Custer County, Idaho

AUDITED FINANCIAL STATEMENTS

Year Ended September 30, 2023

Gary Merkle PLLC

CERTIFIED PUBLIC ACCOUNTANT

Custer County, Idaho
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Financial Section

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Board of Commissioners
Custer County, Idaho
Challis, Idaho

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Custer County, Idaho (the County) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Custer County, Idaho as of September 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, (GAAS) and the standards applicable to financials audits contained in Government Auditing Standards, issued by the Comptroller of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Custer County, Idaho and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material

misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the budgetary comparison information on pages 32–34 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America., which consist of inquiries of management about whether the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 22, 2024 on my consideration of Custer County's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Custer County's internal control or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Custer County's internal control over financial reporting and compliance.

Gary Merkle, CPA

Boise, Idaho
January 22, 2024

Basic Financial Statements

Custer County, Idaho
Statement Of Net Position
September 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and equivalents	$6,958,570	$1,071,941	$8,030,511
Investments	10,917,925		10,917,925
Current taxes receivable	22,921		22,921
Fees receivables		2,560	2,560
Total current assets	17,899,416	1,074,501	18,973,917
Non-current assets:			
Land	910,923		910,923
Capital assets, net of depreciation	1,596,346	50,215	1,646,561
Total non-current assets	2,507,269	50,215	2,557,484
Total assets	20,406,685	1,124,716	21,531,401
Deferred Outflows - Pensions	946,193		946,193
Liabilities			
Current liabilities:			
Warrants payable	277,684	802	278,486
Compensated absences	199,099		199,099
Total current liabilities	476,783	802	477,585
Long-term liabilities:			
Capital lease, due within one year	335,929		335,929
Capital lease, due in more than one year	589,744		589,744
Net pension liability	1,776,289		1,776,289
Total long-term liabilities	2,701,962		2,701,962
Total liabilities	3,178,745	802	3,179,547
Deferred Inflows - Pension	7,939		7,939
Net Position			
Net investment in capital assets, net of related debt	1,581,596	50,215	1,631,811
Restricted for:			
Special programs	6,956,482		6,956,482
Unrestricted	9,628,116	1,073,699	10,701,815
Total net position	$18,166,194	$1,123,914	$19,290,108

The accompanying notes are an integral part of the financial statements

Custer County, Idaho
Statement Of Activities
Year Ended September 30, 2023

		Program Revenue				Net (Expense) / Revenue And Changes In Net Position		
Functions / Programs	Expenses	Services	Operating Grants And Contributions	Capital Grants And Contributions	Interest Earned	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
General government	$2,012,701	$1,597	$2,872,805			$861,701		$861,701
Public safety	1,272,667	191,100	147,747			(933,820)		(933,820)
Public health	124,310	18,974				(105,336)		(105,336)
Streets and roads	2,090,927	18,407	2,269,278			196,758		196,758
Parks and property	76,931					(76,931)		(76,931)
Education	5,800		33,763			27,963		27,963
Conservation	190,982	61,208	2,520			(127,254)		(127,254)
Judicial services	160,079	73,288	65,592			(21,199)		(21,199)
capital outlay	358,239					(358,239)		(358,239)
Interest on long tem debt	47,222					(47,222)		(47,222)
Depreciation	444,292					(444,292)		(444,292)
Total governmental activities	6,784,150	364,574	5,391,705	0	0	(1,027,871)	0	(1,027,871)
Business-Type Activities:								
Site operations	67,624	152,553	1,500				86,429	86,429
Depreciation	1,404						(1,404)	(1,404)
Total business-type activities	69,028	152,553	1,500	0	0		85,025	85,025
Total all	$6,853,178	$517,127	$5,393,205	$0	$0	(1,027,871)	85,025	(942,846)
			General Revenues:					
			Property tax			1,988,370		1,988,370
			Grants and other unrestricted revenues			1,681,065		1,681,065
			Unrestricted investment earnings			474,897		474,897
			Change in fair market value of investments			15,228		15,228
			Fines and fees			161,129		161,129
			Total general revenues			4,320,689	0	4,320,689
			Change in net position			3,292,818	85,025	3,377,843
			Net position, beginning of year			14,873,376	1,038,889	15,912,265
			Net position, end of year			$18,166,194	$1,123,914	$19,290,108

The accompanying notes are an integral part of the financial statements

Custer County, Idaho
Balance Sheet - Governmental Funds
September 30, 2023

	General Fund	Road And Bridge	Payments In Lieu Of Taxes	Other Governmental Funds	*Total* Governmental Funds
Assets					
Cash and equivalents	$3,001,068	$2,447,660	$206,255	$1,303,587	$6,958,570
Investments	2,817,791		4,655,332	3,444,802	10,917,925
Taxes receivable, net	15,863			7,058	22,921
Total Assets	$5,834,722	$2,447,660	$4,861,587	$4,755,447	$17,899,416
Liabilities					
Liabilities					
Warrants payable	36,994	208,521		32,169	277,684
Total Liabilities	36,994	208,521	0	32,169	277,684
Deferred Inflows					
Unavailable tax resources	12,340			5,935	18,275
Total Deferred Inflows	12,340			5,935	18,275
Fund Balances					
Restricted for:					
Special programs		2,239,139		4,717,343	6,956,482
Unassigned	5,785,388		4,861,587		10,646,975
Total Fund Balances	5,785,388	2,239,139	4,861,587	4,717,343	17,603,457
Total Liabilities, Deferred Inflows, and Fund Balances	$5,834,722	$2,447,660	$4,861,587	$4,755,447	$17,899,416

The accompanying notes are an integral part of the financial statements

Custer County, Idaho
Reconciliation Of The Governmental Funds Balances to the Statement Of Net Position
September 30, 2023

Total fund balances, governmental funds		$17,603,457
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of assets	8,568,455	
Less accumulated depreciation	(6,061,186)	2,507,269
Property taxes receivable will be collected this year but are not available soon enough to pay for the current year's expenditures and therefore are deferred in the funds.		
Deferred property taxes		18,275
Long term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Compensated absences		(199,099)
Long term due within one year		(335,929)
Long term due in more than one year		(589,744)
A net pension liability for the measured portion of the net present value of projected benefit payments is reported on the Statement of Net Position but not in the fund financial statements.		
Deferred outflows associated with the net pension liability		946,193
Deferred intflows associated with the net pension liability		(7,939)
Net pension liability		(1,776,289)
Net position of governmental activities in the Statement of Net Position		$18,166,194

The accompanying notes are an integral part of the financial statements

Custer County, Idaho
Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds
Year Ended September 30, 2023

