# CITY OF EDEN, IDAHO

BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2024
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# FINANCIAL SECTION

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
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# INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Eden, ID

## Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Eden, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City as of September 30, 2024, 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

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

## Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

***Other Matters***

Management has omitted 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*Poulsen VanLeuven & Catmull*

Burley, Idaho
December 6, 2024

## CITY OF EDEN, IDAHO

Statement of Net Position
September 30, 2024

| | Governmental Activities | Business Type Activities | Totals |
|---|---|---|---|
| ASSETS | | | |
| Cash & Investments | $ 644,907 | $ 286,504 | $ 931,411 |
| Receivables (Net of Allowances): | | - | |
| Taxes | 3,834 | - | 3,834 |
| Accounts Receivable | 2,492 | 9,234 | 11,726 |
| Accrued Interest | - | - | - |
| Prepaid Expenses | 3,972 | - | 3,972 |
| Due From Other Governments | 20,376 | - | 20,376 |
| Due (To)/From Other Funds | 45,000 | (45,000) | - |
| Capital Assets: | | | |
| Land | 33,171 | 6,053 | 39,224 |
| Other Capital Assets, Net of Depreciation | 75,485 | 225,997 | 301,482 |
| Other Assets, Net of Amortization | - | - | - |
| Total assets | 829,237 | 482,788 | 1,312,025 |
| LIABILITIES | | | |
| Accounts Payable and Accrued Expenses | 6,714 | 7,193 | 13,907 |
| Long-Term Liabilities: | | | |
| Due Within One Year | - | - | - |
| Due in More Than One Year | - | - | - |
| Total liabilities | 6,714 | 7,193 | 13,907 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - property taxes | - | - | - |
| Total deferred inflows of resources | - | - | - |
| NET POSITION | | | |
| Invested in Capital Assets, net of related debt | 108,656 | 232,050 | 340,706 |
| Restricted for: | | | |
| Debt Service | - | - | - |
| Capital Projects | - | - | - |
| Unrestricted | 713,867 | 243,545 | 957,412 |
| Total Net Position | $ 822,523 | $ 475,595 | $ 1,298,118 |

See accompanying notes to the financial statements.

Statement of Activities
For the Year Ended September 30, 2024

| Functions / Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Business Type Activities | Totals |
|---|---|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | | | |
| General Government | $ 121,242 | $ 982 | $ - | $ 30,000 | $ (90,260) | | $ (90,260) |
| Garbage | 13,628 | 19,398 | - | - | 5,770 | | 5,770 |
| Irrigation | 2,488 | 3,613 | - | - | 1,125 | | 1,125 |
| Public Safety | 23,000 | - | - | - | (23,000) | | (23,000) |
| Parks and Streets | 15,468 | - | - | - | (15,468) | | (15,468) |
| Interest | - | - | - | - | - | | - |
| Total Governmental Activities | 175,826 | 23,993 | - | 30,000 | (121,833) | | (121,833) |
| **Business-Type Activities:** | | | | | | | |
| Water | 62,168 | 44,594 | - | - | | $ (17,574) | (17,574) |
| Sewer | 22,303 | 27,746 | - | - | | 5,443 | 5,443 |
| Total Business-Type Activities | 84,471 | 72,340 | - | - | | (12,131) | (12,131) |
| Total Primary Government | $ 260,297 | $ 96,333 | $ - | $ 30,000 | (121,833) | (12,131) | (133,964) |
| | | **General Revenues** | | | | | |
| | | Property Taxes | | | 68,177 | - | 68,177 |
| | | Highway Use Tax | | | 37,959 | - | 37,959 |
| | | Other State Taxes | | | 62,601 | - | 62,601 |
| | | Grants not Restricted to Specific Programs | | | - | - | - |
| | | Investment Earnings | | | 2,752 | 3,166 | 5,918 |
| | | Miscellaneous | | | 3,984 | - | 3,984 |
| | | Gain on Sale of Capital Assets | | | - | - | - |
| | | Transfers | | | - | - | - |
| | | Total General Revenues and Transfers | | | 175,473 | 3,166 | 178,639 |
| | | Change in Net Position | | | 53,640 | (8,965) | 44,675 |
| | | Net Position Beginning of Year | | | 768,883 | 484,560 | 1,253,443 |
| | | Net Position End of Year | | | $ 822,523 | $ 475,595 | $ 1,298,118 |

See accompanying notes to the financial statements.

