,534	908,534	
	259,472	259,472	
	71,669	71,669	
	(184,365)	(184,365)	
	1,055,310	1,055,310	
(1,288,082)	1,055,310	(232,772)	
			(869,427)
5,187,786		5,187,786	791,920
1,369,889		1,369,889	
235,306		235,306	
5,459	23,793	29,252	174
38,876	514,830	553,706	
576,672		576,672	
(916,371)	916,371		
6,497,617	1,454,994	7,952,611	792,094
5,209,535	2,510,304	7,719,839	(77,333)
25,388,343	26,615,313	52,003,656	3,067,205
\$ 30,597,878	\$ 29,125,617	\$ 59,723,495	\$ 2,989,872

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2021

	MAJOR FUNDS			NON-MAJOR FUNDS	TOTAL
	General Fund	Street Oiling Fund	Recreation Fund		
ASSETS					
Cash and Investments	\$ 2,930,946	\$ 1,214,722	\$ 143,966	\$ 1,377,859	\$ 5,667,493
Restricted cash	220,299			600,606	820,905
Certificate of deposit	105,288				105,288
Receivables					
Property taxes	5,119,945	922,962	311,257	917,208	7,271,372
Sales tax				603	603
Other governments	523,482	372,323			895,805
Accrued interest	312	77	5	127	521
Other receivables	101,674		14,202	22,179	138,055
Prepaid expenses	<u>23,317</u>	<u>3,444</u>	<u>1,845</u>	<u>189</u>	<u>28,795</u>
Total Assets	<u>\$ 9,025,263</u>	<u>\$ 2,513,528</u>	<u>\$ 471,275</u>	<u>\$ 2,918,771</u>	<u>\$ 14,928,837</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 513,294	\$ 571,337	\$ 15,361	\$ 344,427	\$ 1,444,419
Deposits payable	34,200				34,200
Advanced tax revenue	<u>95,496</u>	<u>12,227</u>	<u>5,410</u>	<u>15,074</u>	<u>128,207</u>
Total Liabilities	642,990	583,564	20,771	359,501	1,606,826
Deferred Inflows	5,024,449	910,736	305,847	902,133	7,143,165
Fund Balances					
Nonspendable	23,317	3,444	1,845	189	28,795
Restricted	220,299	1,015,784		802,429	2,038,512
Assigned			142,812	767,691	910,503
Unassigned	<u>3,114,208</u>	<u> </u>	<u> </u>	<u>86,828</u>	<u>3,201,036</u>
Total Fund Balances	<u>3,357,824</u>	<u>1,019,228</u>	<u>144,657</u>	<u>1,657,137</u>	<u>6,178,846</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 9,025,263</u>	<u>\$ 2,513,528</u>	<u>\$ 471,275</u>	<u>\$ 2,918,771</u>	<u>\$ 14,928,837</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2021

Total fund balance - total governmental funds \$ 6,178,846

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. These assets, net of accumulated depreciation, consist of:

Land	\$	2,300,197	
Buildings		5,773,990	
Infrastructure		92,849,242	
Equipment		7,747,127	
Construction in progress		58,256	
Accumulated depreciation		<u>(81,023,312)</u>	
Total capital assets, net of accumulated depreciation			27,705,500

Some of the City's taxes will be collected after year-end, but are not available soon enough to pay the current period's expenditures, and therefore are reported as advanced revenue in the funds. 128,207

Long-term liabilities, applicable to governmental activities are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:

Net pension asset	\$	78,866	
Pension related deferred inflows		(2,522,024)	
Pension related deferred outflows		<u>1,132,440</u>	
Total long term liabilities			<u>(1,310,718)</u>

Long-term liabilities, including bonds payable and accrued leave, are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:

Accrued interest payable	\$	(19,452)	
Capital leases payable		(725,702)	
Certificates of participation		(1,115,000)	
Compensated absences payable		<u>(243,803)</u>	
Total long term liabilities			<u>(2,103,957)</u>

Deferred inflows of resources not reported in the funds.

Total net position of governmental activities \$ 30,597,878

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	MAJOR FUNDS			NON-MAJOR	TOTAL
	General Fund	Street Oiling Fund	Recreation Fund	FUNDS	
REVENUES					
Property taxes	\$ 5,187,786	\$ 709,949	\$ 257,255	\$ 814,412	\$ 6,969,402
Sales tax / revenue sharing	1,369,889		225,000	15,700	1,610,589
Highway users		879,648			879,648
County road apportionment		260,409			260,409
State liquor apportionment	235,306				235,306
Franchise fees	203,250				203,250
Licenses, permits, and fees	332,967				332,967
Court revenue	60,928				60,928
Charges for services			110,248	46,561	156,809
Earnings on investments	3,391	1,524	178	366	5,459
Earnings on leases	35,543			104,665	140,208
Refunds and reimbursements	98,852	902,640		21,122	1,022,614
Grant revenue					
Federal	444,903	8,624	4,940	44,184	502,651
State	1,698,682				1,698,682
Contributions	50,369		46,050	3,520	99,939
Sponsorship			66,676		66,676
Future service availability fees				572,920	572,920
Future service availability interest				2,969	2,969
Miscellaneous	<u>38,877</u>	<u>1,315,330</u>	<u>27,403</u>	<u>80,293</u>	<u>1,461,903</u>
Total Revenues	9,760,743	4,078,124	737,750	1,706,712	16,283,329

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (Continued)
For the Year Ended September 30, 2021

	MAJOR FUNDS			NON-MAJOR	TOTAL
	General Fund	Street Oiling Fund	Recreation Fund	FUNDS	
EXPENDITURES					
Current					
General government	\$ 1,228,104	\$	\$	\$	\$ 1,228,104
Public protection	3,939,805				3,939,805
Streets and airport		1,113,676		309,743	1,423,419
Health and sanitation				203,679	203,679
Physical and economic development	145,823				145,823
Library and recreation	816,947		653,252	537,348	2,007,547
Debt service					
Principal	387,334	36,246			423,580
Interest	64,018	2,851			66,869
Capital outlay	<u>937,390</u>	<u>2,757,005</u>	<u>26,526</u>	<u>149,880</u>	<u>3,870,801</u>
Total Expenditures	<u>7,519,421</u>	<u>3,909,778</u>	<u>679,778</u>	<u>1,200,650</u>	<u>13,309,627</u>
Excess (Deficiency) of Revenues Over Expenditures	2,241,322	168,346	57,972	506,062	2,973,702
OTHER FINANCING SOURCES (USES)					
Transfers in	134,518			59,535	194,053
Debt proceeds	412,500				412,500
Transfers out	<u>(497,554)</u>			<u>(612,871)</u>	<u>(1,110,425)</u>
Net Other Financing Sources (Uses)	<u>49,464</u>			<u>(553,336)</u>	<u>(503,872)</u>
Net Change in Fund Balances	2,290,786	168,346	57,972	(47,274)	2,469,830
FUND BALANCES, Beginning of Year	<u>1,067,038</u>	<u>850,882</u>	<u>86,685</u>	<u>1,704,411</u>	<u>3,709,016</u>
FUND BALANCES, End of Year	<u>\$ 3,357,824</u>	<u>\$ 1,019,228</u>	<u>\$ 144,657</u>	<u>\$ 1,657,137</u>	<u>\$ 6,178,846</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Net change in fund balances - total governmental funds \$ 2,469,830

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

Revenues that will not be collected for several months after the City's fiscal year end are not considered "available" revenues and are deferred in the governmental funds. Advanced revenues increased by this amount this year. (32,190)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 3,870,801	
Disposal of capital assets, capital contributions and transfers	(74,667)	
Depreciation expense	<u>(1,694,232)</u>	
Excess of capital outlay over depreciation expense		2,101,902

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

Certificates of participation payments	\$ 80,000	
Capital lease principal payments, net of new borrowings	<u>(46,684)</u>	
		33,316

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of financial resource availability.