Revenues	General Fund	Road and Bridge Fund	Payments In Lieu of Taxes	Other Governmental Funds	Total Governmental Funds
Local Sources:					
Property taxes	$1,425,294			$566,574	$1,991,868
Charges for services	175,734	8,523		81,274	265,531
Fees and fines	161,129	3,418		78,457	243,004
Interest income	347,264		127,633		474,897
Change in fair market value of investments			15,228		15,228
Sales of county property	2,000				2,000
Other items	60,622	6,466		10,702	77,790
Intergovernmental:					
Local	56,435			80	56,515
State	691,511	1,718,208	938,231	177,327	3,525,277
Federal	87,326	551,070	133,160	2,656,800	3,428,356
Total Revenues	3,007,315	2,287,685	1,214,252	3,571,214	10,080,466
Expenditures					
Current:					
General government	1,653,551		202,358	131,486	1,987,395
Public safety	1,210,634			62,033	1,272,667
Public health				124,310	124,310
Streets and roads		2,090,927			2,090,927
Parks and recreation	60,431			16,500	76,931
Education				5,800	5,800
Conservation	40,000			150,982	190,982
Judicial services				160,079	160,079
Capital outlay	386,609	389,317		123,968	899,894
Debt service:					
Principal retirement		105,891			105,891
Interest and other debt charges		47,222			47,222
Total Expenditures	3,351,225	2,633,357	202,358	775,158	6,962,098
Excess/(Deficiency) of revenues over expenditures	(343,910)	(345,672)	1,011,894	2,796,056	3,118,368
Other Financing Sources/(Uses)					
Transfers in	2,288,284				2,288,284
Transfers out			(2,052,203)	(236,081)	(2,288,284)
Net Change in Fund Balance	1,944,374	(345,672)	(1,040,309)	2,559,975	3,118,368
Fund Balance - beginning of the year	3,841,014	2,584,811	5,901,896	2,157,368	14,485,089
Fund Balance - end of the year	$5,785,388	$2,239,139	$4,861,587	$4,717,343	$17,603,457

The accompanying notes are an integral part of the financial statements

Custer County, Idaho
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds to the Statement of Activites
Year Ended September 30, 2023

Net change in fund balances - total governmental funds	$3,118,368
Capital outlays are reported as expenditures in governmental funds.	541,655
In the Statement of Activities, the cost of assets is allocated over their estimated useful lives as depreciation.	(444,292)
Repayment of long-term debt is reported as an expenditure in the governmental funds, however, the repayment reduces long-term liabilities in the Statement of Net Assets. The current year principal payment equalled $105,891.	105,891
Because some property taxes will not be collected for several months after the fiscal year end, they are not considered "available" revenues in the governmental funds. Deferred tax revenues decreased $3,498. during the current year ended.	(3,498)
Some expenses reported in the Statement of Activities do not require the use of current financial resoures and are not reported as expenditures in the governmental funds.	
(Increase)/decrease in balance of compensated absences	(30,485)
Gain/(loss) on pension expense not reflected in governmental funds	5,179
Change in net position of governmental activities	$3,292,818

The accompanying notes are an integral part of the financial statements

Custer County, Idaho
Statement Of Net Position - Proprietary Funds
September 30, 2023

	Business type Activities		
	Major Fund		
	Solid Waste	Emergency Communications	Total
Assets			
Current Assets:			
Cash and equivalents	$833,069	$238,872	$1,071,941
Fees receivable, net	2,560		2,560
Total current assets	835,629	238,872	1,074,501
Noncurrent Assets:			
Capital Assets:			
Improvements - roll off dock	56,149		56,149
Buildings	98,455		98,455
Equipment	75,731	169,763	245,494
Less accumulated depreciation	(180,120)	(169,763)	(349,883)
Total capital assets, net of depreciation	50,215	0	50,215
Total Assets	885,844	238,872	1,124,716
Liabilities			
Current Liabilities:			
Warrants payable	100	702	802
Total liabilities	100	702	802
Net Position			
Net investment in capital assets	50,215	0	50,215
Unrestricted	835,529	238,170	1,073,699
Total net position	$885,744	$238,170	$1,123,914

The accompanying notes are an integral part of the financial statements

Custer County, Idaho
Statement Of Revenues, Expenses And Changes In Fund Net Position - Proprietary Funds
Year Ended September 30, 2023

	Business type Activities - Enterprise Funds		
	Major Fund		
	Solid Waste	Emergency Communications	Total
Operating Revenue			
Charges for services	$97,241	$55,312	$152,553
Other miscellaneous items	1,500		1,500
Total operating revenue	98,741	55,312	154,053
Operating Expenses			
Site operations	43,843	23,781	67,624
Depreciation	1,404	0	1,404
Total operating expenses	45,247	23,781	69,028
Operating income (loss)	53,494	31,531	85,025
Change in net position	53,494	31,531	85,025
Net position -beginning	832,250	206,639	1,038,889
Net position - ending	$885,744	$238,170	$1,123,914

The accompanying notes are an integral part of the financial statements

Custer County, Idaho
Statement Of Cash Flows - Proprietary Funds
Year Ended September 30, 2023

	Business-type Activities		
	Solid Waste	Emergency Communicaitons	Total
Cash flows from operating activities:			
Cash received from customers	97,161	55,312	152,473
Cash payments to suppliers for goods and services	(47,237)	(25,640)	(72,877)
Other miscellaneous items	1,500		1,500
Net cash provided/(used) by operating acitivites	51,424	29,672	81,096
Net increase/(decrease) in cash and cash equivalents	51,424	29,672	81,096
Cash and cash equivalents - beginning of year	781,645	209,200	990,845
Cash and cash equivalents - end of year	$833,069	$238,872	$1,071,941
Reconciliation of operating income/(loss) to net cash provided/(used) for operationg activities			
Operating income/(loss)	53,494	31,531	85,025
Adjustments to reconcile operating income/(loss) to net cash provided/(used) for operating activities:			
Depreciation	1,404	0	1,404
(Increase)/decrease in accounts receivable	(80)	0	(80)
Increase/(decrease) in warrants payable	(3,394)	(1,859)	(5,253)
Total adjustments	(2,070)	(1,859)	(3,929)
Net cash provided/(used) by operating acitivites	$51,424	$29,672	$81,096