# CITY OF EDEN, IDAHO

Balance Sheet
Governmental Funds
September 30, 2024

| | General Fund |
|---|---|
| ASSETS | |
| Cash & investments | $ 644,907 |
| Taxes receivable | 3,834 |
| Accounts receivable | 2,492 |
| Prepaid expenses | 3,972 |
| Due from other governments | 20,376 |
| Due from other funds | 45,000 |
| Restricted cash | - |
| Total assets | $ 720,581 |
| LIABILITIES AND FUND EQUITY | |
| Liabilities | |
| Accounts payable | $ 5,921 |
| Accrued liabilities | 793 |
| Total liabilities | 6,714 |
| Deferred inflows of resources | |
| Unavailable revenue - property taxes | 3,580 |
| Total deferred inflows of resources | 3,580 |
| Fund Balances | |
| Fund balance (restricted) | - |
| Fund balance (unassigned) | 710,287 |
| Total fund balances | 710,287 |
| Total liabilities and fund balances | $ 720,581 |

See accompanying notes to the financial statements.

# CITY OF EDEN, IDAHO

Reconciliation of Total Governmental Fund Balances to
the Statement of Net Position
September 30, 2024

| | | |
|---|---|---|
| Total Governmental Fund Balances | $ | 710,287 |
| Amounts reported for governmental activities in the Statement of Net Position is different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | 108,656 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: | | |
| Property Taxes | | 3,580 |
| Net Position of Governmental Activities | $ | 822,523 |

See accompanying notes to the financial statements.

# CITY OF EDEN, IDAHO

Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Funds
Year Ended September 30, 2024

| | General Fund |
|---|---|
| Revenues: | |
| Property Taxes | $ 67,631 |
| Licenses and permits | 982 |
| Intergovernmental revenues | 100,560 |
| Interest | 2,752 |
| Services | 23,011 |
| Grants | 30,000 |
| Miscellaneous | 3,984 |
| Unappropriated Surplus | - |
| Total revenues | 228,920 |
| Expenditures: | |
| General government | |
| Administration | 27,070 |
| Law enforcement | 23,000 |
| Salaries and related costs | 57,268 |
| Insurance | 10,052 |
| Repairs and maintenance | 2,362 |
| Supplies | 1,979 |
| Utilities | 7,819 |
| Garbage contract | 13,628 |
| Miscellaneous | 11,453 |
| Capital outlay/grant expenditures | 2,500 |
| Irrigation | |
| Irrigation water | 2,488 |
| Repairs and maintenance | - |
| Parks & Streets | |
| Repairs and maintenance | - |
| Utilities | 422 |
| Fuel | 3,387 |
| Miscellaneous | 6,444 |
| Capital outlay | - |
| Contingency | - |
| Total expenditures | 169,872 |
| Excess (deficiency) of revenues over expenditures | 59,048 |
| Other financing sources (uses) | |
| Transfers in (out) | - |
| Net change in fund balance | 59,048 |
| Fund balance - beginning | 651,239 |
| Fund balance - ending | $ 710,287 |

See accompanying notes to the financial statements.

# CITY OF EDEN, IDAHO

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2024

| | | |
|---|---|---|
| Net Change in Fund Balances - Total Governmental Funds | | $ 59,048 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay less depreciation expense in the current period: | | |
| Fixed asset additions - purchased | $ - | |
| Fixed asset additions - donated | - | |
| Depreciation expense | (5,954) | |
| Excess of depreciation over capital outlay | | (5,954) |
| Because governmental funds report capital outlays as expenditures, when capital assets are sold, the proceeds are recorded as revenue. In the statement of activities, a gain or loss on the sale of the asset is reported based on net proceeds and adjusted basis of the asset. | | |
| Difference in gain or loss on sale of capital assets | | - |
| Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered as "available" revenues in the governmental funds. This is the current year increase/(decrease) in deferred revenue. | | 546 |
| Change in Net Position of Governmental Activities | | $ 53,640 |

See accompanying notes to the financial statements.