Change in pension revenue	\$ 636,449	
Increase in accrued interest payable	(6,962)	
Decrease in compensated absence payable	<u>7,190</u>	
		<u>636,677</u>

Change in Net Position of Governmental Activities \$ 5,209,535

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Golf Course Fund</u>	<u>Tap Deposit Fund</u>	<u>Total</u>
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 3,608,305	\$ 971,696	\$ 402,048	\$ 210,910	\$ 168,999	\$ 5,361,958
Accounts	501,155	252,843	116,077			870,075
Other	3,194	6,044	35	6,086		15,359
Due from other funds					21,621	21,621
Prepaid expenses	<u>2,144</u>	<u>1,554</u>	<u>11</u>	<u>587</u>		<u>4,296</u>
Total Current Assets	4,114,798	1,232,137	518,171	217,583	190,620	6,273,309
Non-current Assets						
Net pension asset	10,516	10,516	2,103	3,154		26,289
Capital Assets						
Land and sewer lagoons	1,085,024	1,104,349	69,205	1,677,429		3,936,007
Buildings and improvements	361,482	168,346	58,616	287,552		875,996
Systems and equipment	1,177,470	1,724,790	35,037	672,107		3,609,404
Intangibles	1,207,510					1,207,510
Infrastructure	26,083,662	21,121,405		250,638		47,455,705
Less accumulated depreciation	<u>(12,988,152)</u>	<u>(11,422,173)</u>	<u>(93,128)</u>	<u>(854,505)</u>		<u>(25,357,958)</u>
Total capital assets, net of accumulated depreciation	16,926,996	12,696,717	69,730	2,033,221		31,726,664
Restricted cash	<u>93,559</u>					<u>93,559</u>
Total Assets	21,145,869	13,939,370	590,004	2,253,958	190,620	38,119,821
Deferred outflows						
Pension related items	<u>150,993</u>	<u>150,993</u>	<u>30,198</u>	<u>45,298</u>		<u>377,482</u>
Total Assets and Deferred Outflows	<u>\$ 21,296,862</u>	<u>\$ 14,090,363</u>	<u>\$ 620,202</u>	<u>\$ 2,299,256</u>	<u>\$ 190,620</u>	<u>\$ 38,497,303</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF NET POSITION - PROPRIETARY FUNDS (Continued)
September 30, 2021

	Water Fund	Sewer Fund	Sanitation Fund	Golf Course Fund	Tap Deposit Fund	Total
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	\$ 147,132	\$ 32,952	\$ 83,429	\$ 48,612	190,620	\$ 502,745
Accrued interest payable	12,504	12,765		2,133		27,402
Accrued compensated balances	43,711	45,104	4,661	7,214		100,690
Due to other funds	21,621					21,621
Current portion of capital leases	37,847	81,684		58,666		178,197
Current portion of notes payable	<u>347,495</u>	<u>320,780</u>				<u>668,275</u>
Total Current Liabilities	610,310	493,285	88,090	116,625	190,620	1,498,930
NON-CURRENT LIABILITIES						
Bond premium fees	29,478					29,478
Long-term portion of capital leases	33,736	78,976		7,618		120,330
Long-term portion of notes payable	<u>4,297,942</u>	<u>2,584,332</u>				<u>6,882,274</u>
Total Noncurrent Liabilities	<u>4,361,156</u>	<u>2,663,308</u>		<u>7,618</u>		<u>7,032,082</u>
Total Liabilities	4,971,466	3,156,593	88,090	124,243	190,620	8,531,012
DEFERRED INFLOWS						
Pension related items	336,270	336,270	67,254	100,880		840,674
NET POSITION						
Invested in capital assets	12,214,234	9,709,921	69,730	1,974,555		23,968,440
Restricted	93,559					93,559
Unrestricted	<u>3,681,333</u>	<u>887,579</u>	<u>395,128</u>	<u>99,578</u>		<u>5,063,618</u>
Total Net Position	<u>15,989,126</u>	<u>10,597,500</u>	<u>464,858</u>	<u>2,074,133</u>		<u>29,125,617</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 21,296,862</u>	<u>\$ 14,090,363</u>	<u>\$ 620,202</u>	<u>\$ 2,299,256</u>	<u>\$ 190,620</u>	<u>\$ 38,497,303</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
For the Year Ended September 30, 2021

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Sanitation</u> <u>Fund</u>	<u>Golf</u> <u>Course</u> <u>Fund</u>	<u>Total</u>
Operating Revenues					
Charges for services	\$ 3,710,826	\$ 2,349,603	\$ 1,160,324	\$ 457,474	\$ 7,678,227
Rental income		<u>45,262</u>		<u>30,430</u>	<u>75,692</u>
Total Operating Revenues	3,710,826	2,394,865	1,160,324	487,904	7,753,919
Operating Expenses					
Salaries	595,743	590,720	54,741	346,873	1,588,077
Fringe benefits	246,753	243,064	20,652	59,698	570,167
Gas and oil	16,557	17,171		10,746	44,474
Professional fees	174,725	77,346	995,465	496	1,248,032
Postage and freight	20,204	14,827	14,827		49,858
Utilities and telephone	459,694	22,831		30,415	512,940
Repairs	296,053	124,414	2,970	89,021	512,458
Supplies	42,608	85,232		98,056	225,896
Education, dues, and assessments	23,520	3,780		5,410	32,710
Miscellaneous expense	4,457	18,640	16,894	6,211	46,202
Insurance	27,750	54,967			82,717
Operating lease (bond payments)	3,736	3,699			7,435
Depreciation	<u>827,188</u>	<u>848,292</u>	<u>78</u>	<u>47,976</u>	<u>1,723,534</u>
Total Operating Expenses	<u>2,738,988</u>	<u>2,104,983</u>	<u>1,105,627</u>	<u>694,902</u>	<u>6,644,500</u>
Operating Income (Loss)	971,838	289,882	54,697	(206,998)	1,109,419
Non-operating Revenues (Expenses)					
Interest revenues	21,289	1,661	843		23,793
Grant revenue	469,260	33,482		7,387	510,129
Net pension revenue	84,860	84,860	16,972	25,458	212,150
Interest expense	(148,164)	(115,270)		(2,825)	(266,259)
Miscellaneous income (expense)			<u>2,000</u>	<u>2,701</u>	<u>4,701</u>
Total Non-operating Revenues (Expenses)	<u>427,245</u>	<u>4,733</u>	<u>19,815</u>	<u>32,721</u>	<u>484,514</u>
Income (Loss) Before Transfers	1,399,083	294,615	74,512	(174,277)	1,593,933
Operating Transfers In (Out)					
Transfers in	<u>514,071</u>	<u>98,638</u>		<u>303,662</u>	<u>916,371</u>
Total Operating Transfers In (Out)	<u>514,071</u>	<u>98,638</u>		<u>303,662</u>	<u>916,371</u>
Change in Net Position	1,913,154	393,253	74,512	129,385	2,510,304
Net Position, Beginning of Year	<u>14,075,972</u>	<u>10,204,247</u>	<u>390,346</u>	<u>1,944,748</u>	<u>26,615,313</u>
Net Position, End of Year	<u>\$ 15,989,126</u>	<u>\$ 10,597,500</u>	<u>\$ 464,858</u>	<u>\$ 2,074,133</u>	<u>\$ 29,125,617</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended September 30, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Golf Course Fund</u>	<u>Total</u>
Cash Flow From Operating Activities					
Cash received from customers	\$ 3,923,026	\$ 2,575,231	\$ 1,209,896	\$ 558,296	\$ 8,266,449
Cash payments to suppliers for goods	(1,124,155)	(422,783)	(1,030,817)	(249,070)	(2,826,825)
Cash payments to employees for services	<u>(1,176,748)</u>	<u>(1,165,907)</u>	<u>(141,823)</u>	<u>(508,112)</u>	<u>(2,992,590)</u>
Net Cash Provided By (Used in) Operating Activities	1,622,123	986,541	37,256	(198,886)	2,447,034
Cash Flows From Noncapital Financing Activities					
Operating transfers	514,071	98,638		303,662	916,371
Other non-operating income (loss)	<u>554,120</u>	<u>118,342</u>	<u>18,972</u>	<u>35,546</u>	<u>726,980</u>
Net Cash Provided By Noncapital Financing Activities	1,068,191	216,980	18,972	339,208	1,643,351
Cash Flow From Capital and Related Financing Activities					
Acquisition of capital assets	(1,146,826)	(362,223)		(6,175)	(1,515,224)
Amortization of bond costs	(15,183)				(15,183)
New long-term borrowings	50,910	50,910			101,820
Principal payments on long-term debt	(370,835)	(390,193)		(56,480)	(817,508)
Interest payments on long-term debt	<u>(144,235)</u>	<u>(116,982)</u>		<u>(2,825)</u>	<u>(264,042)</u>
Net Cash Used in Capital and Related Financing Activities	(1,626,169)	(818,488)		(65,480)	(2,510,137)
Cash Flows From Investing Activities					
Interest on investments	<u>21,289</u>	<u>1,661</u>	<u>843</u>		<u>23,793</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,085,434	386,694	57,071	74,842	1,604,041
Cash and Cash Equivalents, Beginning of Year	<u>2,616,430</u>	<u>585,002</u>	<u>344,977</u>	<u>136,068</u>	<u>3,682,477</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,701,864</u>	<u>\$ 971,696</u>	<u>\$ 402,048</u>	<u>\$ 210,910</u>	<u>\$ 5,286,518</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)
For the Year Ended September 30, 2021

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Sanitation</u> <u>Fund</u>	<u>Golf</u> <u>Course</u> <u>Fund</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) To					
Net Cash Provide by (Used in) Operating Activities					
Operating Income (Loss)	\$ 971,838	\$ 289,882	\$ 54,697	\$ (206,998)	\$ 1,109,419
Adjustments to Reconcile Operating Income					
(Loss) to Net Cash Provided by (Used in)					
Operating Activities					
Depreciation	796,767	848,292	78	47,976	1,693,113
Deferred Outflows	(68,552)	(68,552)	(13,710)	(20,566)	(171,380)
Deferred Inflows	318,260	318,260	63,652	95,478	795,650
Change in Assets and Liabilities:					
(Increase) decrease in accounts receivable	(39,205)	(65,903)	(493)		(105,601)
(Increase) decrease in prepaid expense	494	430	9	36	969
(Increase) decrease in other receivables	1,697	(3,439)	123	(4,520)	(6,139)
Increase (decrease) in accounts payable	(28,729)	(306)	(670)	(6,860)	(36,565)
Increase (decrease) in net pension liability	(334,568)	(334,568)	(66,914)	(100,370)	(836,420)
Increase (decrease) in accrued expenses	3,805			(1,891)	1,914
absences payable	316	2,445	484	(1,171)	2,074
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided By (Used in)					
Operating Activities	<u>\$ 1,622,123</u>	<u>\$ 986,541</u>	<u>\$ 37,256</u>	<u>\$ (198,886)</u>	<u>\$ 2,447,034</u>

See accompanying notes to basic financial statements.