The accompanying notes are an integral part of the financial statements

Custer County, Idaho
Statement Of Fiduciary Net Position
September 30, 2023

	Custodial Funds	Private Purpose Trust Funds	Total Fiduciary Funds
Assets			
Cash and equivalents	$44,300	$283,231	$327,531
Taxes receivable	47,069	44	47,113
Total Assets	91,369	283,275	374,644
Liabilities			
Warrantsand accounts payable	18,286	6,716	25,002
Total Liabilities	18,286	6,716	25,002
Net Position			
Restricted for:			
Individuals, Organizations or			
Other Governments	73,083	276,559	349,642
Total Net Position	$73,083	$276,559	$349,642

The accompanying notes are an integral part of the financial statements

Custer County, Idaho
Statement Of Changes in Fiduciary Net Position
For The Year Ended September 30, 2022

	Custodial Funds	Private Purpose Trust Funds	Total Fiduciary Funds
Additions			
Fees collected for other governments	$374,014	$0	$374,014
Property taxes collected for other governments	4,080,708	0	4,080,708
Contributions	0	1,638,741	1,638,741
Total Additions	4,454,722	1,638,741	6,093,463
Deductions			
Funds distributed to individuals and organizations		1,512,781	1,512,781
Taxes distributed to other governments	4,089,908		4,089,908
Fees distributed to other governments	395,943		395,943
Total Deductions	4,485,851	1,512,781	5,998,632
Change in Net Position	(31,129)	125,960	94,831
Net Position - Beginning	104,212	150,599	254,811
Net Position - Ending	$73,083	$276,559	$349,642

The accompanying notes are an integral part of the financial statements

Note I. SUMMARY Of SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Custer County (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the standard-setting body for governmental accounting and financial reporting principles.

Custer County has implemented all GASB statements that are in effect for the County for the fiscal year ended September 30, 2023.

A. Reporting Entity

The County is governed by an elected three member board of Commissioners and provides services including general government, public safety, judicial, sanitation, health and welfare and recreation and culture. The County follows GASB in determining the reporting entity. For financial reporting purposes, the County's reporting entity consists solely of the primary government. Accordingly, the financial statements include all funds, departments and agencies of the primary government whose budgets are controlled or whose boards are appointed by the County's board of Commissioners, or if exclusion of an organization would cause the County's financial statements to be misleading or incomplete. Control or dependence on the County was determined on the basis of appointment authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the County, significance to the County, and legal standing. Custer County contributes to the multi-employer Public Employee Retirement System of Idaho (PERSI). PERSI is administered by the State of Idaho. A ten year history is provided in PERSI's annual report.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

The Statement of Net Position and Statement of Activities report information on all non-fiduciary activities of the primary government, distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees and charges to external parties for goods or services.

Statement of Net Position

The Statement of Net Position presents the reporting entity's non-fiduciary assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Net position is displayed in the following three categories:

Net investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by outstanding related debt.

Restricted net position results when the purpose for or manner in which net position can be used is limited by an external authority a constitutional provision or enabling legislation. Enabling legislation both authorizes the raising of new resources and imposes legally enforceable limits on how they may be used. Decisions regarding the preferred first usage of unrestricted or restricted net position are made on a program by program basis when both types of resources are available.

Note I. SUMMARY Of SIGNIFICANT ACCOUNTING POLICIES *continued*

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net positions may have constraints or designations placed upon them by management, but they can be unilaterally removed.

Statement of Activities

The Statement of Activities demonstrates the degree to which the direct expenses of governmental functions and business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific governmental function or business-type activity. Revenues are broken out by program and general designations. Program revenues display the extent to which programs are self-funded. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function or activity. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenue sources that are not attributable to specific programs are reported instead as general revenues.

Fund Statements

The financial activities of the County are recorded in individual funds to report the financial position and results of the operations of the County. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Separate fund financial statements are presented for the governmental, proprietary, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. The emphasis in the fund statements is on major funds. Major governmental and business-type funds are reported as separate columns in the fund statements. The remaining governmental and business-type funds are considered non-major funds and are consolidated in an "other" funds column on the combined fund statements. If there is more than one, the non-major funds are displayed individually in combining schedules.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for services that include general government and public safety. The *General Fund* includes all financial resources of the County except those required to be accounted for in another fund.

The *Road and Bridge Fund* accounts for state and federal highway revenues which are restricted to maintenance and repair of the County's roads and bridges.

The *PILT Fund* accounts for payments received in lieu of taxes. These funds are comparable to local property taxes and are unrestricted funds.

Note I. SUMMARY Of SIGNIFICANT ACCOUNTING POLICIES ***continued***

The County reports the following major proprietary funds:

The *Solid Waste Fund* accounts for resources used to provide solid waste services to the County and is funded primarily from user fees. The services are provided by a private enterprise which in turn bills the County for the services provided.

The *Emergency Communications Fund* accounts for resources used to provide 911 services to the County and is funded primarily from user fees.

Additionally, the County reports the following fund types:

Governmental Fund Type
Special Revenue Funds account for financial resources obtained from s;ecific revenue sources that are legally restricted to expenditures for specified purposes.

Fiduciary Fund Type
Custodial Funds account for resources held by the County, acting in a custodial capacity, for distribution to other governmental units or designated beneficiaries.

Reconciling Government-Wide Statements to the Fund Statements

The governmental fund statements include reconciliation between the fund statements and the government-wide statements. Differences that make reconciliation necessary include the two differing measurement focuses and the basis of accounting between the statements.

Measurement Focus and Basis of Accounting
The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expanses are recorded when a liability is incurred, regardless of the timing of related cash flows. Fiduciary (agency) fund financial statements also use the accrual basis of accounting for asset and liability recognition, even though they have no measurement focus. 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 the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County generally considers revenues to be available if they are collected with 60 days of the end of the current fiscal period. Significant revenue sources subject to accrual include property taxes and sales and liquor taxes. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to capital lease payments and compensated absences are recorded only when payment is due.

Note I. SUMMARY Of SIGNIFICANT ACCOUNTING POLICIES ***continued***

Amounts reported as program revenues include charges to customers for goods and services, operating grants and contribution and any capital grants and contributions. All taxes as well as internally dedicated resources are reported as general revenue.

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. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assts. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Assets, Liabilities, Deferred Outflows, Deferred Inflows and Net Position or Equity

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. The pool's investments are stated at fair value at September 30, 2023, as determined by quoted market prices. The individual funds' portions of the pool's fair value are presented as 'investments'. Interest earned on the pooled funds is apportioned and paid or credited to the participating funds monthly. Interest earnings and increases or decreases in the fair value of investments are transferred to the respective funds. Idaho Code Section 67, Chapter 12, provides authorization for the investment of funds as well as to what constitutes an allowable investment. County policy is consistent with the Idaho Code.