## CITY OF EDEN, IDAHO

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
Year Ended September 30, 2023

| | Original Budget | Final Budget | Actual | Variance with Final Budget: Favorable (Unfavorable) |
|---|---|---|---|---|
| Revenues: | | | | |
| Taxes | $ 60,000 | $ 60,000 | $ 67,631 | $ 7,631 |
| Licenses and permits | 2,500 | 2,500 | 982 | (1,518) |
| Intergovernmental revenues | 100,000 | 100,000 | 100,560 | 560 |
| Interest | 2,000 | 2,000 | 2,752 | 752 |
| Services | 23,500 | 23,500 | 23,011 | (489) |
| Grants | - | - | 30,000 | 30,000 |
| Miscellaneous | 5,000 | 5,000 | 3,984 | (1,016) |
| Unappropriated Surplus | 31,000 | 31,000 | - | (31,000) |
| Total revenues | 224,000 | 224,000 | 228,920 | 4,920 |
| Expenditures: | | | | |
| General government | | | | |
| Administration | 25,000 | 25,000 | 27,070 | (2,070) |
| Law enforcement | 24,000 | 24,000 | 23,000 | 1,000 |
| Salaries and related costs | 65,000 | 65,000 | 57,268 | 7,732 |
| Insurance | 4,000 | 4,000 | 10,052 | (6,052) |
| Repairs and maintenance | 6,000 | 6,000 | 2,362 | 3,638 |
| Supplies | 2,500 | 2,500 | 1,979 | 521 |
| Utilities | 3,500 | 3,500 | 7,819 | (4,319) |
| Garbage contract | 14,000 | 14,000 | 13,628 | 372 |
| Miscellaneous | 500 | 500 | 11,453 | (10,953) |
| Capital outlay | 5,000 | 5,000 | 2,500 | 2,500 |
| Contingency | 5,500 | 5,500 | - | 5,500 |
| Irrigation | | | | |
| Irrigation water | 1,500 | 1,500 | 2,488 | (988) |
| Repairs and maintenance | 7,500 | 7,500 | - | 7,500 |
| Miscellaneous | - | - | - | - |
| Parks & Streets | | | | |
| Repairs and maintenance | 36,000 | 36,000 | - | 36,000 |
| Utilities | 6,500 | 6,500 | 422 | 6,078 |
| Fuel | 2,000 | 2,000 | 3,387 | (1,387) |
| Miscellaneous | 500 | 500 | 6,444 | (5,944) |
| Capital outlay | 9,000 | 9,000 | - | 9,000 |
| Contingency | 6,000 | 6,000 | - | 6,000 |
| Total expenditures | 224,000 | 224,000 | 169,872 | 54,128 |
| Excess (deficiency) of revenues over expenditures | - | - | 59,048 | 59,048 |
| Other financing sources (uses) | | | | |
| Transfers in (out) | - | - | - | - |
| Net change in fund balance | - | - | 59,048 | 59,048 |
| Fund balance - beginning | 651,239 | 651,239 | 651,239 | - |
| Fund balance - ending | $ 651,239 | $ 651,239 | $ 710,287 | $ 59,048 |

See accompanying notes to the financial statements.

**CITY OF EDEN, IDAHO**

Statement of Net Position
Proprietary Funds
September 30, 2024

| | Business-Type Activities Enterprise Funds | | |
|---|---|---|---|
| | Water Fund | Sewer Fund | Totals |
| ASSETS | | | |
| Cash & Investments | $ 41,768 | $ 244,736 | $ 286,504 |
| Receivables (Net of Allowances): | | - | |
| Accounts Receivable | 5,683 | 3,551 | 9,234 |
| Accrued Interest | - | - | - |
| Prepaid Expenses | - | - | - |
| Capital Assets: | | | |
| Land | - | 6,053 | 6,053 |
| Other Capital Assets, Net of Depreciation | 81,860 | 144,137 | 225,997 |
| Other Assets, Net of Amortization | - | - | - |
| Total assets | 129,311 | 398,477 | 527,788 |
| LIABILITIES | | | |
| Accounts Payable and Accrued Expenses | 6,375 | 818 | 7,193 |
| Customer Deposits Payable | - | - | - |
| Due to Other Fund | 45,000 | - | 45,000 |
| Interest Payable | - | - | - |
| Long-Term Liabilities: | | | |
| Due Within One Year | - | - | - |
| Due in More Than One Year | - | - | - |
| Total liabilities | 51,375 | 818 | 52,193 |
| NET POSITION | | | |
| Invested in Capital Assets, net of related debt | 81,860 | 150,190 | 232,050 |
| Restricted for: | | | |
| Debt Service | - | - | - |
| Unrestricted | (3,924) | 247,469 | 243,545 |
| Total Net Position | $ 77,936 | $ 397,659 | $ 475,595 |