CITY OF MOUNTAIN HOME, IDAHO NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies

General Statement

City of Mountain Home, Idaho (the City) was incorporated October 1, 1946. The City operates under a mayor and council form of government and provides the following services: public safety (police and fire), public works, economic development, airport, animal shelter, cemetery, parks and recreation, library, golf course and general administrative services.

Financial Reporting Entity

The accompanying financial statements present the activities of the City of Mountain Home (the City) and its component unit. In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. Organizations for which the City is not financially accountable are also included when doing so is necessary in order to prevent the City's financial statements from being misleading.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Component units have been discretely presented. The component unit discussed below is included in the City's reporting entity because of the nature and significance of its operational and financial relationships with the City.

The Urban Renewal Agency of the City of Mountain Home (URACMH): The Authority was organized on November 14, 2005, under the Idaho Urban Renewal Law, Chapter 20, Title 50 of the Idaho Code.. The commissioners of the Authority are appointed by the mayor and are subject to approval by the City Council. The supervisory boards for both of these entities are appointed by the Mayor with Council's approval.

Basis of Presentation

Government-wide financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the governmental entity. For most part, the effect of interfund activity has been removed from these statements. *Governmental activities* (government funds) which normally are supported by taxes and intergovernmental revenues are reported separately from *business-type activities* (proprietary funds) which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific program. *Program revenues* include (1) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements: The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements: all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

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

The *Street Oiling Fund* accounts for property tax revenue and restricted highway user revenue, which is restricted to maintenance and construction of city streets.

The *Recreation Fund* accounts for property tax revenue and program activity revenue, which is restricted to community activities for the benefit of city residents.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are a determination of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

The *Golf Course Fund* is used to account for the revenues and costs necessary to operate the City's golf course.

The *Water Fund* is used to account for the revenues and costs necessary to operate the City's water system.

The *Sewer Fund* is used to account for the revenues and costs necessary to operate the City's sewer system.

The *Sanitation Fund* is used to account for the revenues and costs necessary to operate the City's sanitation system.

The *TAP Fund* accounts for the security deposit citizens pay when they set up city water connections.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of personnel and contractual services, supplies, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Measurement Focus/Basis of Accounting (Continued)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual* basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and are accounted for using the *modified accrual* basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government also are recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of the end of the fiscal year, have been recorded as deferred inflows. Receivables that will not be collected within the available period have also been reported as deferred inflows on the government fund financial statements.

Budgetary Control

Annual budgets are adopted on a basis consistent with state code and generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal yearend. Project-length financial plans are adopted for all capital projects funds. Annual operating budgets are adopted for proprietary funds.

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

1. Prior to July 1, the City Council meets to hear requests of department heads. After July 1, the city council adopts a tentative budget for the fiscal year commencing October 1, which is printed twice in the weekly newspaper. The tentative budget is balanced and includes expenditures and the means of financing them.
2. Public hearings are conducted at the City Hall.
3. Prior to September 1, the budget is legally enacted through passage of an ordinance.
4. The City Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Expenditures may not legally exceed budgeted appropriations at the fund level.
6. Enterprise funds’ statements present the operating budget and the operating expenditures.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Fund Deficits

On September 30, 2021 the City has a deficit of \$21,032 in the Airport fund, which will be funded through future budgets and transfers from other funds.

Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statute authorizes the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments for the government are reported at fair value.

Prepaid Expenses

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent year, and the reserve for prepaid expenses has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements.

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of resources are reported as fund balance transfers. All other interfund transfers are reported as operating transfers. These transfers offset each other and are not a part of the government-wide financial statements unless between business-type (enterprise) funds and governmental funds.

Non-tax receivables are recognized as revenues received from the State and Federal governments if designated for the current fiscal period.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Restricted Assets

Certain assets of the general fund are classified as restricted assets because their use is completely restricted by the Certificates of Participation agreements. These funds are to be utilized for debt service payments in the event the City is unable to meet the obligations in a timely manner.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets construction.

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Building improvements	25
Public domain infrastructure	50
System infrastructure	30
Intangibles	0-25
Equipment and vehicles	5-25
Office equipment	3-5

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences

Employees of the City are entitled to paid vacation, paid sick leave and personal days off (comp time), depending on job classification, length of service and other factors. All vacation and personal days off are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. Governmental funds do not report a liability for these amounts unless payment will be made early in the following year.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Long-term Obligations

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

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Long-term debt consists of notes and bonds payable, capital leases, and accrued compensated absences. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types report debt proceeds as other financing sources and payment of principal and interest are reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position Classifications

Government-Wide Statements: Net position is displayed in three components as follows:

Invested in capital assets, net of related debt – Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of “invested in capital assets, net of related debt” or “restricted”

Fund statements: Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the City’s policy is to apply restricted resources first and then unrestricted resources as they are needed.

Use of Estimates

The City uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Property Tax Calendar

The City’s property tax is levied each October on the value listed as of the prior January 1 for all real property located in the City. The lien date is effective January 1 of the year the property tax is levied. A revaluation of all property is required to be completed no less than every five years.

Under Idaho Code Section 50-235, the City cannot levy taxes over nine-tenths percent (.9%) of the total City adjusted market value for real property located within the City. Taxes are due in two installments on December 20 and June 20 following the levy date. Property taxes levied for 2021 are recorded as receivables if uncollected and a deferred revenue amount is recorded, in the fund financial statements, to the extent of taxes not estimated to be collected within 60 days of the end of the accounting period.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows and inflows or resources. Deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. As of September 30, 2021, deferred inflows represented property taxes receivable unavailable for current use.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan’s fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note B – Cash and Investments

At September 30, 2021, the City’s cash and investments consisted of the following:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash		
Bank Deposits	\$ 3,234,654	\$ 2,944,756
Cash on Hand		<u>17,899</u>
Total Cash	<u>\$ 3,234,654</u>	<u>\$ 2,962,656</u>
	<u>Rating</u>	<u>Fair Value</u>
Investments		
Certificate of Deposit	N/A	\$ 105,288
State Treasurer’s Local Government Pool	N/A	9,692,084
Government Money Market Fund	AAA	<u>851,190</u>
Total Investments		<u>\$ 10,648,562</u>

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note B – Cash and Investments (Continued)

Reconciliation of the City’s deposit and investment balances as of September 30, 2021:

	<u>City’s Deposits and Investments</u>	<u>Component Units</u>	<u>Total</u>	<u>Average Maturities</u>
Cash in bank – Deposits	\$ 2,233,932	\$ 710,824	\$ 2,944,756	NA
Certificate of Deposit	105,288		105,288	NA
Government Money Market		851,191	851,191	<1 Mo
State Treasurer LGIP	9,692,084		9,692,084	<12 Mo
Cash on Hand	<u>17,899</u>		<u>17,899</u>	<u>NA</u>
Total	<u>\$ 12,049,203</u>	<u>\$ 1,562,015</u>	<u>\$ 13,611,218</u>	

Reconciliation of Cash and Investments to the Financial Statements

	<u>Statement of Net Position</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Investments	\$ 5,772,781	\$ 5,361,958	\$ 11,134,739
Restricted Cash	<u>820,905</u>	<u>93,559</u>	<u>914,464</u>
Total	<u>\$ 6,593,686</u>	<u>\$ 5,455,517</u>	<u>\$ 12,049,203</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2021, \$2,023,816 of the City’s bank balance was uninsured and uncollateralized.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligation. It is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody’s, Standard & Poor’s and Fitch’s. The rating of the Local Government Investment Pool (LGIP) as of September 30, 2009 was AAA. The LGIP terminated its rating service in December 2009 as the cost of the rating outweighed the benefit to the pool as a whole. The funds objectives and overall strategy and structure have not changed.

Interest Rate Risk

Interest rate risk is the risk of loss in fair value should market interest rates change in the future. Investments with long-term, fixed interest rates are the most volatile. The investments within the Idaho State Treasurer’s Local Government Investment Pool have an average maturity of one year or less and the government money market fund has an average maturity of less than 30 days, thereby minimizing interest rate risk.

**CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS**

Note B – Cash and Investments (Continued)

Restrictions on Cash

The City has reserve obligations for the Law Enforcement Building (LEB) Certificates of Participation. The security requirements state that the City must establish a reserve account in the amount of \$145,000. At September 30, 2021, the reserve account held \$186,076. The Department of Environmental Quality (DEQ) requires a reserve fund in an amount equal to one year worth of payments for each of the loans due from the City. The reserve account may be established over a 10 year period with a minimum of 10% put into the account each year. At September 30, 2021, the total restricted cash balance related to the DEQ loans was \$694,165. The City has \$34,223 in the restricted deposit account.

The City also has restricted cash amounts belonging to the City of Mountain Home Urban Renewal Agency (A component unit of the City) totaling \$1,562,015 at September 30, 2021.