The Code limits investments to the following types:

1. Certain revenue bonds, general obligation bonds, local improvement district bonds and registered warrants of state and local governmental entities.

2. Time deposit accounts, tax anticipation and interest-bearing notes.

3. Bonds, treasury bills, debentures, or other similar obligations of the United States Government and United States Government Agencies

4. Repurchase agreements secured by the above.

Cash and investments are pooled and invested in certificates of deposit, United States Treasury Securities, and United State Government Agency Securities. For purposes of the statement of cash flows, the County considers all highly liquid investments purchased with maturities of three months or less to be cash.

Note I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ***continued***

2. Receivables and Payables

Activity between funds that is representative of a lending or borrowing arrangement outstanding at the end of the fiscal year is current and referred to as "due to/from other funds" as are all other outstanding balances between funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Receivables in the proprietary funds are shown net of an allowance for uncollectables if warranted.

Property tax revenues are recognized when received in the period for which the taxes are levied. Property taxes are accrued as assets receivable and deferred inflows on the Balance Sheet when the County has an enforceable legal claim to the taxes, which occurs on January 1 of the period prior to actual receipt of the tax payments. The County's assessment date is January 1, and property taxes, levied by the second Monday of September on a market value basis, are billed to the taxpayers in November. Half of the real, personal, and mobile home property taxes are due December 20th. Real property taxes not paid constitute a lien on the property when entered on the real property assessment roll as delinquent on the first day of January of the succeeding year.

3. Inventories

County-wide purchases of materials and supplies are consumed shortly after purchase and are recognized as an expenditure in special revenue funds and as an expense in proprietary funds when purchased. There are no significant inventories for GAAP reporting purposes.

4. Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Custer County infrastructure acquired prior to fiscal years ended after June 30 1980 are immaterial and are not reported. Capital assets are defined by the County as assets with an individual cost of more than $1,500 for equipment, $12,000 for vehicles and $25,000 for land, buildings and improvements and an estimated useful life in excess of three years. All material assets are valued at historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair value at the date of donation.

When an asset is disposed of, cost and related accumulated depreciation are removed, and any gain or loss arising from disposal is credited or charged to operations. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against operations. Capital assets are reported net of accumulated depreciation on the statement of net assets. Depreciation has been provided over the estimated useful lives us9ng the straight-line method. The estimated useful lives are as follows:

Equipment and vehicles	5 - 10 years
Buildings and improvements	10 - 40 years

Note I. SUMMARY Of SIGNIFICANT ACCOUNTING POLICIES ***continued***

Depreciation was charged to functions/programs as follows:

Governmental activities -	
General government	$ 444,292
Business-type activities -	
Solid waste	1,404
Emergency communications	- 0 -
Total depreciation	$ 445,696

5. Long Term Liabilities

In the government-wide financial statement, 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.

Bond ordinances require a levy and collection of a tax without limitation, on all property subject to taxation by the County, sufficient in amount to pay the principal and interest on such bonds when they become due. The County currently has no bonded indebtedness.

6. Deferred Outflows and Deferred Inflows

Deferred outflow of resources is defined as a consumption of net position that is applicable to a future reporting period; the effect is positive, similar to an asset but is not an asset. Deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period; it has a negative effect, similar to a liability but is not a liability.

7. 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.

8. Net Position and Fund balance

The difference between assets, deferred outflows, liabilities, and deferred inflows is net position on the government-wide, proprietary fund, and fiduciary fund statements and fund balance on the governmental fund statements

Fund balances are classified as restricted or unrestricted (committed, assigned or unassigned).

Note I. SUMMARY Of SIGNIFICANT ACCOUNTING POLICIES *continued*

Restricted - Fund balances that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed - Fund balances that can be used only for the specific purposes determined by a formal action of the county commission (the County's highest level of decision-making authority). Additional action is essential to either remove or revise the commitment.

Assigned - Fund balances that are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. The County Commission has by resolution authorized management to assign fund balances. Assignments generally only exist temporarily and do not require additional action for the removal of the assignment.

Unassigned - Fund balances that include al spendable amounts not contained in the other classifications

The County applies restricted resources before applying unrestricted resources to expenses incurred for which both restricted and unrestricted resources are available. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Note II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Idaho code section 67-1301 and 67-2238 authorizes the state treasurer to combine the money of public agencies jointly in external investment pools, the Local Government Investment Pool (LGIP) and the diversified Bond Fund (DBF). In order to earn a higher yield, Idaho governmental entities may voluntarily deposit moneys not needed to meet immediate operating obligations into these pools. The LGIP is a short-term investment pool. Participants have overnight availability to their funds, up to $10 million. Withdrawals of more than $10 million require 3 business days notification. The DBF was created for those state and public entities able to exchange current liquidity for potentially greater returns over the long run (3.5 years or longer). Withdrawals of $10 million or less generally require 5 business days notification prior to the last day of the month; those in excess of $10 million require 25 business day's notification.

The State Treasurer must operate and invest the funds of both pools for the benefit of the participants. Investments are made in accordance with Idaho Code, Sections 67-1210 and 67-1210A. The Pools are not registered with the Securities and Exchange Commission or any other regulatory body. The State Treasurer does not provide any legally binding guarantees to support the value of the shares to participants.

Note II. DETAILED NOTES ON ALL FUNDS ***continued***

Fair Value Measurements

Financial Accounting Standards Board ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities. (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1	Inputs are quoted prices in active markets that the County has the ability to access.
Level 2	Significant other observable inputs
Level 3	Inputs are significant unobservable inputs

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Custer County's investment's fair value measurements are as follows at September 30, 2020:

	Level 1	Level 2	Level 3
Government bonds and			
Money market funds	$ 25,438	$ -	$ -
Certificates of deposit	-	4,185,494	-
US Agencies	-	1,232,402	-
Mutual Funds	-	5,474,591	-
Total assets measured at fair value	$ 25,438	$ 10,892,487	$ -

Credit Risk

Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not be able to fulfill its obligation and 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 County policy is to only invest in instruments with at least an A quality credit rating.

Concentration of Credit Risk

Custer County's investment policy, where possible, allows for no more than 50% in a specific issuer and 50% in a specific class of securities. The County has less than 50% in a specific issuer and less than 50% in a specific class. In addition, GASB 40 requires disclosure of concentrations over 5% in a single issuer. As of September 30, 2023, the following issuers held more than 5% of the County's total portfolio:

Wells Fargo	42%
Frontier CU	10%
Concourse	7%
US Bank	17%
DL Evans Bank	11%
State Treasurer LGIP	13%

Note II. DETAILED NOTES ON ALL FUNDS ***continued***

Custodial Credit Risk - investments

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County investment policy states that no more than 50% of total County funds shall be invested in any one institution.