See accompanying notes to the financial statements.

# CITY OF EDEN, IDAHO

Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Funds
Year Ended September 30, 2024

| | Business-Type Activities Enterprise Funds | | |
|---|---|---|---|
| | Water | Sewer | Totals |
| Operating revenues: | | | |
| Charges for service | $ 44,594 | $ 27,746 | $ 72,340 |
| Miscellaneous | - | - | - |
| Total revenues | 44,594 | 27,746 | 72,340 |
| Operating expenses: | | | |
| Administration | - | - | - |
| Fuel | - | - | - |
| Insurance expense | - | - | - |
| Salaries and related costs | 13,163 | 13,163 | 26,326 |
| Supplies and maintenance | 3,083 | 1,270 | 4,353 |
| Pumping, power | 9,457 | 236 | 9,693 |
| Miscellaneous and water samples | 28,834 | 210 | 29,044 |
| Utilities | - | - | - |
| Depreciation | 7,631 | 7,424 | 15,055 |
| Total operating expenses | 62,168 | 22,303 | 84,471 |
| Operating income (loss) | (17,574) | 5,443 | (12,131) |
| Non-operating revenues (expenses) | | | |
| Grant revenue | - | - | - |
| Interest income | - | 3,166 | 3,166 |
| Interest (expense) | - | - | - |
| Total non-operating revenues (expenses) | - | 3,166 | 3,166 |
| Income/(Loss) before contributions and Transfers | (17,574) | 8,609 | (8,965) |
| Capital Contributions | - | - | - |
| Transfers In | - | - | - |
| Transfers Out | - | - | - |
| Change in Net Position | (17,574) | 8,609 | (8,965) |
| Net Position Beginning of Year | 95,510 | 389,050 | 484,560 |
| Net Position End of Year | $ 77,936 | $ 397,659 | $ 475,595 |

See accompanying notes to the financial statements.

# CITY OF EDEN, IDAHO

Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2024

| | Business-Type Activities Enterprise Funds | | |
|---|---|---|---|
| | **Water** | **Sewer** | **Totals** |
| Cash flows provided by operating activities: | | | |
| Receipts from customers and users | $ 44,671 | $ 28,037 | $ 72,708 |
| Payments to suppliers | (37,546) | (1,527) | (39,073) |
| Payments to employees | (13,163) | (13,163) | (26,326) |
| Other receipts/(payments) | - | - | - |
| Net cash provided (used) by operating activities | (6,038) | 13,347 | 7,309 |
| Cash flows from noncapital and related financing activities: | | | |
| Transfers (to)/from other funds | - | - | - |
| Net cash provided (used) by noncapital and related financing activities | - | - | - |
| Cash flows from capital and related financing activities: | | | |
| Principal and interest paid on long-term debt | - | - | - |
| Increase/(decrease) in amount due to other fund | (5,000) | - | (5,000) |
| Purchase or construction of capital assets | - | - | - |
| Net cash used by capital and related financing activities | (5,000) | - | (5,000) |
| Cash flows from investing activities: | | | |
| Interest received on Investments | - | 3,166 | 3,166 |
| Net cash provided by investing activities | - | 3,166 | 3,166 |
| Net increase (decrease) in cash | (11,038) | 16,513 | 5,475 |
| Cash at beginning of year | 52,806 | 228,223 | 281,029 |
| Cash at end of year | $ 41,768 | $ 244,736 | $ 286,504 |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | | |
| Operating income (loss) | $ (17,574) | $ 5,443 | $ (12,131) |
| Depreciation | 7,631 | 7,424 | 15,055 |
| (Increase) decrease in accounts receivable | 77 | 291 | 368 |
| Increase (decrease) in accounts payable | 3,828 | 189 | 4,017 |
| Net cash provided (used) by operating activities | $ (6,038) | $ 13,347 | $ 7,309 |

See accompanying notes to the financial statements.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Eden have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds, provided they do not conflict with or contradict GASB pronouncements. The significant accounting policies of the City are described below.