Note C – Capital Assets

Capital asset activity for the year ended September 30, 2021 is as follows:

Governmental Activities

	Balance 9/30/20	Increases	Decreases	Balance 9/30/21
Capital assets, not being depreciated:				
Land	\$ 2,214,197	\$ 86,000	\$ 0	\$ 2,300,197
Construction in Progress	<u>1,798,552</u>	<u>119,872</u>	<u>1,860,168</u>	<u>58,256</u>
Total capital assets, not being depreciated	4,012,749	205,872	1,860,168	2,358,453
Capital assets, being depreciated:				
Buildings and Improvements	5,571,792	202,198	0	5,773,990
Systems and Equipment	6,986,944	760,183	0	7,747,127
Infrastructure	<u>88,286,528</u>	<u>4,562,714</u>	<u>0</u>	<u>92,849,242</u>
Total capital assets, being depreciated	100,845,264	5,525,095	0	106,370,359
Less accumulated depreciation for:				
Buildings and Improvements	3,184,758	206,617	0	3,391,375
Systems and Equipment	4,799,052	416,663		5,215,715
Infrastructure	<u>71,345,272</u>	<u>1,070,950</u>	<u>0</u>	<u>72,416,222</u>
Total accumulated depreciation	<u>79,329,082</u>	<u>1,694,230</u>	<u>0</u>	<u>81,023,312</u>
Governmental activities capital assets, net	<u>\$ 25,528,931</u>	<u>\$ 4,036,737</u>	<u>\$ 1,860,168</u>	<u>\$ 27,705,500</u>

**CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS**

Note C – Capital Assets (Continued)

Business-Type Activities

	Balance 9/30/20	Increases	Decreases	Balance 9/30/21
Capital assets, not being depreciated:				
Land and Sewer Lagoons	\$ 3,936,007	\$	\$	\$ 3,936,007
Construction in Progress	1,173,593		1,173,593	0
Intangibles	<u>1,207,510</u>			<u>1,207,510</u>
Total capital assets, not being depreciated	6,317,110	0	1,173,593	5,143,517
Capital assets, being depreciated:				
Buildings and Improvements	875,995			875,995
Systems and Equipment	3,336,895	302,595	30,084	3,609,406
Infrastructure	<u>45,039,399</u>	<u>2,416,306</u>		<u>47,455,705</u>
Total capital assets, being depreciated	49,252,289	2,718,901	30,084	51,941,106
Less accumulated depreciation for:				
Buildings and Improvements	697,465	18,573		716,038
Systems and Equipment	2,109,607	217,843	30,421	2,297,029
Infrastructure	<u>20,857,774</u>	<u>1,487,118</u>		<u>22,344,892</u>
Total accumulated depreciation	<u>23,664,846</u>	<u>1,723,534</u>	<u>30,421</u>	<u>25,357,959</u>
Business-type capital assets, net	<u>\$ 31,904,553</u>	<u>\$ 995,367</u>	<u>\$ 1,173,256</u>	<u>\$ 31,726,664</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

General Government	\$ 473,884
Public Protection	10,781
Streets and Airport	1,157,671
Library and Recreation	<u>51,894</u>
Total Depreciation Expense	<u>\$ 1,694,230</u>

Business Activities

Golf Course	\$ 47,976
Water	796,767
Sewer	848,292
Sanitation	<u>78</u>
Total Depreciation Expense	<u>\$ 1,693,113</u>

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note D – Government Fund Balances

As of September 30, 2021, fund balances of the governmental funds are classified as follows:

Nonspendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of the City Council. The Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Council.

Assigned — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City’s adopted policy, only City Council, Finance Director or the Council’s finance committee may assign amounts for specific purposes.

Unassigned — all other spendable amounts.

As of September 30, 2021, fund balances are comprised of the following:

	<u>General Fund</u>	<u>Street Oiling Fund</u>	<u>Recreation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable					
Prepaid items	\$ 23,317	\$ 3,444	1,845	\$ 189	\$ 28,795
Restricted:					
Public protection				180,900	180,900
Debt service	220,299			483,131	703,430
Streets		1,015,784		114,813	1,130,597
Library & recreational				<u>23,585</u>	<u>23,585</u>
	220,299	1,015,784	0	802,429	2,038,512
Assigned					
General government				767,691	767,691
Library, airport and recreation			<u>142,812</u>		<u>142,812</u>
	0	0	142,812	767,691	910,503
Unassigned	<u>3,114,208</u>	<u>0</u>		<u>86,828</u>	<u>3,201,036</u>
Total Fund Balances	<u>\$ 3,357,824</u>	<u>\$ 1,019,228</u>	<u>\$ 144,657</u>	<u>1,657,137</u>	<u>\$ 6,178,846</u>

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note E – Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2021 is as follows:

Due To Other Funds:

Due to the TAP Deposit Fund from the
 Water Enterprise fund for excess funds received. \$ 21,621

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenues. The following schedule briefly summarizes the City's transfer activity. For the year then ended September 30, 2021, interfund transfers consisted of the following:

	<u>Transfer from</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	
Transfer to:			
General fund	\$	\$	\$ 0
Golf course fund	303,662		303,662
ECISC fund	193,892		193,892
Water fund		484,384	484,384
Sewer fund		68,952	68,952
Library fund		59,535	59,535
Cemetery fund			0
Street oiling fund			0
	<u>\$ 497,554</u>	<u>\$ 612,871</u>	<u>\$ 1,110,425</u>

Note F – Leases

Operating Leases: The City leases construction and office equipment under non-cancelable operating leases. Lease expense for this equipment was \$118,499 for the year ended September 30, 2021. Certain leases contain balloon payments at the end of the lease if the City chooses to purchase the asset. These payments are contingent on the City purchasing the asset and are not included in the amounts below. The future minimum lease payments for these leases are as follows:

<u>Year Ended</u> <u>September 30</u>	<u>Amount</u>
2022	\$ 118,669
2023	90,192
2024	70,904
2025	46,780
2026	<u>16,398</u>
	<u>\$ 342,943</u>

Capital Leases: The City has entered into lease agreements as lessee for financing the acquisition of equipment and vehicles for various departments and funds, including proprietary funds. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the dates of inception.

The amount of assets acquired through active capital leases are as follows:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Equipment	\$ 1,598,494	\$ 1,037,972
Less accumulated depreciation	<u>(592,458)</u>	<u>(163,050)</u>
Total assets, net of accumulated depreciation	<u>\$ 1,006,036</u>	<u>\$ 874,922</u>

**CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS**

Note F – Leases (Continued)

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2021 were as follows:

<u>Year Ended September 30</u>	<u>Governmental Fund</u>	<u>Proprietary Funds</u>
2022	\$ 274,796	\$ 194,852
2023	125,048	89,110
2024	104,892	23,615
2025	74,915	21,615
2026	49,000	0
Thereafter	<u>195,998</u>	<u>0</u>
Total minimum lease payments	824,649	329,192
Less: Amount representing interest	<u>(98,947)</u>	<u>(30,665)</u>
Present value of minimum lease payments	<u>\$ 725,702</u>	<u>\$ 298,527</u>
Amount due within one year	\$ 247,546	\$ 178,197
Amount due in more than one year	<u>478,156</u>	<u>120,330</u>
	<u>\$ 725,702</u>	<u>\$ 298,527</u>

Note G – Pension Plan

Plan Description

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

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

Employee membership data related to the PERSI Base Plan, as of June 30, 2021 was as follows:

Retirees and beneficiaries	50,891
Terminated and vested	14,539
Active plan members	
Vested	44,539
Non-vested	<u>29,024</u>
	<u>138,993</u>

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.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note G – Pension Plan (Continued)

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2021 it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% general employees and 12.28% for police and firefighters. City of Mountain Home, Idaho’s contributions were \$598,749 for the year ended September 30, 2021.

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

At September 30, 2021, City of Mountain Home, Idaho reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the City’s proportion was 0.1331428 percent.

For the year ended September 30, 2021, City of Mountain Home, Idaho recognized net pension expense (revenue) of (\$54,348). At September 30, 2021 City of Mountain Home, Idaho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of resources</u>	<u>Deferred Inflows of resources</u>
Differences between expected and actual experience	\$ 154,929	\$ 61,122
Changes in assumptions or other inputs	1,207,026	
Net difference between projected and actual Earnings on pension plan investments		3,301,576
Changes in the employer’s proportion and differences between the employer’s contributions and the employer’s proportionate contributions	(1,290)	
City of Mountain Home, Idaho’s contributions subsequent to the measurement date	<u>149,257</u>	<u> </u>
Total	<u>\$ 1,509,922</u>	<u>\$ 3,362,698</u>

\$149,257 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2021.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note G – Pension Plan (Continued)

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 4.9 and 4.9 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 (revenue) as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2022	\$ (470,927)
2023	(424,402)
2024	(370,879)
2025	(735,749)

Actuarial Assumptions

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

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

Inflation	2.30%
Salary inflation	3.05%
Investment rate of return, net of investment expenses	6.35%
Cost-of-living adjustments	1.00%

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

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

An experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2021 is based on the results of an actuarial valuation date of July 1, 2021.

**CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS**

Note G – Pension Plan (Continued)

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 January 1, 2017.

Capital Market Assumptions

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, Net of Investment Expenses		5.15%	3.06%
Portfolio Long-Term Real Rate of Return, Net of Investment Expenses			4.14%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses		4.05%	
Assumed Inflation			2.30%
Long-Term Expected Nominal Rate of Return, Net of Investment Expenses			6.35%

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note G – Pension Plan (Continued)

Discount Rate

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

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share Of the net pension liability (asset)	<u>\$ 3,655,357</u>	<u>\$ (105,155)</u>	<u>\$ (3,187,720)</u>

Pension plan fiduciary net position

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

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

Payables to the pension plan

At September 30, 2021, the City reported no payables to the defined benefit pension plan for legally required employee contributions.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note H – Long-Term Debt

Water Loan #1 & #2: During fiscal year 2012, the City refinanced and consolidated Water Loan #1 and Water Loan #2. The loans were acquired to construct a new municipal deep-water well and to construct improvements in the drinking water distribution system. The remaining payments range from \$150,800 to \$181,900 due semiannually, including interest at ranging from 4% to 5% throughout the term of the loan. The schedule of debt service requirements until maturity, including \$227,800 in interest, is as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 145,000	\$ 39,150
2023	150,000	31,900
2024	125,000	24,400
2025	135,000	18,150
2026	140,000	11,400
2027	<u>145,000</u>	<u>17,200</u>
	<u>\$ 840,000</u>	<u>\$ 142,200</u>

Wastewater Loan #3: The City has acquired a loan from the Idaho Department of Environmental Quality to construct a new wastewater treatment facility. The payment is \$209,853 due semiannually, including interest at 3.5%. The schedule of debt service requirements until maturity, including \$681,794 in interest, is as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 320,780	\$ 98,926
2023	332,105	87,601
2024	343,631	76,075
2025	355,963	63,743
2026	368,531	51,176
2027-2029	<u>1,184,101</u>	<u>73,664</u>
	<u>\$ 2,905,111</u>	<u>\$ 451,185</u>

Water Loan #4: The City has acquired a loan from the Idaho Department of Environmental Quality to make improvements to transmission pipelines to increase system reliability and mitigate high pressure events. The project cost \$1,883,140 and was completed in the year ending September 30, 2015. The payment is \$58,474 due semiannually, including interest at 1.75% as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 95,296	\$ 21,652
2023	96,971	19,977
2024	98,626	18,322
2025	100,409	16,539
2026	102,174	14,774
2027-2030	<u>767,267</u>	<u>51,369</u>
	<u>\$ 1,260,743</u>	<u>\$ 142,633</u>

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note H – Long-Term Debt (Continued)

Water Tank Loan #5: The City has acquired a loan from the Idaho Department of Environmental Quality to construct a drinking water treatment facility. The project cost total will be \$2,700,000. and was completed in the year ending September 30, 2020. The payment is \$88,221 due semiannually. The loan will be repaid semiannually over 20 years at a 2.75% interest rate. The schedule of debt service requirements until maturity is as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 107,199	\$ 69,244
2023	110,167	66,276
2024	113,040	63,403
2025	116,347	60,095
2026–2030	631,732	250,482
2031–2035	724,210	158,002
2036–2040	<u>742,000</u>	<u>51,991</u>
	<u>\$ 2,544,695</u>	<u>\$ 719,493</u>

Certificates of Participation: The City of Mountain Home sold Certificates of Participations to construct a city law enforcement building. During fiscal year 2012, the City refinanced the outstanding balance. The certificates bear interest at rates ranging from two percent (2%) to five percent (5%) interest. The lease agreement requires annual payments of interest and principal. The terms and the schedule of debt service under the lease agreement of the Certificates of Participation, Series 2002, are as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Interest Rate</u>
2022	\$ 80,000	\$ 51,425	\$ 131,425	2.00%
2023	85,000	49,625	134,625	3.50%
2024	85,000	46,650	131,650	4.00%
2025	90,000	43,250	133,250	5.00%
2026	95,000	38,750	133,750	5.00%
2027- 2031	<u>680,000</u>	<u>119,000</u>	<u>799,000</u>	5.00%
Total	<u>\$ 1,115,000</u>	<u>\$ 348,700</u>	<u>\$ 1,463,700</u>	

Ferrara Fire Truck: The City has acquired a loan from the Idaho Department of Environmental Quality to lease a 2012 Ferrara fire truck. The fire truck lease expense total will be \$412,500. The payment is \$49,000 due annually. The lease will be paid semiannually over 10 years at a 4.05% interest rate. The schedule of debt service requirements until maturity is as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 35,666	\$ 13,334
2023	37,111	11,889
2024	38,614	10,386
2025	40,178	8,822
2026	41,805	7,195
2027	43,498	5,502
2028-2029	<u>92,350</u>	<u>5,644</u>
	<u>\$ 329,222</u>	<u>\$ 62,772</u>

**CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS**

Note H – Long-Term Debt (Continued)

Changes in Long-Term Liabilities

During the year ended September 30, 2021, the following changes occurred in long-term debt:

Governmental Activities	Balance 9/30/20	Increases	Decreases	Balance 9/30/21	Due Within One Year
Certificates of Participation	\$ 1,195,000	\$	\$ (80,000)	\$ 1,115,000	\$ 80,000
Capital Leases	<u>604,351</u>	<u>507,501</u>	<u>(386,150)</u>	<u>725,702</u>	<u>247,546</u>
Total	<u>\$ 1,799,351</u>	<u>\$ 507,501</u>	<u>\$ (466,150)</u>	<u>\$ 1,840,702</u>	<u>\$ 327,546</u>

Business-Type Activities	Balance 9/30/20	Increases	Decreases	Balance 9/30/21	Due Within One Year
Capital Leases	\$ 371,417	\$ 101,820	\$ (174,710)	\$ 298,527	\$ 178,197
Notes Payable	<u>8,193,347</u>	<u></u>	<u>(642,798)</u>	<u>7,550,549</u>	<u>668,275</u>
Total	<u>\$ 8,564,764</u>	<u>\$ 101,820</u>	<u>\$ (817,508)</u>	<u>\$ 7,849,076</u>	<u>\$ 846,472</u>

Mountain Home Urban Renewal Agency (MHURA):

In 2007, MHURA issued revenue allocation bonds, as allowed by law, in the amount of \$2,715,000 for the purpose of financing street, water and wastewater improvements within its project area. The bonds are valid special obligations of the agency and are payable over a term of 15 years from tax increment property tax revenues. The interest rate of this obligation is 4.41% and payments are to be made semi-annually. The schedule of this long-term debt is as follows:

Maturity Date	Principal	Interest	Total
2022	<u>\$ 270,000</u>	<u>\$ 11,907</u>	<u>\$ 281,907</u>

Note I – Compensated Absences

The City provides a postretirement healthcare benefit to all eligible employees. Upon retirement, unused sick leave is credited to an account in the employee's name to be used to pay the employee's health insurance premiums after retirement. The city pays one month's premium for every ten days of sick leave accrued. Once the account is depleted, the health insurance policy is discontinued. City has elected not to recognize this liability in accordance with GASB Statements 74 and 75 due to its insignificance to the financial statements. Total expenditures toward this benefit for the year ending September 30, 2021 were \$19,391.

Note J – Other Post Retirement Benefits

The City provides a postretirement healthcare benefit to all employees after retirement from the City. Upon retirement, the City continues to pay the health insurance premiums for retirees for a period of six months. The City recognizes the expenditures as the benefits are paid. Total expenditures toward this benefit for the year ending September 30, 2021 were \$3,737.

Half of employee sick leave accrued at retirement for all employees can be paid out up to 600 hours at half of the employees hourly rate at retirement. If the employee is eligible for the compensated absences option above then it is at the employees discretion of what benefit to receive. City has elected not to recognize this liability in accordance with GASB Statements 74 and 75 due to its insignificance to the financial statements.