Custodial Credit Risk - deposits

For deposits, custodial credit risk is the risk that in the event of the failure of a bank, the County's deposits will not be returned to it. As of September 30, 2023, the County had $2,605,979 of deposits covered by FDIC insurance and $16,680,759 of funds on deposit over and above the FDIC limit.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. The County's investment policy is not limited to specific duration, but is structured to meet the County's anticipated cash flows and spending rate.

The following presents the County's exposure to credit and interest rate risk.

Investment Type	Market Value	Credit Rating
Money market funds	$ 25,438	
Negotiable certificates of deposit	4,185,494	N/A
US Government Agencies	1,232,402	N/A
Mutual Funds	5,474,591	N/A
Total market value	$ 10,917,925	

B. Inter-fund Transfers

The following inter-fund transfers occurred during the current year ended:

	Transfer to	*Transfer from*	
General fund	$ 2,288,284		To cover operating expenses
Election		104,500	To reimburse operating expenses
Indigent		131,581	To reimburse operating expenses
PILT		2,052,203	To reimburse operating expenses
	$ 2,288,284	$ 2,288,284	

Note II. DETAILED NOTES ON ALL FUNDS ***continued***

C. Receivables

The following funds of Custer County have a receivable account balance as of September 30, 2023. The "allowance for doubtful account" for these amounts is immaterial. All receivables are expected to be collected within one year.

	Due from other governments	Fees
Governmental activities:	- 0 -	- 0 –
Business-type activities:		
Solid Waste fund		$ 2,560

Governmental funds report deferred inflow of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period, i.e. property taxes.

Deferred Inflow of Resources:	
Total property taxes receivable	22,921
Current portion	(4,646)
Deferred inflow of resources	$ 18,275

D. Capital Assets

Capital asset activity for the year ended September 30, 2023 was as follows:

Governmental Funds:	Balance at Sep 30, 2022	Additions	Deletions	Balance at Sep 30, 2023
Non Depreciable Capital Assets:				
Land and improvements	$ 910,923			$ 910,923
Depreciable Capital Assets:				
Buildings and Improvements	2,272,004	296,543		2,568,547
Vehicles and Equipment	4,887,057	245,112	(43,184)	5,088,985
Total Capital Assets	8,069,984	541,655	(43,184)	8,568,455
Accumulated Depreciation	(5,660,078)	(444,292)	43,184	(6,061,186)
Capital Assets, Net	$ 2,409,906	97,363	- 0 -	$ 2,507,269

Note II. DETAILED NOTES ON ALL FUNDS ***continued***

Proprietary Funds:	Balance at Sep 30, 2022	Additions	Deletions	Balance at Sep 30, 2023
Non Depreciable Capital Assets:				
Land and improvements	$ 56,149			$ 56,149
Depreciable Capital Assets:				
Buildings and Improvements	98,455			98,455
Vehicles and Equipment	245,494			245,494
Total Capital Assets	400,098			400,098
Accumulated Depreciation	(348,479)	(1,404)		(349,883)
Capital Assets, Net	$ 51,619	(1,404)	- 0 -	$ 50,215
Total all funds	**$ 2,461,525**	**95,959**	**- 0 -**	**$ 2,557,484**

E. Commitments and Contingencies

The County is at various times involved in claims arising from the ordinary course of operations. The estimated possible loss to the County for such claims is uncertain, as the likelihood of an unfavorable outcome is unknown. No accrual has been reflected in the financial statements for this matter. It is Management's opinion that the ultimate disposition of such claims will not have a material adverse effect on the County's financial condition.

F. Risk Management

The County is exposed to various risks of loss including (a) damage to and loss of property and contents (b) employee torts (c) professional liability (errors and omissions) (d) environmental damage (e) workers' compensation claims and (f) medical insurance costs of employees. Commercial policies, transferring the risks of loss, except for relatively small deductible amounts are purchased for property and content damage, employee torts, and professional liabilities. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note II. DETAILED NOTES ON ALL FUNDS ***continued***

G. Long Term Debt

The county leases road equipment under long term agreements. The leases consist of:

Road equipment	$ 1,409,032
Less accumulated depreciation (included as depreciation on the accompanying financial statements)	(1,215,447)
	$ 193,585

Changes in long-term debt for the year ended September 30, 2023, are as follows:

Road Equipment	*Maturity*	*Rate*	*09-30-22*	*Increase*	*Decrease*	*09-30-22*	Current *Portion*
2021 Cat 950M Wheel Loader	2026	2.95%	$ 218,693	$ -	$ (17,036)	$ 201,657	$ 17,876
2015 CB54 Roller	2024	4.12%	44,449	-	(18,632)	25,817	25,817
2021 Cat 150 Motor Grader	2026	2.99%	266,850	-	(15,111)	251,739	24,224
2019 Cat 1403M Motor Grader	2025	4.20%	213,612	-	(17,027)	196,585	18,450
2018 Cat 1403M Motor Grader	2024	4.59%	206,965	-	(24,990)	181,975	181,662
Hamm H10i Roller	2024	4.49%	80,994	-	(13,094)	67,900	67,900
			$ 1,031,563	$ -	$ (105,890)	$ 925,673	$ 335,929

Debt service requirements on long-term debt as of September 30, 2023, are as follows:

Year Ending September 30	Principal	Interest	Total
2024	335,929	34,158	370,087
2025	220,919	19,703	240,622
2026	368,825	5,885	374,710
	$ 925,673	$ 59,746	$ 985,419

H. Compensated Absences

The County provides personal leave to full time employees. It is paid to employees when taken and will be paid to employees or their beneficiaries upon the employee's termination, retirement or death.

The County's recognition and measurement criteria for compensated absences is as follows:

a) The employees' right to receive compensation is attributable to services already rendered

b) It is probable that the employer will compensate the employee for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported in the government-wide financial statements.

Note II. DETAILED NOTES ON ALL FUNDS continued

I. Pension Plan

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.

Plan Description

The County contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit 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 required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

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

Pension Benefits

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

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

Note II. DETAILED NOTES ON ALL FUNDS ***continued***

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2023 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% of covered compensation and 12.28% for police and firefighters. The County's contributions were $231,843 for the year ended September 30, 2023.

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

At September 30, 2023, the County reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County'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, 2023, the County's portion was .000445111 percent.