A. Reporting Entity

The City of Eden was organized under state law in 1916 as a political subdivision of the State of Idaho. The City is governed by an elected City Council which possesses final decision making authority and is held primarily accountable for those decisions. The City Council is responsible for approving the budget, establishing spending limitations, funding any deficits and borrowing funds and/or issuing bonds to finance construction. There are no other boards, councils, or component units for which the City of Eden exercises authority.

B. Government-Wide Financial Statements

The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial condition of the governmental and business-type activities for the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. The City of Eden has no non-major funds. Fiduciary funds are reported by type.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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. Revenues are recorded 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 the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period and other revenues if they are collected within 90 days of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

The General Fund is the governments primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary funds:

The Water Fund accounts for the operations of providing water to the citizens of the City.

The Sewer Fund accounts for the operations of the City's sewer and lagoon system.

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

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 on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Fund Classifications

Fund Balance Reserves - The City has adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the City to classify and report amounts in the appropriate fund balance classifications. The City's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned or unassigned.

The City reports the following classifications as applicable:

Non-spendable Fund Balance - Non-spendable fund balances are amounts that cannot be spent because they are either: (a) not in spendable form - such as inventory or prepaid insurance, or (b) legally or contractually required to be maintained intact - such as a trust that must be retained in perpetuity.

Restricted Fund Balance - Restricted fund balances are amounts that cannot be spent because they are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the City can be compelled by an external party (e.g. citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the City Council. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the City Council. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by: (a) the secretary/treasurer, or (b) an appointed body (e.g. a budget or finance committee) or an official to which the City Council have delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned fund balance includes: (a) all remaining amounts that are reported in governmental funds (other than the general fund) that are not classified as non-spendable, restricted, or committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.

Unassigned Fund Balance - Unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

F. Deposits and Investments

*Deposits*: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial credit risk. At year end, none of the City's bank balance was exposed to custodial credit risk due to being uninsured and uncollateralized.

*Investments*: Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the City held no investments as defined under GASB No. 72, Fair Value Measurement and Application.

*Credit Risk*: The City's policy is to comply with Idaho State statutes which authorize the City to invest in obligations of the United States, obligations of the State or any taxing City in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing City in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.

G. Inventory
Inventories at year end are considered immaterial and have not been presented in the financial statements.

H. Capital Assets
Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, lighting systems and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation is remove, and any gain or loss arising from its 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 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 using the straight-line method. The estimated useful lives are as follows:

| | |
|---|---|
| Buildings | 25-40 years |
| Improvements | 10-45 years |
| Equipment | 3-10 years |

I. Long-Term Liabilities
Long-term liabilities consist of bonds, notes, and other indebtedness including material liabilities associated with compensated absences.

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets.

J. Budgets and Budgetary Accounting
The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to certifying the tax levy to the county commissioners, and prior to passing the annual appropriation ordinance, a public meeting shall be held to adopt a budget by a favorable vote of a majority of the members of the council.

2. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principals. Uncommitted appropriations lapse at every year end.

K. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts
Accumulated unpaid vacation, sick pay, and other employee benefit amounts have not been accrued in governmental funds. The amount of this accrual is not material to the financial statements.

L. Encumbrances
Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City because it is not considered necessary at present to assure effective budgetary control or to facilitate effective cash planning and control.

M. Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

N. Application of Restricted or Unrestricted Resources
The City's policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

## NOTE 2: ACCOUNTS RECEIVABLE

An aging of accounts receivable at year end is as follows:

| | General | Water | Sewer |
|---|---|---|---|
| Current | $ 1,464 | $ 3,338 | $ 2,086 |
| Over 30 days | 1,028 | 2,345 | 1,465 |
| Bad debt allowance | - | - | - |
| Total | $ 2,492 | $ 5,683 | $ 3,551 |

## NOTE 3: DUE FROM OTHER GOVERNMENTS

The amount due from other governments at year end consisted of the following:

| | |
|---|---|
| State revenue sharing | $ 12,176 |
| State liquor revenues | 3,368 |
| State motor tax receivable | 4,832 |
| Total | $ 20,376 |

## NOTE 4: CAPITAL ASSETS

A summary of changes in capital assets is as follows:

| | Balance 9/30/2023 | Addition | Deletion | Balance 9/30/2024 |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Equipment | $ 69,495 | $ - | $ - | $ 69,495 |
| Buildings | 29,534 | - | - | 29,534 |
| Improvements | 90,178 | - | - | 90,178 |
| Land (Non-depreciable) | 33,171 | - | - | 33,171 |
| | 222,378 | - | - | 222,378 |
| *Accumulated Depreciation:* | | | | |
| Equipment | 58,425 | 1,392 | - | 59,817 |
| Buildings | 18,719 | 739 | - | 19,458 |
| Improvements | 30,624 | 3,823 | - | 34,447 |
| | 107,768 | 5,954 | - | 113,722 |
| *Net Book Value:* | | | | |
| Equipment | 11,070 | (1,392) | - | 9,678 |
| Buildings | 10,815 | (739) | - | 10,076 |
| Improvements | 59,554 | (3,823) | - | 55,731 |
| Land (Non-depreciable) | 33,171 | - | - | 33,171 |
| | $ 114,610 | $ (5,954) | $ - | $ 108,656 |

| | | | | |
|---|---|---|---|---|
| **Business Type Activities** | | | | |
| Water fund improvements | $ 330,802 | $ - | $ - | $ 330,802 |
| Sewer fund improvements | 509,573 | - | - | 509,573 |
| Water fund equipment | 26,466 | - | - | 26,466 |
| Sewer fund equipment | 15,780 | - | - | 15,780 |
| Construction in Progress | - | - | - | - |
| Sewer fund land (Non-deprec) | 6,053 | - | - | 6,053 |
| | 888,674 | - | - | 888,674 |
| *Accumulated Depreciation:* | | | | |
| Water fund improvements | 248,267 | 7,090 | - | 255,357 |
| Sewer fund improvements | 361,047 | 7,072 | - | 368,119 |
| Water fund equipment | 19,511 | 540 | - | 20,051 |
| Sewer fund equipment | 12,745 | 352 | - | 13,097 |
| | 641,570 | 15,054 | - | 656,624 |
| *Net Book Value:* | | | | |
| Water fund improvements | 82,535 | (7,090) | - | 75,445 |
| Sewer fund improvements | 148,526 | (7,072) | - | 141,454 |
| Water fund equipment | 6,955 | (540) | - | 6,415 |
| Sewer fund equipment | 3,035 | (352) | - | 2,683 |
| Construction in Progress | - | - | - | - |
| Sewer fund land (Non-deprec) | 6,053 | - | - | 6,053 |
| | $ 247,104 | $ (15,054) | $ - | $ 232,050 |

All assets are being depreciated using the straight line method over the respective estimated lives described in Note 1. The City has elected not to retroactively report infrastructure assets, as is allowed for Phase 3 governments.

Depreciation was charged to functions/programs of the governmental activities as follows:

| | |
|---|---|
| General Government | $ 739 |
| Parks & Streets | 5,215 |
| Total Governmental Activities Depreciation | $ 5,954 |

**NOTE 5: RESTRICTED CASH**

The City had no restrictions on cash and the end of the fiscal year.

**NOTE 6: PROPERTY TAXES**

The City of Eden is located in Jerome County. Idaho counties are responsible for collecting property taxes, assessing penalties and if necessary, sale of the property. In addition, the County maintains all the records and is responsible for remitting property tax amounts to the various taxing entities within the County boundaries.

All real property is assigned a parcel number in accordance with State law, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals.

Since the passage of the voter approved one percent initiative of 1978, the legislature has designated certain levies as being exempt from its provisions. Implicit in the granting of these exemptions is the recognition by the legislature that local governments have certain costs which are unanticipated or are not a regular part of their operations.