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note K – Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Note L – Risks and Uncertainties

The COVID-19 pandemic is having significant effects on markets, supply chains, businesses, and communities. The extent of the impact of COVID-19 on the Bureau's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Bureau's funding sources, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Bureau's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MOUNTAIN HOME, IDAHO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2021

	Budget Original and Final	Actual	Variance
Revenues			
Property taxes	\$ 5,064,041	\$ 5,187,786	\$ 123,745
Sales tax / Revenue sharing	1,080,000	1,369,889	289,889
State liquor apportionment	182,000	235,306	53,306
Franchise fees	247,500	203,250	(44,250)
Licenses, permits, and fees	261,350	332,967	71,617
Court revenue	75,000	60,928	(14,072)
Earnings on investments	20,000	3,391	(16,609)
Earnings on leases	52,500	35,543	(16,957)
Refunds and Reimbursements	268,850	98,852	(169,998)
Grant revenue			
Federal	355,500	444,903	89,403
State	3,866,950	1,698,682	(2,168,268)
Local	56,325	0	(56,325)
Contributions	66,400	50,369	(16,031)
Miscellaneous	808,422	38,877	(769,545)
	<hr/>	<hr/>	<hr/>
Total Revenue	12,404,838	9,760,743	(2,644,095)
Expenditures			
Administration			
Salaries	269,399	251,473	17,926
Benefits	123,924	103,324	20,600
Insurance	111,560	86,616	24,944
Professional fees	231,582	246,489	(14,907)
Supplies	187,900	58,923	128,977
Maintenance and operations	515,407	377,720	137,687
Grant expenses	3,850,000	103,559	3,746,441
Capital outlay	37,000	213,036	(176,036)
	<hr/>	<hr/>	<hr/>
Total Administration	5,326,772	1,441,140	3,885,632

CITY OF MOUNTAIN HOME, IDAHO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (Continued)
For the Year Ended September 30, 2021

	<u>Budget Original and Final</u>	<u>Actual</u>	<u>Variance</u>
Expenditures (Continued)			
Building Inspection			
Salaries	\$ 155,846	\$ 141,671	\$ 14,175
Benefits	70,131	61,250	8,881
Supplies	24,000	17,646	6,354
Maintenance and operations	<u>90,000</u>	<u>64,241</u>	<u>25,759</u>
Total Building Inspection	339,977	284,808	55,169
Prosecution			
Attorney fees	<u>162,000</u>	<u>163,000</u>	<u>(1,000)</u>
Total Prosecution	162,000	163,000	(1,000)
Police Department			
Salaries	1,917,286	1,768,512	148,774
Benefits	836,250	707,754	128,496
Supplies	119,500	117,024	2,476
Maintenance and operations	329,040	306,542	22,498
Capital outlay	15,000	11,360	3,640
Principal payments		172,371	(172,371)
Interest expense		<u>53,025</u>	<u>(53,025)</u>
Total Police Department	3,217,076	3,136,588	80,488
Animal Shelter			
Salaries	132,690	122,400	10,290
Benefits	68,999	62,206	6,793
Supplies	12,400	5,982	6,418
Maintenance and operations	<u>47,640</u>	<u>15,172</u>	<u>32,468</u>
Total Animal Shelter	261,729	205,760	55,969

CITY OF MOUNTAIN HOME, IDAHO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (Continued)
For the Year Ended September 30, 2021

	Budget Original and Final	Actual	Variance
Expenditures (Continued)			
Fire Department			
Salaries	\$ 306,354	\$ 211,464	\$ 94,890
Benefits	101,097	69,626	31,471
Supplies	31,500	26,617	4,883
Maintenance and operations	515,923	78,698	437,225
Capital outlay	9,000	470,547	(461,547)
Principal payments		192,873	(192,873)
Interest expense		8,761	(8,761)
	<u>963,874</u>	<u>1,058,586</u>	<u>(94,712)</u>
Total Fire Department			
Parks Department			
Salaries	383,579	339,814	43,765
Benefits	161,750	143,052	18,698
Supplies	79,600	64,301	15,299
Maintenance and operations	264,800	267,209	(2,409)
Principal payments		24,322	(24,322)
Lease Payment	33,755	2,571	31,184
Capital outlay	205,000	242,447	(37,447)
	<u>1,128,484</u>	<u>1,083,716</u>	<u>44,768</u>
Total Parks Department			
Economic Development	237,493	145,823	91,670
Total Expenditures	<u>11,637,405</u>	<u>7,519,421</u>	<u>4,117,984</u>
Excess (Deficiency) of Revenues Over Expenditures	767,433	2,241,322	1,473,889
Other Financing Sources (Uses)			
Net asset carryover	740,322		(740,322)
Debt proceeds		412,500	412,500
Transfers in	134,518	134,518	0
Transfers out	(438,180)	(497,554)	(59,374)
	<u>436,660</u>	<u>49,464</u>	<u>(387,196)</u>
Net Other Financing Sources (Uses)			
Net Change in Fund Balance	<u>\$ 1,204,093</u>	2,290,786	<u>\$ 1,086,693</u>
Fund Balance, Beginning of Year		<u>1,067,038</u>	
Fund Balance, End of Year		<u>\$ 3,357,824</u>	

CITY OF MOUNTAIN HOME, IDAHO
STREET OILING SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2021

	Budget Original and Final	Actual	Variance
Revenues			
Property taxes	\$ 693,553	\$ 709,949	\$ 16,396
Highway users	585,000	879,648	294,648
County road apportionment	250,000	260,409	10,409
Refunds and reimbursements	629,500	402,640	(226,860)
Earnings on investments	15,000	1,524	(13,476)
Grant revenue	1,023,800	508,624	(515,176)
Miscellaneous	<u>2,760,500</u>	<u>1,315,330</u>	<u>(1,445,170)</u>
 Total Revenue	 5,957,353	 4,078,124	 (1,879,229)
Expenditures			
Salaries	418,124	407,688	10,436
Benefits	238,331	189,494	48,837
Construction contracts	223,600	128,064	95,536
Supplies	92,600	99,804	(7,204)
Maintenance and operations	1,406,491	288,626	1,117,865
Grant Expenses	3,875,700		3,875,700
Capital outlay	12,500	2,757,005	(2,744,505)
Principal payments		36,246	(36,246)
Interest expense		<u>2,851</u>	<u>(2,851)</u>
 Total Expenditures	 <u>6,267,346</u>	 <u>3,909,778</u>	 <u>2,357,568</u>
 Excess (Deficiency) of Revenues Over Expenditures	 (309,993)	 168,346	 478,339
Other Financing Sources (Uses)			
Net asset carryover	<u>309,993</u>		<u>(309,993)</u>
 Total Other Financing Sources	 <u>309,993</u>		 <u>(309,993)</u>
 Net Change in Fund Balance	 <u>\$ 0</u>	 168,346	 <u>\$ 168,346</u>
Fund Balance, Beginning of Year		<u>850,882</u>	
Fund Balance, End of Year		<u>\$ 1,019,228</u>	

CITY OF MOUNTAIN HOME, IDAHO
RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2021

	Budget Original And Final	Actual	Variance
Revenues			
Property taxes	\$ 251,720	\$ 257,255	\$ 5,535
Sales tax	220,700	225,000	4,300
Refunds and reimbursements	5,000		(5,000)
Charges for services	109,147	110,248	1,101
Earnings on investments	650	178	(472)
State grant revenue	50,000		(50,000)
Federal grant revenue	35,000	4,940	(30,060)
Contributions	2,500	46,050	43,550
Sponsorships	100,000	66,676	(33,324)
Miscellaneous	10,850	27,403	16,553
	<u>785,567</u>	<u>737,750</u>	<u>(47,817)</u>
Total Revenue			
Expenditures			
Salaries	300,356	169,427	130,929
Benefits	105,510	65,924	39,586
Gas and oil	3,500	3,725	(225)
Repairs and maintenance	56,500	15,587	40,913
Utilities	24,700	17,505	7,195
Supplies	31,500	19,434	12,066
Dues and assessment	241,500	224,419	17,081
Miscellaneous	195,015	137,231	57,784
Capital outlay	7,500	26,526	(19,026)
	<u>966,081</u>	<u>679,778</u>	<u>286,303</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	<u>(180,514)</u>	<u>57,972</u>	<u>238,486</u>
Net Change in Fund Balance	<u>\$ (180,514)</u>	<u>57,972</u>	<u>\$ 238,486</u>
Fund Balance, Beginning of Year		<u>86,685</u>	
Fund Balance, End of Year		<u>\$ 144,657</u>	

**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND
EMPLOYER CONTRIBUTIONS**
For the Year Ended September 30, 2021

Schedule of Employer's Share of Net Pension Liability

PERSI - Base Plan

Last 10 - Fiscal Years *

	2014	2015	2016	2017	2018	2019	2020	2021
Employer's portion of the net pension liability	0.1530947%	0.1550235%	0.1523739%	0.1464274%	0.1407257%	0.1394683%	0.1394683%	0.1394683%
Employer's proportionate share of the net pension liability	\$ 1,127,017	\$ 2,041,471	\$ 3,088,853	\$ 2,301,587	\$ 2,075,730	\$ 1,591,992	\$ 3,240,523	\$ (105,154)
Employer's covered-employee payroll	\$ 3,742,362	\$ 4,384,181	\$ 4,411,880	\$ 4,523,955	\$ 4,503,780	\$ 4,710,187	\$ 4,961,919	\$ 4,964,710
Employer's proportionate share of net pension liability as a percentage of its covered-employee payroll	30.12%	46.56%	70.01%	50.88%	46.09%	33.80%	65.31%	-2.12%
Plan fiduciary net position as a percentage of total pension liability	94.95%	94.25%	87.26%	90.68%	91.69%	91.69%	88.22%	100.36%

* 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 will present information for those years for which information is available.

Data reported is measured as of June 30, 2021 (measurement date)

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years *

	2014	2015	2016	2017	2018	2019	2020	2021
Statutorily required contribution	\$ 419,003	\$ 501,202	\$ 452,950	\$ 493,771	\$ 516,570	\$ 543,701	\$ 598,692	\$ 598,749
Contributions in relation to statutorily required contribution	\$ 419,003	\$ 501,202	\$ 502,509	\$ 515,884	\$ 516,570	\$ 543,701	\$ 598,692	\$ 598,749
Contribution (deficiency) excess	-	-	49,559	22,113	-	-	-	-
Employer's covered-employee payroll	\$ 3,742,362	\$ 4,384,181	\$ 4,411,880	\$ 4,523,955	\$ 4,503,780	\$ 4,710,187	\$ 4,961,919	\$ 4,964,710
Contributions as a percentage of covered-employee payroll	11.20%	11.43%	11.43%	11.40%	11.47%	11.54%	12.07%	12.06%

* 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 will present information for those years for which information is available.