For the year ended September 30, 2023, the County recognized pension expense (revenue) of $461,090. At September 30, 2022, the County reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	***Deferred Inflows of Resources***
Differences between expected and actual experience	$ 409,261	- 0 -
Changes in assumptions or other inputs	289,984	- 0 -
Net difference between projected and actual earnings on pension plan investments	195,594	7,939
Employer contributions subsequent to the measurement date	51,354	
	$ 946,193	$ 7,939

Note II. DETAILED NOTES ON ALL FUNDS ***continued***

$51,354 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2023.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2023 the beginning of the measurement period ended June 30, 2022 is 4.6 and 4.6 for the measurement period June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:
Year ended September 30:

2024	$ 230,120
2025	$ 108,140
2026	$ 336,406
2027	$ (27,574)

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 individuals between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

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

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

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males Pub-210 General Tables, increased 11%
General Employees and All Beneficiaries - Females Pub-210 General Tables, increased 21%
Teachers - Males Pub-210 Teacher Tables, increased 12%
Teachers - Females Pub-210 Teacher Tables, increased 21%

Note II. DETAILED NOTES ON ALL FUNDS ***continued***

Fire & Police - Males Pub 210 Safety Tables, increased 21%
Fire & Police - Females Pub 210 Safety Tables, increased 26%
Disabled Members - Males Pub 210 Disabled Tables, increased 38%
Disabled Members - Females Pub 210 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions other than mortality. The Total Pension Liability as of June 30, 2023 is based on the results of an actuarial valuation date of July 1, 2023.

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 development for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting 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 the 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 2023.

2023

Asset Class	DB Plans	Sick Leave
Fixed Income	30.0%	50.0%
US/Global Equity	55.0%	39.3%
International Equity	15.0%	10.7%
Cash	0.0%	0.0%
Total all	*100.0%*	*100.0%*

Note II. DETAILED NOTES ON ALL FUNDS ***continued***

Discount Rate

The discount rate used to measure the total pension liability was 7.05 percent. 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 the 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 6.35 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 (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	1% Decrease	*Current Discount Rate*	*1% Increase*
	(5.35%)	(6.35%)	(7.35%)
Employer's proportionate share of net pension liability (asset)	$ 3,194,733	$ 1,776,291	$ 616,981

Pension plan fiduciary net position

Detailed information about the pension's plan 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.

J. Subsequent Events

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

Required Supplementary Information

Custer County, Idaho
Schedule Of Revenues, Expenditures And Changes In Fund Balance
Budget And Actual - Non-GAAP Cash Basis - General Fund
Year Eneded September 30, 2023

	Original/Final Budget	*Actual*	*Variance*
Revenues			
Local Sources:			
Property taxes	$1,423,919	$1,421,970	($1,949)
Charges for services	171,000	175,734	4,734
Fees and fines	189,800	161,129	(28,671)
Interest income	55,000	347,264	292,264
Sales of county property	0	2,000	2,000
Other items	0	60,622	60,622
Intergovernmental:			
Local	50,000	56,435	6,435
State	743,028	691,511	(51,517)
Federal	120,000	87,326	(32,674)
Total Revenues	2,752,747	3,003,991	251,244
Expenditures			
General government	2,155,742	1,658,081	497,661
Public safety	1,660,881	1,210,634	450,247
Parks and recreation	226,542	60,431	166,111
Conservation	50,000	40,000	10,000
Capital outlay	2,230,000	386,609	1,843,391
Total Expenditures	6,323,165	3,355,755	2,967,410
Revenues Over/(Under) Expnditures		(351,764)	
Other Financing Sources - Transfers, net		2,288,284	
Revenues and Other Financing Sources/(Uses) Over/(Under) Expenditures		1,936,520	
Reconciling Items:			
Changes Affected By Accrued Revenues		3,324	
Changes Affected By Accrued Expenses		4,530	
Beginning Fund Balance		3,841,014	
Ending Fund Balance		$5,785,388	

The notes to the required supplementary information - Basis of Budgeting - are an integral part of this schedule

Custer County, Idaho
Schedule Of Revenues, Expenditures And Changes In Fund Balance
Budget And Actual - Non-GAAP Cash Basis - Road and Bridge Fund
Year Ended September 30, 2023

	Original/Final Budget	*Actual*	*Variance*
Revenues			
Local Sources:			
Charges for services	$0	$8,523	8,523
Fees and fines	0	3,418	3,418
Interest income	0	0	0
Sales of county property	0	0	
Other items	30,000	6,466	(23,534)
Intergovernmental:			
State	1,564,818	1,718,208	153,390
Federal	400,000	551,070	151,070
Total Revenues	1,994,818	2,287,685	292,867
Expenditures			
Streets and roads maintenance	2,460,416	2,240,169	220,247
Capital outlay	484,818	389,317	95,501
Principle retirement	137,590	105,891	31,699
Interest and other debt charges	62,410	47,222	15,188
Total Expenditures	3,145,234	2,782,599	362,635
Revenues over/(under) expnditures		(494,914)	
Other financing sources - transfers, net		0	
Revenues and other financing sources/(uses) Over/(Under) expenditures		(494,914)	
Reconciling items:			
Changes affected by accrued revenues		0	
Changes affected by accrued expenditures		149,242	
Beginning Fund Balance		2,584,811	
Ending Fund Balance		$2,239,139	

The notes to the required supplementary information - Basis of Budgeting - are an integral part of this schedule

Custer County, Idaho
Schedule Of Revenues, Expenditures And Changes In Fund Balance
Budget And Actual - Non-GAAP Cash Basis - PILT Fund
Year Ended September 30, 2023

	Original/Final Budget	*Actual*	*Variance*
Revenues			
Interest income	$0	$127,633	$127,633
Net increase/(decrease) in fair value of investments		15,228	
Intergovernmental:			
Local	0	0	0
State	800,000	938,231	138,231
Federal	100,000	133,160	33,160
Total Revenues	900,000	1,214,252	299,024
Expenditures			
General government	2,153,736	202,358	1,951,378
Conservation	0	0	0
Total Expenditures	2,153,736	202,358	1,951,378
Revenues over/(under) expenditures		1,011,894	
Other financing sources - transfers, net		(2,052,203)	
Revenues and other financing sources/(uses) Over/(Under) Expenditures		(1,040,309)	
Reconciling items:			
Changes affected by accrued revenues		0	
Changes affected by accrued expenditures		0	
Prior period decrease in FMV of investments		0	
Beginning Fund Balance		5,901,896	
Ending Fund Balance		$4,861,587	

The notes to the required supplementary information - Basis of Budgeting - are an integral part of this schedule

Basis of Budgetary Accounting

The County's legal budget is prepared using the cash basis records. Encumbrances are allowed for budgetary control purposes, but lapse at the close of the year. The Budget and Actual Schedules are prepared on the budgetary basis and include this variation from GAAP. The reconciliation at the bottom of the budget and actual schedules shows the difference between the basis of budgeting and GAAP.