The amount of these levies are then set by the cost of dealing with an emergency, satisfying a court judgment, paying for liability insurance coverage, contributing to a state mandated increase in the fireman's retirement fund, making an annual bond payment, or by a special override election.

Taxes on real property are a lien on the property and attach on July 1, of the year for which the taxes are levied.

Taxes on property are due on the 20th of December; however, they may be paid in two installments with the second installment due June 20. Penalties and interest are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a three year waiting period, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner and such persons as penalties, interest and costs before sale.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually and the tax is computed using percentages of taxable values established by the Department of Taxation.

**NOTE 7: STATEMENT OF CASH FLOWS**

For purposes of the statement of cash flows, the Enterprise Fund considers all checking, savings, and certificates of deposit with maturity dates within 90 days to be cash and cash equivalents.

**NOTE 8: RISK MANAGEMENT/INSURANCE COVERAGE**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred most of its risk by purchasing commercial insurance.

Workman's Compensation insurance is purchased through the Idaho State Insurance Fund. All other insurance has been purchased through ICRMP (Idaho Counties Reciprocal Management Program), policy No. 1302052123100, which expires October 1, but is renewed annually. The policy coverage includes: All risks of physical loss or damage, automobile physical damage, comprehensive general liability, premises medical payments, automobile liability, errors or omissions liability, employee dishonesty, money & securities, and depositors forgery.

**NOTE 9: PENSION PLAN**

The City offers a Simplified Employee Pension (SEP) plan. A SEP is a program under which the City makes contributions to the IRA's of its eligible employees. During the year the City made a 5% contribution or $1,923 to the SEP. Employees are eligible to participate this program if they are at least 21 years of age, have worked for the city for three years, and in earned at least $400. The City has committed to future contributions of 5% of salaries.

The City does not contribute to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI). Therefore, the City is not required to adopt the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.*

**NOTE 10: DUE TO/FROM OTHER FUND**

The General Fund loaned $120,000 to the Water Fund in fiscal year 2008-2009 as an interest free loan to pay for the new water tank. At the end of the current fiscal year, the amount outstanding was $45,000. The repayment terms are set at $5,000 per year until paid off.

**NOTE 11: LITIGATION, CONTINGENT LIABILITIES AND OTHER COMMITMENTS**

The city is currently involved in and a party to a lawsuit filed by a citizen of the city. The ultimate resolution or any potential liability relating to this lawsuit is unknown as of yearend.

**NOTE 12: EXCESS OF EXPENDITURUES OVER BUDGET**

Water fund expenditures exceeded budgeted expenditures by $15,668 for the year ended September 30, 2024. The City had unexpected expenditures related to repairs and maintenance of the water system that were not included in the City's published budget.

**NOTE 13: SUBSEQUENT EVENTS**

Subsequent events were evaluated through the audit report date, December 6, 2024 the date the financial statements were available to be issued.

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Jeffrey D. Poulsen, CPA
Darren B. VanLeuven, CPA
Jacob H. Catmull, CPA

# 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*

To the Mayor and City Council
City of Eden, ID

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of City of Eden, Idaho as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of Eden, Idaho's basic financial statements and have issued our report thereon dated December 6, 2024.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described in 2024-1 of the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

**City of Eden's Response to Findings**

City of Eden's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

*Poulsen VanLeuven & Catmull*

Poulsen VanLeuven & Catmull PA
December 6, 2024

**Finding 2024-1: Lack of segregation of duties - Repeat Finding**

Condition: The City lacks a segregation of duties over accounting functions, including stewardship of cash and cash equivalents.

Criteria: Inherent in an adequate internal control structure is a segregation of duties governing the overall administration and stewardship of assets.

Effect: The lack of an ideal segregation of duties may increase the risk that loss of assets would not be detected and prevented in a timely manner and in the normal course of operations.

Recommendation: It is suggested the City take such actions as hiring another person to assist in accounting duties, including the reconciling of cash and cash equivalents.

Response: City management believes the cost of hiring another person outweighs the benefit to be derived, as mitigating controls are currently in place such as council review of all disbursements, two signatures required on all checks, and quarterly council review of financial reports prepared by the clerk.