Data reported is measured as of September 30, 2021 (The City's fiscal year end)

SUPPLEMENTARY INFORMATION

CITY OF MOUNTAIN HOME, IDAHO
WATER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2021

	Budget Original And Final	Actual	Variance
Operating Revenues			
Charges for services	\$ 3,179,500	\$ 3,710,826	\$ 531,326
Operating Expenses			
Salaries	583,479	595,743	(12,264)
Fringe benefits	303,409	246,753	56,656
Gas and oil	20,000	16,557	3,443
Professional fees	233,796	174,725	59,071
Postage and freight	16,500	20,204	(3,704)
Utilities and telephone	480,500	459,694	20,806
Repairs	355,424	296,053	59,371
Supplies	74,000	42,608	31,392
Education, dues, and assessments	60,500	23,520	36,980
Miscellaneous	795,100	4,457	790,643
Insurance	27,750	27,750	0
Operating lease	261,083	3,736	257,347
Capital outlay	41,500		41,500
Depreciation		827,188	(827,188)
	<u>3,253,041</u>	<u>2,738,988</u>	<u>514,053</u>
Total Operating Expenses			
Operating Income (Loss)	(73,541)	971,838	1,045,379
Non-Operating Revenues (Expenses)			
Interest income	15,000	21,289	6,289
Grants and contribution income	770,500	469,260	(301,240)
DEQ	(533,886)		533,886
Interest expense	(116,948)	(148,164)	(31,216)
Reserve for future development	(2,298,736)		2,298,736
Net pension revenue		84,860	84,860
Net asset carryover	2,237,611		(2,237,611)
	<u>73,541</u>	<u>427,245</u>	<u>353,704</u>
Total Non-operating Revenues (Expenses)			
Income Before Transfers		1,399,083	1,399,083
Operating Transfers			
Transfers in		514,071	514,071
		<u>514,071</u>	<u>514,071</u>
Total Operating Transfers In (Out)			
Change in Net Assets	<u>\$ 0</u>	1,913,154	<u>\$ 1,913,154</u>
Net Position, Beginning of Year		<u>14,075,972</u>	
Net Position, End of Year		<u>\$ 15,989,126</u>	

CITY OF MOUNTAIN HOME, IDAHO
SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2021

	Budget Original And Final	Actual	Variance
Operating Revenues			
Charges for services	\$ 2,038,350	\$ 2,349,603	\$ 311,253
Operating Expenses			
Salaries	572,020	590,720	(18,700)
Fringe benefits	263,129	243,064	20,065
Gas and oil	15,500	17,171	(1,671)
Professional fees	102,292	77,346	24,946
Postage and freight	15,500	14,827	673
Utilities and telephone	23,200	22,831	369
Repairs	230,124	124,414	105,710
Supplies	85,200	85,232	(32)
Education, dues, and assessments	12,500	3,780	8,720
Miscellaneous	878,413	18,640	859,773
Insurance	54,967	54,967	0
Operating lease	57,270	3,699	53,571
Capital outlay	56,918		56,918
Depreciation		848,292	(848,292)
	<u>2,367,033</u>	<u>2,104,983</u>	<u>262,050</u>
Total Operating Expenses			
Operating Income (Loss)	(328,683)	244,620	573,303
Non-Operating Revenues (Expenses)			
Interest income	6,500	1,661	(4,839)
Net pension revenue		84,860	84,860
Earnings on lease	76,000	45,262	(30,738)
Grants and contributions	15,000	33,482	18,482
DEQ	(420,000)		420,000
Interest expense		(115,270)	(115,270)
Net asset carryover	623,433		(623,433)
	<u>300,933</u>	<u>49,995</u>	<u>(250,938)</u>
Total Non-operating Revenues (Expenses)			
Income (Loss) Before Transfers	(27,750)	294,615	322,365
Operating Transfers			
Transfer in		98,638	98,638
		<u>98,638</u>	<u>98,638</u>
Total Operating Transfers In (Out)			
Change in Net Assets	<u>\$ (27,750)</u>	393,253	<u>\$ 421,003</u>
Net Position, Beginning of Year		<u>10,204,247</u>	
Net Position, End of Year		<u>\$ 10,597,500</u>	

CITY OF MOUNTAIN HOME, IDAHO
SANITATION ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2021

	Budget Original And Final	Actual	Variance
Operating Revenues			
Charges for services	\$ 1,003,630	\$ 1,160,324	\$ 156,694
Operating Expenses			
Salaries	46,263	54,741	(8,478)
Fringe benefits	21,743	20,652	1,091
Professional fees	1,037,405	995,465	41,940
Postage and freight	15,000	14,827	173
Repairs	6,700	2,970	3,730
Miscellaneous	78,500	16,894	61,606
Depreciation	<u> </u>	<u>78</u>	<u>(78)</u>
Total Operating Expenses	<u>1,205,611</u>	<u>1,105,627</u>	<u>99,984</u>
Operating Income (Loss)	(201,981)	54,697	256,678
Non-Operating Revenues (Expenses)			
Interest income	1,500	843	(657)
Net pension revenue		16,972	16,972
Contributions	2,000	2,000	0
Reserve for future development	180,909		(180,909)
Net asset carryover	<u>379,390</u>	<u> </u>	<u>(379,390)</u>
Total Non-operating Revenues (Expenses)	<u>563,799</u>	<u>19,815</u>	<u>(543,984)</u>
Change in Net Assets	<u>\$ 361,818</u>	74,512	<u>\$ (287,306)</u>
Net Position, Beginning of Year		<u>390,346</u>	
Net Position, End of Year		<u>\$ 464,858</u>	

CITY OF MOUNTAIN HOME, IDAHO
GOLF COURSE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2021

	Budget Original And Final	Actual	Variance
Operating Revenues			
Charges for services	\$ 318,500	\$ 457,474	\$ 138,974
Rental income	<u>27,000</u>	<u>30,430</u>	<u>3,430</u>
Total Operating Revenues	345,500	487,904	142,404
Operating Expenses			
Salaries	293,398	346,873	(53,475)
Fringe benefits	77,027	59,698	17,329
Gas and oil	12,000	10,746	1,254
Professional fees	2,000	496	1,504
Utilities and telephone	31,600	30,415	1,185
Repairs	142,322	89,021	53,301
Supplies	100,300	98,056	2,244
Education, dues, and assessments	8,000	5,410	2,590
Miscellaneous	33,250	6,211	27,039
Capital outlay	9,500		9,500
Depreciation		<u>47,976</u>	<u>(47,976)</u>
Total Operating Expenses	<u>709,397</u>	<u>694,902</u>	<u>14,495</u>
Operating Loss	(363,897)	(206,998)	156,899
Non-Operating Revenues (Expenses)			
Contributions and grants	(20,500)	7,387	27,887
Interest expense		(2,825)	(2,825)
Net pension revenue		25,458	25,458
Miscellaneous	3,700	2,701	(999)
Net asset carryover	<u>36,035</u>		<u>(36,035)</u>
Total Non-operating Revenue (Expenses)	<u>19,235</u>	<u>32,721</u>	<u>13,486</u>
Loss Before Transfers	(344,662)	(174,277)	170,385
Operating Transfers In	<u>303,662</u>	<u>303,662</u>	
Change in Net Assets	<u>\$ (41,000)</u>	129,385	<u>\$ 170,385</u>
Net Position, Beginning of Year		<u>1,944,748</u>	
Net Position, End of Year		<u>\$ 2,074,133</u>	

CITY OF MOUNTAIN HOME, IDAHO
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2021

ASSETS	SPECIAL REVENUE FUNDS					
	Cemetery	Library	Airport	Street Lighting	Water Availability	Sewer Availability
Cash and investments	\$ 94,103	\$ 94,459	\$	\$ 47,884	\$ 483,636	\$ 487,998
Restricted cash					180,900	419,706
Prepaid expense		96	93			
Receivables						
Property tax	67,313	489,615	239,162	121,118		
Sales tax	603					
Other receivable	8		22,161	9		
Accrued interest	<u>6</u>	<u>5</u>	<u></u>	<u>3</u>	<u>45</u>	<u>64</u>
Total Assets	<u>\$ 162,033</u>	<u>\$ 584,175</u>	<u>\$ 261,416</u>	<u>\$ 169,014</u>	<u>\$ 664,581</u>	<u>\$ 907,768</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 7,488	\$ 7,637	\$ 43,286	\$ 15,856	\$ 269,863	\$ 297
Advanced tax revenue	<u>2,229</u>	<u>9,919</u>	<u>530</u>	<u>2,396</u>	<u></u>	<u></u>
Total Liabilities	9,717	17,556	43,816	18,252	269,863	297
Deferred Inflows	<u>65,083</u>	<u>479,695</u>	<u>238,632</u>	<u>118,723</u>	<u></u>	<u></u>
Fund Balances						
Nonspendable		96	93			
Restricted				32,039	180,900	419,706
Assigned	87,233		(21,125)		213,818	487,765
Unassigned	<u></u>	<u>86,828</u>	<u></u>	<u></u>	<u></u>	<u></u>
Total Fund Balances	<u>87,233</u>	<u>86,924</u>	<u>(21,032)</u>	<u>32,039</u>	<u>394,718</u>	<u>907,471</u>
Total Liabilities, Deferred Inflows and fund balances	<u>\$ 162,033</u>	<u>\$ 584,175</u>	<u>\$ 261,416</u>	<u>\$ 169,014</u>	<u>\$ 664,581</u>	<u>\$ 907,768</u>