Budgetary Information

The County budgets its revenues and expenditures, as is required by Idaho Code Section 31, Chapter 16. Following these guidelines, the County adopts annual appropriated budgets for General and Special Revenue and Enterprise funds. All appropriated budgets for Governmental Funds are adopted on a non-GAAP cash basis. The following is a summary of the budgetary process for the County:

Prior to the 3rd Monday in May, each elected official or department head submits to the Clerk's office a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures by department categorized by personal services and other charges and services (including capital outlay) and the means of financing them. The Clerk's office assures the budges are balanced. Budget hearings give the County departments an opportunity to present their proposed budget to the County Commissioners and the public at large.

On or before the first Monday in August, the proposed budget is submitted to the County Commissioners for review and tentative approval. When the tentative budget has been approved it must be published in the newspaper. Public budget hearings are conducted by the County to obtain taxpayer comment, and upon conclusion of the hearing, the County Commissioners legally adopt the budget by a resolution in the official minutes of the board.

The budget in no event shall be greater than the amount of the advertised tentative budget. Per Idaho Code Section 31, the actual expenditures for the ensuing fiscal year shall not exceed the appropriations legally adopted by the Commissioners. The County's policy is that amounts may not be transferred between personal service and other charges and services (including capital outlay) and amounts may not be transferred between departments or funds.

The County may increase the total appropriation budget during the year as grants are subsequently awarded by federal or state agencies, for donations to various departments, and for receipt of unscheduled and/or unanticipated revenue, provided there is no increase in anticipated property taxes. The appropriation budget may only be increased by the amount of actual revenues received. Such budget revisions must be advertised, discussed in a public hearing and adopted by a resolution from the Board of County commissioners. The budget was not amended during the year.

Budgetary Information - *Continued*

The level of budgetary control (level at which expenditures may not legally exceed the appropriations) is established by the personal service and other charges and services (including capital outlay) within the department and fund.

The County employs budgetary integration as a management control device during the year for all Governmental and Proprietary funds. All appropriations, other than those for improvements not yet completed, lapse at the end of the fiscal year and become null and void. However, appropriation accounts may remain open until the first Monday in November for the payment of claims incurred prior to the close of the fiscal year. Lawful claims presented thereafter against any subsequent appropriation will be provided for in the ensuing budget.

Custer County, Idaho

Schedule of Employer's Share of Net Pension Liability

PERSI Base Plan

Last 10 - Fiscal Years *

	PERSI Base Plan				
Fiscal Year	Employer's portion of net pension liability	Employer's proportionate share of the net pension liability	Employer's covered employee payroll	Employer's Proprtional share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.0004958%	652,916	1,378,011	60.57%	91.38%
2016	0.0004991%	1,011,807	1,500,631	67.43%	87.26%
2017	0.0005144%	808,523	1,604,676	50.38%	90.68%
2018	0.0004677%	734,054	1,594,773	46.03%	91.69%
2019	0.0004787%	546,415	1,594,428	34.27%	93.79%
2020	0.0004737%	1,100,040	1,642,989	66.95%	88.22%
2021	0.0004398%	(34,730)	1,902,692	-1.83%	100.36%
2022	0.0004516%	1,778,713	1,914,710	92.90%	83.09%
2023	0.0004451%	1,776,289	2,083,028	85.27%	83.83%

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

Data reported is measured as of June 30th.

Custer County, Idaho

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years *

	PERSI Base Plan				
Fiscal Year	Statutorily Required Contribution	Contribution In Relation To The Statutorily Required Contribution	Contribution Deficiiency (Excess)	Covered Payroll	Contribution as a percentage of Covered Payroll
2015	$157,055	$157,055	$0	1,378,011	11.39%
2016	$171,020	$171,020	$0	1,500,631	11.40%
2017	$180,853	$180,853	$0	1,604,676	11.27%
2018	$181,217	$181,217	$0	1,594,773	11.36%
2019	$183,722	$183,722	$0	1,594,428	11.52%
2020	$197,186	$197,186	$0	1,642,989	12.00%
2021	$197,727	$197,727	$0	1,902,692	10.39%
2022	$213,723	$213,723	$0	1,914,711	11.16%
2023	$231,843	$231,843	$0	2,083,028	11.13%

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

Data reported is measured as of September 30

Supplementary Information

Custer County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2023

	Battleground Mosquito	Election	District Court	County Fair	Health District	Indigent	Junior College
Assets							
Cash and equivalents	$44,358	$126,057	$235,046	$2,751	$10,418	$2,808	$131,581
Investments							
Taxes receivable, net	476		182	183	552	70	
Due from other governments							0
Total Assets	$44,834	$126,057	$235,228	$2,934	$10,970	$2,878	$131,581
Liabilities							
Warrants payable	1,164	7,078	1,602				
Total Liabilities	1,164	7,078	1,602	0	0	0	0
Deferred Inflows of Resources							
Unavailable tax resources	400		138	142	427	59	
Total Deferred Inflows of Resources	400	0	138	142	427	59	0
Fund Balances							
Restricted for:							
Special Programs	43,270	118,979	233,488	2,792	10,543	2,819	131,581
Total fund balances	43,270	118,979	233,488	2,792	10,543	2,819	131,581
Total Liabilities, Deferred Inflows, and Fund Balances	$44,834	$126,057	$235,228	$2,934	$10,970	$2,878	$131,581

Revaluation	Tort	Weed Control	Waterways	American Rescue Plan	Local Assistance Tribal Consistency	South Custer Ambulance	Total All Funds
$109,060	$43,879	$147,590	$8,345	$0		$441,694	$1,303,587
				788,002	2,656,800		3,444,802
1,692	612	1,863				1,428	7,058
							0
$110,752	$44,491	$149,453	$8,345	$788,002	$2,656,800	$443,122	$4,755,447
12,028		264	174	8,415		1,444	32,169
12,028	0	264	174	8,415	0	1,444	32,169
1,315	476	1,429				1,549	5,935
1,315	476	1,429	0	0	0	1,549	5,935
97,409	44,015	147,760	8,171	779,587	2,656,800	440,129	4,717,343
97,409	44,015	147,760	8,171	779,587	2,656,800	440,129	4,717,343
$110,752	$44,491	$149,453	$8,345	$788,002	$2,656,800	$443,122	$4,755,447