SPECIAL REVENUE FUNDS			TOTAL SPECIAL REVENUE FUNDS	LIBRARY DEBT SERVICE FUND	TOTAL
Fire Development	Police Development	Street Development			
\$ 47,577	\$ 15,844	\$ 82,774	\$ 1,354,275	\$ 23,584	\$ 1,377,859
			600,606		600,606
			189		189
			917,208		917,208
			603		603
			22,178	1	22,179
<u>4</u>			<u>127</u>		<u>127</u>
<u>\$ 47,581</u>	<u>\$ 15,844</u>	<u>\$ 82,774</u>	<u>\$ 2,895,186</u>	<u>\$ 23,585</u>	<u>\$ 2,918,771</u>
\$	\$	\$	\$ 344,427	\$	\$ 344,427
			15,074		15,074
			359,501		359,501
			<u>902,133</u>		<u>902,133</u>
			189		189
47,581	15,844	82,774	778,844	23,585	802,429
			767,691		767,691
			<u>86,828</u>		<u>86,828</u>
<u>47,581</u>	<u>15,844</u>	<u>82,774</u>	<u>1,633,552</u>	<u>23,585</u>	<u>1,657,137</u>
<u>\$ 47,581</u>	<u>\$ 15,844</u>	<u>\$ 82,774</u>	<u>\$ 2,895,186</u>	<u>\$ 23,585</u>	<u>\$ 2,918,771</u>

CITY OF MOUNTAIN HOME, IDAHO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

Revenues	SPECIAL REVENUE FUNDS					
	<u>Cemetery</u>	<u>Library</u>	<u>Airport</u>	<u>Street Lighting</u>	<u>Water Availability</u>	<u>Sewer Availability</u>
Property taxes	\$ 122,463	\$ 543,053	\$ 22,681	\$ 124,362	\$	\$
Sales taxes	5,200		1,500	9,000		
Refunds and reimbursements	450	10,047	3,501	6,341		783
Charges for services	41,125	5,436				
Earnings on investments	150	76		71		
Earnings on leases		1,793	102,872			
Grant Revenue						
Federal		1,087	43,097			
Contributions	1,254	2,266				
Future service availability fees					218,860	354,060
Future service availability fees interest					1,378	1,591
Miscellaneous		9,501	4,412			
Total Revenue	170,642	573,259	178,063	139,774	220,238	356,434
Expenditures						
Current						
Streets and airport			170,812	138,931		
Health and sanitation	131,818				11,420	60,441
Library and recreation		537,348				
Capital outlay	12,670	27,408	109,802			
Total Expenditures	144,488	564,756	280,614	138,931	11,420	60,441
Excess (Deficiency) of Revenues over Expenditures	26,154	8,503	(102,551)	843	208,818	295,993
Other Financing Sources (Uses)						
Transfers in		59,535				
Transfers out					(484,384)	(68,952)
Total Other Financing Sources and Uses		59,535			(484,384)	(68,952)
Net Change in Fund Balance	26,154	68,038	(102,551)	843	(275,566)	227,041
Fund Balance, Beginning of Year	61,079	18,886	81,519	31,196	670,284	680,430
Fund Balance, End of Year	<u>\$ 87,233</u>	<u>\$ 86,924</u>	<u>\$ (21,032)</u>	<u>\$ 32,039</u>	<u>\$ 394,718</u>	<u>\$ 907,471</u>

SPECIAL REVENUE FUNDS			TOTAL SPECIAL REVENUE FUNDS	LIBRARY DEBT SERVICE FUND	TOTAL
Fire Development	Police Development	Street Development			
\$	\$	\$	\$	\$	\$
			812,559	1,853	814,412
			15,700		15,700
			21,122		21,122
			46,561		46,561
69			366		366
			104,665		104,665
			44,184		44,184
			3,520		3,520
			572,920		572,920
			2,969		2,969
<u>17,753</u>	<u>15,844</u>	<u>32,783</u>	<u>80,293</u>		<u>80,293</u>
17,822	15,844	32,783	1,704,859	1,853	1,706,712
			309,743		309,743
			203,679		203,679
			537,348		537,348
			<u>149,880</u>		<u>149,880</u>
			<u>1,200,650</u>		<u>1,200,650</u>
17,822	15,844	32,783	504,209	1,853	506,062
			59,535		59,535
			<u>(553,336)</u>	<u>(59,535)</u>	<u>(612,871)</u>
			<u>(493,801)</u>	<u>(59,535)</u>	<u>(553,336)</u>
17,822	15,844	32,783	10,408	(57,682)	(47,274)
<u>29,759</u>		<u>49,991</u>	<u>1,623,144</u>	<u>81,267</u>	<u>1,704,411</u>
<u>\$ 47,581</u>	<u>\$ 15,844</u>	<u>\$ 82,774</u>	<u>\$ 1,633,552</u>	<u>\$ 23,585</u>	<u>\$ 1,657,137</u>

FEDERAL REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General in the United States, the financial statements financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Mountain Home, Idaho, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Mountain Home, Idaho's basic financial statements and have issued our report thereon dated.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during the 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 of Mountain Home, Idaho's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances on noncompliance that are required to be reported under *Government Auditing Standards*.





Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harris CPAs

Meridian, Idaho
March 28, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited City of Mountain Home, Idaho'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 of Mountain Home, Idaho's major federal programs for the year ended September 30, 2021. City of Mountain Home, Idaho's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Mountain Home, Idaho'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 requirement 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 City of Mountain Home, Idaho'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 City of Mountain Home, Idaho's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Mountain Home, Idaho, 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 of Mountain Home, Idaho, 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, we considered the City of Mountain Home, Idaho'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 circumstance for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Mountain Home, Idaho'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 considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Harris CPAs

Meridian, Idaho
March 28, 2022

CITY OF MOUNTAIN HOME, IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2021

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Pass through City of Boise: HOME Investment Partnership Program	14.228	B18DC160001	\$ 1,200,866
U.S. DEPARTMENT OF Justice: Bulletproof Vest	16.607	N/A	18,500
U.S. DEPARTMENT OF TRANSPORTATION: Pass through from State of Idaho <i>Highway Safety Cluster:</i> State and Community Highway Safety	20.600	1290202009085908000300	6,506
National Priority Safety Programs	20.616	1290202009285910000140	<u>3,052</u>
Total Highway Safety Cluster			9,558
Direct Program: Airport Improvement Program	20.106	N/A	<u>64,155</u>
Total US Department of Transportation			<u>73,713</u>
U.S. DEPARTMENT OF THE TREASURY: CARES Act Funding Pass through from State of Idaho Controller's Office Coronavirus Relief Fund	21.019	118120200811P824000090	477,383
ENVIRONMENTAL PROTECTION AGENCY: Pass through from State of Idaho (DEQ) <i>DWSRF Cluster:</i> Drinking Water State Revolving Fund	66.468	DW-1105, 1801 & 1899	7,608,876
NATIONAL ENDOWMENT FOR THE HUMANITIES: Pass through from State of Idaho Grants to States	45.310	LS-00-19-0013-20	<u>5,000</u>
Total expenditures of federal awards			<u>\$ 9,384,338</u>

See notes to the schedule of expenditures of federal awards

CITY OF MOUNTAIN HOME, IDAHO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2021

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Mountain Home, Idaho and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the City of Mountain Home, Idaho, it is not intended to and does not present the financial position, changes in net position, or cash flows to the City of Mountain Home, Idaho.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

The City of Mountain Home, Idaho has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D – Loan Balances

The City had the following loan balances outstanding at September 30, 2021. The loan balances have continuing compliance requirements and are also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
DWSRF Cluster: Drinking Water State Revolving Fund	66.468	\$ 6,710,548

CITY OF MOUNTAIN HOME, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2021

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unmodified
 Internal control over financial reporting:
 • Material weakness identified? _____ yes X no
 • Significant deficiencies identified that are not
 considered to be material weaknesses? _____ yes X none reported
 Noncompliance material to the financial
 statements noted? _____ yes X no

Federal Awards

Internal control over major programs:
 • Material weakness identified? _____ yes X no
 • Significant deficiencies identified that are not
 considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified
 Any audit findings disclosed that are required
 to be reported in accordance with section
 510(a) of the Uniform Guidance? _____ yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.468	Drinking Water State Revolving Fund
14.228	Community Development Block grant
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as a low-risk auditee?	<u> X </u> yes _____ no

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings related to the financial statements were noted which would be required to be reported under generally accepted governmental auditing standards (GAGAS).

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings related to the financial statements were noted which would be required to be reported under generally accepted governmental auditing standards (GAGAS).

CITY OF MOUNTAIN HOME, IDAHO
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2021

There were no prior audit findings.