Combining Statement Of Revenues, Expenditures And Changes In Fund Balance - Nonmajor Governmental Funds
For The Year Ended September 30, 2023

	Battleground Mosquito	Election	District Court	County Fair	Health District	Indigent	Junior College
Revenues							
Local Sources:							
Property taxes	$20,993	$0	$20,015	$16,650	$53,251	$650	$0
Charges for services						18,974	
Fees and fines			64,806				
Other items			8,482				
Intergovernmental:							
Local	80						
State	2,520	57,845	65,592				33,763
Federal							
Total Revenues	23,593	57,845	158,895	16,650	53,251	19,624	33,763
Expenditures							
General government		22,208					
Public safety							
Public health	28,893				53,263	42,154	
Parks, recreation, public property				16,500			
Education							5,800
Conservation							
Judicial services			108,461				
Capital outlay		5,200	1,299				
Total Expenditures	28,893	27,408	109,760	16,500	53,263	42,154	5,800
Excess/(Deficiency) of revenues over expenditures	(5,300)	30,437	49,135	150	(12)	(22,530)	27,963
Other Financing Sources/(Uses)							
Transferrs in, see Note II(C)							
Transferrs out, see Note II(C)		(104,500)				(131,581)	
Net Change In Fund Balance	(5,300)	(74,063)	49,135	150	(12)	(154,111)	27,963
Fund Balance - beginning of the year	48,570	193,042	184,353	2,642	10,555	156,930	103,618
Fund Balance - end of the year	$43,270	$118,979	$233,488	$2,792	$10,543	$2,819	$131,581

Revaluation	Tort	Weed Control	Waterways	American Rescue Plan	Local Assistance Tribal Consistency	South Custer Ambulance	Total All Funds
$155,764	$55,143	$190,848	$0	$0	$0	$53,260	$566,574
		61,208				1,092	81,274
			13,651				78,457
						2,220	10,702
							80
			10,000			7,607	177,327
					2,656,800		2,656,800
155,764	55,143	252,056	23,651	0	2,656,800	64,179	3,571,214
64,111				45,167			131,486
			22,414			39,619	62,033
							124,310
							16,500
							5,800
		150,982					150,982
	51,618						160,079
69,184		48,285					123,968
133,295	51,618	199,267	22,414	45,167	0	39,619	775,158
22,469	3,525	52,789	1,237	(45,167)	2,656,800	24,560	2,796,056
							0
							(236,081)
22,469	3,525	52,789	1,237	(45,167)	2,656,800	24,560	2,559,975
74,940	40,490	94,971	6,934	824,754	0	415,569	2,157,368
$97,409	$44,015	$147,760	$8,171	$779,587	$2,656,800	$440,129	$4,717,343

Custer County, Idaho
Combining Statement Of Fiduciary Net Position - Custodial Funds
September 30, 2023

	Custodial Funds		
	Held for Other Governments	Taxing Districts	Total Custodial Funds
Assets			
Cash and equivalents	$26,114	$18,186	$44,300
Taxes receivable	0	47,069	47,069
Total Assets	26,114	65,255	91,369
Liabilities			
Warrantsand accounts payable	100	18,186	18,286
Total Liabilities	100	18,186	18,286
Net Position			
Restricted for:			
Individuals, Organizations or Other Governments	26,014	47,069	73,083
Total Net Position	$26,014	$47,069	$73,083

Custer County, Idaho
Combining Statement Of Changes in Fiduciary Net Position - Custodial Funds
For The Year Ended September 30, 2023

	Custodial Funds		
	Held for Other Governments	Taxing Districts	Total Custodial Funds
Additions			
Fees collected for other governments	$374,014	$0	$374,014
Property taxes collected for other governments		4,080,708	4,080,708
Contributions			0
Total Additions	374,014	4,080,708	4,454,722
Deductions			
Funds distributed to individuals and organizations			0
Taxes distributed to other governments		4,089,908	4,089,908
Fees distributed to other governments	395,943		395,943
Total Deductions	395,943	4,089,908	4,485,851
Change in Net Position	(21,929)	(9,200)	(31,129)
Net Position - Beginning	47,943	56,269	104,212
Net Position - Ending	$26,014	$47,069	$73,083

Custer County, Idaho

Combining Statement Of Fiduciary Net Position - Private Purpose Trust Funds

September 30, 2023

	Private Purpose Trust Funds							
	State Remittance	Auditor Trust	Court Trust	Court Interloc	Idaho E911	RAC	Drug Holdin	Total Private Purpose Trust Funds
Assets								
Cash and equivalents	$0	$157,810	$106,516	$2,503	$7,504	$2,677	$6,220	$283,230
Taxes receivable	44	0	0	0		0	0	44
Total Assets	44	157,810	106,516	2,503	7,504	2,677	6,220	283,274
Liabilities								
Warrants and accounts payable	0	241	3,863	0	2,612	0	0	6,716
Total Liabilities	0	241	3,863	0	2,612	0	0	6,716
Net Position								
Restricted for:								
Individuals, Organizations or Other Governments	44	157,569	102,653	2,503	4,892	2,677	6,220	276,558
Total Net Position	$44	$157,569	$102,653	$2,503	$4,892	$2,677	$6,220	$276,558

Custer County, Idaho
Combining Statement Of Changes in Fiduciary Net Position - Private Purpose Trust Funds
For The Year Ended September 30, 2023

	Private Purpose Trust Funds							
	State Remittance	Auditor Trust	Court Trust	Court Interlock	Idaho E911	RAC	Drug Holding	Total Private Purpose Trust Funds
Additions								
Contributions	$115,830	$1,145,236	$275,982	$0	$101,568	$225	$0	$1,638,841
Total Additions	115,830	1,145,236	275,982	0	101,568	225	0	1,638,841
Deductions								
Funds distributed to individuals and organizations	115,908	1,086,343	213,856	0	96,676	(1)	0	1,512,782
Total Deductions	115,908	1,086,343	213,856	0	96,676	(1)	0	1,512,782
Change in Net Position	(78)	58,893	62,126	0	4,892	226	0	126,059
Net Position - Beginning	122	98,776	40,527	2,503	0	2,051	6,220	150,199
Net Position - Ending	$44	$157,669	$102,653	$2,503	$4,892	$2,277	$6,220	$276,258

Other Reports

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Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

Board of Commissioners
Custer County, Idaho
Challis, Idaho 83226

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Custer County, Idaho (the County), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Custer County's basic financial statements, and have issued my report thereon dated January 22, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Gary Merkle, CPA

Boise, Idaho
January 22, 2024